SHS HOLDINGS LTD.

MOVING FORWARD WITH NEW POTENTIAL

ANNUAL REPORT 2022

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CORPORATE PROFILE

ABOUT SHS HOLDINGS LTD.

Established in 1971, SHS Holdings has evolved into a diversified group with three main businesses involving Engineering & Construction that comprises structural steel & facade and modular construction, Corrosion Prevention and Energy-related businesses.

We are continually strengthening our core businesses to further reinforce our platforms for growth. We are well positioned in our respective industries and are actively expanding our customer base and deepening our geographical network while enlarging our portfolio of products and services.

ENGINEERING & CONSTRUCTION

The Group, through its subsidiary, HETAT Holdings Pte Ltd has a strong track record in the design, engineering and construction of integrated structures created from steel, aluminium and glass materials. We leverage on our strong and tested expertise to serve customers in a wide spectrum of industries and various fields. It is at the forefront of its field and one of a few fabricators with S1 accreditation from the Singapore Structural Steel Society. With several landmark projects under its belt, Hetat is well placed to pursue further structural projects in Singapore, Malaysia and other potential markets.

CORPORATE PROFILE

CORROSION PREVENTION

The Group is an established leading provider of corrosion prevention services to the marine, oil and gas, construction and infrastructure industries. It has a special niche in specialised tank coating services and large-scale plant operations in Singapore. Its proven capability in corrosion prevention services is underscored by its status as a resident contractor for premier shipyards in Singapore.

CORPORATE PROFILE

SOLAR ENERGY

The Group diversified into the solar energy sector in 2016, amidst a growing global commitment to renewable energy and environmental sustainability, and the quest for clean and affordable energy-efficient solutions. Through its subsidiary, the Group focuses on solar energy development and EPC works. It has successfully installed various roof-top, photovoltaic systems of all scales for domestic and commercial customers in Singapore. It added a new line of business by going into realm of distribution of solar inverters for the region. In the realm of solar farm, it has successfully completed the construction of a 50MW solar power plant in Bangladesh in the last quarter of 2020 following the signing of the Power Purchase and Implementation Agreements with the Bangladesh Power Development Board, the Government of the People's Republic of Bangladesh, and the Power Grid Company of Bangladesh Ltd.

STRATEGIC INVESTMENTS

In addition to its three core businesses, the Group constantly evaluates strategic investment opportunities that generate shareholder value. It currently has a stake in Energy Drilling Pte Ltd, a Singapore-incorporated company primarily engaged in owning and operating offshore drilling vessels and a stake in Aenergy Holdings Company Limited, an investment holding company with subsidiaries engaged in the business of developing mini-hydropower projects in Indonesia.

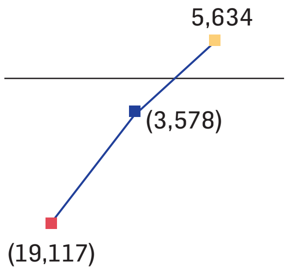
FINANCIAL HIGHLIGHTS

PROFIT & LOSS ACCOUNT (S$'000)	FY2022	FY2021	FY2020
Revenue	87,222	55,200	35,146
Gross Profit	19,065	9,319	7,003
Profit /(Loss) before income tax	5,748	(3,623)	(20,296)
Profit /(Loss) after income tax			
– Continuing Operations	5,634	(3,578)	(19,117)
– Discontinued Operations	–	(2,326)	(2,556)
Profit/(Loss) Attributable to Equity holders			
– Continuing Operations	5,056	(3,359)	(18,412)
– Discontinued Operations	–	611	(857)
Per Share Data (Cents):			
Profit /(Loss) Per Share – Basic (Continuing Operations)	0.80	(0.49)	(2.69)
Net Asset Backing	21.50	20.27	20.46
Proposed Dividends	2,136	–	–

STATEMENT OF FINANCIAL POSITION (S$'000)	FY2022	FY2021	FY2020
Total Assets	166,964	176,348	265,754
Total Liabilities	35,525	38,055	131,963
Shareholders' Equity	131,126	138,403	140,178
Non-Controlling Interests	313	(110)	(6,387)
Total Equity	131,439	138,293	133,791

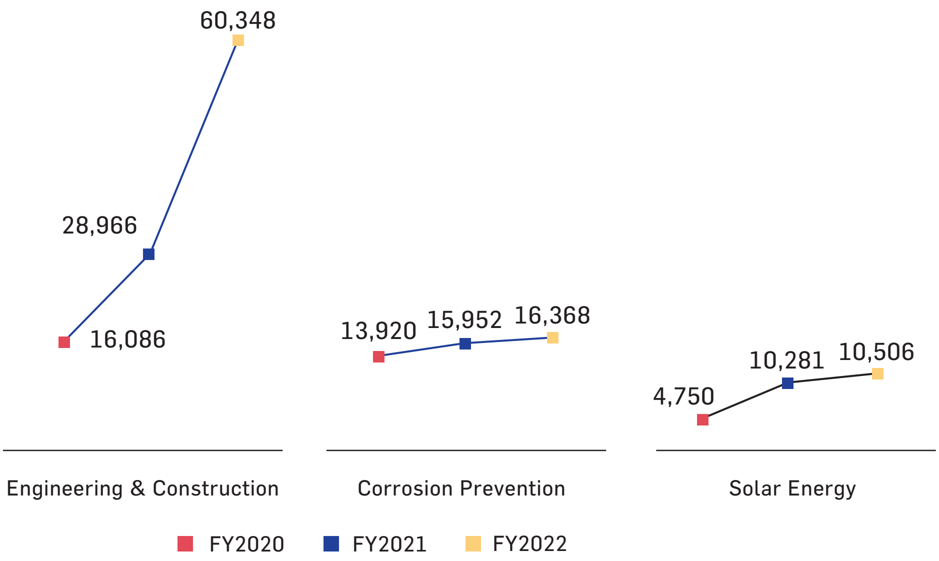
REVENUE BY BUSINESS SEGMENTS (Continuing Operations) (S$'000)	FY2022	FY2021	FY2020
Corrosion Prevention	16,368	15,952	13,920
Engineering & Construction	60,348	28,966	16,086
Solar Energy	10,506	10,281	4,750
Others	–	1	390

PROFIT/(LOSS)



Net Profit/(Loss) from Continuing Operations

REVENUE BY BUSINESS SEGMENT (S$'000)



CHAIRMAN'S STATEMENT

DEAR SHAREHOLDERS,

FY22 was a turnaround year for the Group, following the reopening of economies and borders around the world. Despite the Ukraine war, the ensuing supply chain disruptions, energy crisis and escalating inflation that continued to add immense pressure on businesses around the world, SHS did reasonably well in getting back on our feet.

FINANCIAL HIGHLIGHTS

Thanks to a robust recovery all-round, we ended FY22 in the black, reversing a net loss of $5.9 million in FY21 to net profit attributable to shareholders of S$5.6 million. Group revenue jumped 58% to S$87.2 million, led by a doubling of sales from our Engineering & Construction ("E&C") unit with encouraging breakthroughs from our Solar Energy and Corrosion Prevention ("CP") segments.

During the year, E&C successfully executed a number of high-value projects which uplifted the segment's profitability significantly. Our Solar segment turned in a 2.2% increase in revenue, largely from higher sales from our EPC business while our CP business achieved 2.6% more revenue from the post-pandemic recovery.

As of 31 December 2022, the Group's financial position remained healthy with net assets at S$131.4 million, yielding net assets on a per share basis of 21.5 Singapore cents, which grew 6.1% year-on-year. Our cash position, at S$59.9 million, provides us sufficient liquidity to meet the Group's obligations and operational needs.

DIVIDEND

FY22 has been a very encouraging year and the Directors are pleased to propose a final dividend of 0.35 Singapore cent per ordinary share. If approved at the upcoming Annual General Meeting, this dividend will be disbursed at a date to be announced after the meeting.

GROWING FORWARD

Now with the pandemic pretty much out of the way, the global community is now grappling with other macro-economic uncertainties and challenges which threaten to tamper growth.

Thankfully, we are still expecting total construction demand in Singapore to remain within the same levels established in 2022 and pre-Covid 2019. This augers well for our E&C segment which should continue to thrive in the current business landscape. While the unit is working hard to complete its existing contracts on hand, our people are working even harder to secure more order books for FY23 and beyond.

CHAIRMAN'S STATEMENT

Our Solar segment is also benefiting from the energy transition, and we are expecting more local and overseas for our roof-top solar projects, solar panels and inverters. The wholesale electricity market in Singapore, which has been experiencing much price volatility, is also turning to solar alternatives.

As for our CP business, with the foreign worker situation stabilising in Singapore, we are now poised to leverage on our competitive advantage and solid track record to secure more orders from our major shipyard customers.

Overall, we are encouraged by our achievements in FY22 and look towards FY23 with renewed vigour.

APPRECIATION

We have all worked very hard to towards this business recovery, and the road ahead remains fraught with uncertainties. One thing that is certain, however, and that is we will continue to work even harder to deliver more value to our shareholders.

Specifically, I would like to extend gratitude to my fellow directors on the Board, our management and staff, business partners and customers, and also to our shareholders, for all of your unstinting support without which all of our efforts would have been fruitless. It is because of your belief in SHS that we have every reason to be positive and persevere.

Let us all look ahead with hope and optimism!

TENG CHOON KIAT
Executive Chairman

GROUP CEO'S OPERATIONS AND FINANCIAL REVIEW

DEAR SHAREHOLDERS,

The financial year ended 31 December 2022 ("FY22") closed on a very positive note, reversing a net loss situation in FY21 to a net profit attributable to shareholders of S$5.1 million. Group revenue surged 58% to S$87.2 million, largely contributed by the doubling of sales from Engineering & Construction ("E&C") segment and modest growth in the other two business segments – Solar Energy and Corrosion Prevention.

FINANCIALS

S$'000	FY22	FY21	Change
Revenue	87,222	55,200	58%
Net profit/(loss) attributable to shareholders			
– Continuing Operations	5,056	(3,359)	250%
– Discontinued Operations	–	611	NM
	5,056	**(2,748)**	**284%**

Overall, the Group saw a doubling of gross profit to S$19.1 million, in tandem with the higher revenue achieved.

Other income dipped by 45% to S$2.4 million from lower scrap income and exchange gain as well as the absence of rental income. These were, however, offset by the increase in interest income.

Total OPEX decreased by 9.0% to S$14.2 million mainly due to the absence of one-off impairment charges incurred in the previous year.

The increased headcount in E&C raised the Group's administrative expenses by 9.0% to S$7.0 million.

Other operating expenses declined by 23% to S$6.7 million from the absence of a one-off impairment charge which was no longer required with the marked improvement in business activities all-round.

The repayment of loan in FY22 led to a 35.0% dip in Finance costs to S$689,000.

Share of loss from associated companies was higher by 33% to S$830,000 as a result of the decrease in business activities carried out by associated companies when they shifted production to Malaysia in 2021.

As of 31 December 2022, the Group's financial position remained resilient with net assets at S$131.4 million. This translated into net asset per ordinary share of 21.50 Singapore cents.

Our cash and cash equivalents stood at a healthy S$60.0 million and this was mainly due to:

- Net cash generated from operating activities of S$9.4 million including changes in working capital of S$8.6 million.
- Net cash used in investing activities amounted to S$788,000 in FY22 mainly due to procurement of plant & machinery.
- Net cash used in financing activities for the buy-back of shares amounting to S$11.2 million and term loan repayment of S$3.5 million and offset by the Net drawdown of trust receipts of S$0.8 million.

SEGMENTAL RESULTS

CONTINUING OPERATIONS

S$'000	FY22	FY21	Change
Corrosion Prevention ("CP")			
– Revenue	16,368	15,952	2.6%
– Gross Profit	6,786	5,059	34%
Engineering & Construction ("E&C")			
– Revenue	60,348	28,966	108%
– Gross Profit	10,474	2,584	305%
Solar Energy			
– Revenue	10,506	10,281	2.2%
– Gross Profit	1,805	2,096	(14%)

GROUP CEO'S OPERATIONS AND FINANCIAL REVIEW

CORROSION PREVENTION

In FY22, sales from CP segment rose 2.6% to S$16.4 million largely from the sustained business recovery post-pandemic.

Along with the higher revenue, the CP segment achieved a 34% improvement in gross profit to S$6.8 million, thanks to its focus on module blasting work which have lower fixed operating costs.

ENGINEERING & CONSTRUCTION

Revenue from E&C segment doubled to S$60.3 million, boosted by the execution of orders in its steel engineering business and significantly higher-value projects.

Gross profit for E&C segment jumped more than 4 times to S$10.5 million contributed by increase in higher-value projects executed which also uplifted gross profit margin from 9% a year ago, to 17% in the latest full-year.

SOLAR ENERGY

Revenue for the Solar Energy segment increased by 2.2% to S$10.5 million with the uplift in undertaking more EPC jobs.

Gross profit, however, was dampened by 14% to S$1.8 million as the second half of the year saw an increase in EPC works at the expense of inverter distribution business overseas.

OUTLOOK

ENGINEERING & CONSTRUCTION

According to Singapore's Building and Construction Authority (BCA), total construction demand continues to be within the range of between S$27 billion to $32 billion, around the same level recorded in 2022 and pre-Covid 2019. This is encouraging and the Group will continue to take on more construction jobs to build up its order books, even as it focuses on completing existing contracts.

SOLAR ENERGY

As Singapore, along with the rest of the world, transitions to renewable energy, we foresee greater demand for our roof-top solar installations, solar panels and inverters. We have some visibility in the next 12 months, as we anticipate more orders locally and overseas. The wholesale electricity market has also sustained higher price volatility and is expected to switch more to solar energy.

CORROSION PROTECTION

Now that the foreign labour situation in Singapore is approaching normality, coupled with an increase in work orders from major shipyards in the marine and offshore industry, our Corrosion Protection segment has improved. In FY2023, we are expecting this segment to continue its growth, and with our competitive advantage and strong track record, we are hoping to secure more orders.

Thanks to our healthy operating cash flow, we closed the year with cash resources of approximately $60 million which should provide sufficient liquidity to meet the Group's near-term debt obligations and operational needs.

The Group is off to a good start with our nascent business recovery after the pandemic. Kudos to our management and staff for pulling this off, and we look forward to working even harder and smarter in the quarters ahead.

NG HAN KOK, HENRY
Group Chief Executive Officer

BOARD OF DIRECTORS

MR TENG CHOON KIAT
EXECUTIVE CHAIRMAN

Mr Teng Choon Kiat was appointed as Non-Executive and Non-Independent Director of SHS Holdings Ltd. on 14 February 2018 and subsequently appointed Non-Executive and Non-Independent Chairman on 1 March 2018. On 25 October 2018, Mr Teng was designated as Executive Chairman and working closely with Group CEO and key management to implement policies and plans to realize the Group's vision. Mr Teng is a controlling shareholder of the Company and is the Managing Director and shareholder of the Entraco Group whose principal activities include providing both property and offshore asset management, vessel's tank cleaning, corrosion control services, structural steel fabrication, distributorship representing major OEM to marine and oil and gas companies in this region, Europe and Brazil. Mr Teng's experience and knowledge will be invaluable to the Board on the Group's business directions and existing business of the Group.

Present Directorship
SHS Holdings Ltd.

Present Principal Commitments
Entraco Group of Companies

Past Directorship held over the preceding five years
Nil

Past Principal Commitment held over the preceding five years
Nil

MR NG HAN KOK, HENRY
EXECUTIVE DIRECTOR &
GROUP CHIEF EXECUTIVE OFFICER

Mr Henry Ng was appointed as Executive Director of SHS Holdings Ltd. on 3 January 2014 and Group Chief Executive Officer on 28 February 2014. As Group Chief Executive Officer, Mr Ng is responsible for making strategic proposals to the Board and implementing the Group's strategies, policies and Board's decisions. The Group CEO assumes the executive responsibility for the day-to-day management of the Group, with the support of Executive Director and key management. He leads the development of the Group's growth strategy including identifying and assessing risks and opportunity of growth of existing business and new businesses and reviewing the performance of its existing businesses. Mr Ng is the founder and Managing Director of Hetat Holdings Pte. Ltd., the Group's structural steel & facade business. He is a veteran in the construction industry and has extensive experience of over 20 years in the related field of steel, aluminium and glass structures. He holds Bachelor of Science (Building) honours degree from University of Reading, United Kingdom.

Present Directorship
SHS Holdings Ltd.

Present Principal Commitments
SHS Holdings Ltd.

Past Directorship held over the preceding five years
Nil

Past Principal Commitment held over the preceding five years
Nil

BOARD OF DIRECTORS

MR LEE GEE AIK
INDEPENDENT DIRECTOR

Mr Lee Gee Aik was appointed as an Independent Director and Chairman of the Audit Committee of SHS Holdings Ltd. on 24 July 2015. He is also a member of Remuneration Committee. On 1 March 2018, he was appointed as Lead Independent Director and as member of Nominating Committee on 15 March 2019. Mr Lee has over 40 years of extensive and varied experience in accounting, tax and financial matters, having previously worked with one of the Big Four accounting firms both in its Singapore and US offices and as a regional financial controller for about 5 years in the hospitality industry. Mr Lee is a Fellow of Association of Chartered Certified Accountants (UK) and Institute of Singapore Chartered Accountants. He also obtained a Master in Business Administration from The Henley Management College, United Kingdom.

Present Directorship
SHS Holdings Ltd.
Anchun International Holdings Limited
Astaka Holdings Limited
Uni-Asia Group Limited

Present Principal Commitments
AlphaRock Family Office Pte Ltd

Past Directorship held over the preceding five years
Nil

Past Principal Commitment held over the preceding five years
Nil

MR OH ENG BIN, KENNETH
INDEPENDENT DIRECTOR

Mr Kenneth Oh was appointed as Independent Director of SHS Holdings Ltd. on 14 January 2014. He is currently the Chairman of the Remuneration Committee and members of the Audit and Nominating Committee. Mr Oh is a senior partner in Dentons Rodyk's Corporate practice group and is Co-Head of the Fintech/Blockchain practice.

Having been in legal practice for more than 20 years, Kenneth practice focus is on Blockchain & DLT, Corporate Finance – in particular early/late stage private equity as well as public equity capital markets transactions such as IPOs and RTOs on the Singapore Exchange – and M&A. Kenneth also advises on capital markets services licensing and compliance, and on a wide range of general corporate advisory work including joint ventures, corporate restructurings and debt restructuring.

Leveraging on his cross-disciplinary practice experience, Kenneth has extensive experience advising Blockchain & DLT initiatives including security/non-security token offerings; DeFi, cryptocurrency; establishment and licensing of digital asset exchanges, OTC and other digital asset service providers; establishment and licensing of digital asset funds; and equity investments and M&A involving Blockchain & DLT initiatives.

Kenneth is ranked Band 1 & Band 2 for Fintech Legal for Singapore by legal directory Chambers & Partners since 2019 and is also recognised in legal directories Legal 500 for both Capital Markets and M&A and in IFLR1000 for Capital Markets: Equity and M&A as well as Financial & Corporate Law.

Mr Oh holds Bachelor of Law degree (Honours) from National University of Singapore and admitted to the Singapore Bar.

Present Directorship
SHS Holdings Ltd.
Sapphire Corporation Limited

Present Principal Commitments
Dentons Rodyk & Davidson LLP

Past Directorship held over the preceding five years
Weiye Holdings Limited
KPM Holdings Limited

Past Principal Commitment held over the preceding five years
Nil

BOARD OF DIRECTORS

MR RON OONG
INDEPENDENT DIRECTOR

Mr Ron Oong was appointed as Independent Director of SHS Holdings Ltd. on 30 September 2022. He is currently a member of the Audit, Nominating and Remuneration Committees. Mr Oong is a partner in Dentons Rodyk & Davidson LLP's Banking and Finance department as well as Infrastructure and Energy department. Mr Oong focuses his practice in the areas of mergers and acquisition, infrastructure, energy and banking and finance (including project finance). He has handled numerous transactions involving joint venture of project sponsors and construction and operation of infrastructures, including hydroelectric power, solar power, wind power and waste-to-energy power plants. He has also advised many companies on their energy procurement, including corporate PPAs with solar developers, virtual PPAs, private PPAs and electricity retail agreements with electricity retailers. Mr Oong holds a Bachelor of Law degree (Honours) and a Bachelor of Social Science (Economics) degree (Honours), both from National University of Singapore, and is admitted to the Singapore Bar.

Present Directorship
SHS Holdings Ltd

Present Principal Commitments
Dentons Rodyk & Davidson LLP

Past Directorship held over the preceding five years
Nil

Past Principal Commitments held over the preceding five years
Nil

GROUP MANAGEMENT AND PERSONNEL

SHS GROUP

Mr. Teng Choon Kiat
Executive Chairman

Mr. Ng Han Kok, Henry
Executive Director & Group Chief Executive Officer

Mr Goh Seng Huat, Daniel
Group Chief Financial Officer

ENGINEERING & CONSTRUCTION

Mr. Ng Han Kok, Henry
Executive Director & Group Chief Executive Officer

Mr Goh Seng Huat, Daniel
Group Chief Financial Officer

Mr. Wang Feng Jung, Willie
Contract & Commercial Director (Structural, Steel & Facade)

Mr. Brandon Ho Keng Guan
Deputy Project Director

Ms. Ch'ng Sai Lian, Adeline
Human Resource Manager

Mr. Mahalingam Kalimuthu Kumar
EHS Manager

Mr Phang Ching Siong
Deputy Operations Manager

CORROSION PREVENTION

Mr. Lim Peng Chuan, Terence
General Manager

Mr Goh Seng Huat, Daniel
Group Chief Financial Officer

Mr. Lim Peng Cheng
Production Manager (Plant Operations)

Mr. Goh Sia Teck
Commercial Manager (Site)

Ms. Ch'ng Sai Lian, Adeline
Human Resource Manager

Mr. Mahalingam Kalimuthu Kumar
EHS Manager

SOLAR ENERGY

Mr. Ng Han Kok, Henry
Executive Director & Group Chief Executive Officer

Mr Goh Seng Huat, Daniel
Group Chief Financial Officer

Mr. Chua Kok Keong, Joseph
Chief Executive Officer (EPC)

Mr. Sng Shie Kiat
General Manager (operation)

Ms. Lim Sim Wah, Sharon
Assistant Procurement Manager

CORPORATE INFORMATION

BOARD OF DIRECTORS

Teng Choon Kiat
Executive Chairman

Ng Han Kok, Henry
Executive Director & Group Chief Executive Officer

Lee Gee Aik
Lead Independent Director

Oh Eng Bin, Kenneth
Independent Director

Oong Wei Yuan, Ron
Independent Director

AUDIT COMMITTEE

Lee Gee Aik *(Chairman)*
Oh Eng Bin, Kenneth
Oong Wei Yuan, Ron

NOMINATING COMMITTEE

Lee Gee Aik *(Chairman)*
Oh Eng Bin, Kenneth
Oong Wei Yuan, Ron

REMUNERATION COMMITTEE

Oh Eng Bin, Kenneth *(Chairman)*
Lee Gee Aik
Oong Wei Yuan, Ron

COMPANY SECRETARY

Eunice Hooi Lai Fann
appointed 23 February 2023

REGISTERED ADDRESS

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SHARE REGISTRAR

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Singapore 098632
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Fax: +65 6536 1360

AUDITORS

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

AUDIT PARTNER-IN-CHARGE

Christopher Bruce Johnson
(appointed during the financial year ended 31 December 2021)

PRINCIPAL BANKERS

United Overseas Bank Limited
80 Raffles Place
UOB Plaza 1
Singapore 048624

FINANCIAL CONTENTS

CORPORATE GOVERNANCE REPORT

The Board of Directors of SHS Holdings Ltd. is committed to maintain a high standard of measures, practices and transparency in the disclosure of material information.

The report sets out the Company's corporate governance practices for the financial year ended 31 December 2022, with specific reference to the Code of Corporate Governance 2018 issued by the Monetary Authority of Singapore (the "MAS") on 6 August 2018 (the "2018 CG Code"). The Board is pleased to inform that the Company is substantially in compliance with the principles and provisions of the 2018 CG Code and reasons for any deviation are explained below.

A. BOARD MATTERS

Principle 1: Board's Conduct of Affairs

The Board's primary role is to protect and enhance long-term shareholder value. To fulfil this role, the Board is responsible for setting the Group's corporate governance practices and overall strategic direction, reviewing key management performance, review operational and financial performance of the Group to enable the Group to meet its objective and maximizing return for shareholders at an acceptable level of risk.

The Board exercises due diligence and independent judgement in dealing with the business affairs of the Group and works with the Management to make objective decisions in the interest of the Group.

<u>Board Approval</u>

In addition to its statutory responsibilities, matters which specifically requires the Board's approval are:

(a) Corporate restructuring, mergers and acquisitions, major investments and divestments, material acquisition and disposal of assets;

(b) Annual Budget and Capital Expenditure;

(c) Board appointments/reappointments taking into consideration the remuneration packages of Executive Directors, Group Chief Executive Officer and Key Management Personnel;

(d) Material acquisition and disposal of assets;

(e) The Group's half-year and full-year financial results announcement;

(f) The Company's annual report and audited financial statements;

(g) Convening of shareholders' meeting;

(h) Interested person transactions of material nature;

(i) Adequacy of internal controls, risk management, financial reporting and compliance;

(j) Assumption of corporate governance responsibilities;

(k) Share issuance, dividends and any other return to shareholders; and

(l) Matters involving a conflict of interests of Directors and substantial shareholders.

The Board has delegated to Management the authority to approve transactions in the ordinary course of business within a set of approval matrix. Transactions falling outside this set of approval matrix would then be approved by the Board.

CORPORATE GOVERNANCE REPORT

Board and Board Committees

For more effective and efficient management, the Board has established a number of Board committees to assist in the execution of the Board's responsibilities. Those committees include the Audit Committee ("AC"), Nominating Committee ("NC") and Remuneration Committee ("RC"). The duties, authorities and accountabilities of each committee are set out in their respective terms of reference. Further information on the roles and responsibilities as well as a summary of the activities of each of the AC, NC and RC are set out in the Principles throughout this Corporate Governance Report.

The Board and the various committees, as at the date of this report, comprise the following members:

Name	Date of first appointment	Date of last re-election	Board Appointment whether executive or non-executive/ independent	Board Committees as chairman or member	Due for re-election/ re-appointment at forthcoming Annual General Meeting
Teng Choon Kiat	14 February 2018	26 June 2020	Executive Chairman	–	27 April 2023
Ng Han Kok, Henry	3 January 2014	29 April 2022	Executive Director	–	N/A
Lee Gee Aik	24 July 2015	29 April 2022	Lead Independent Director	Chairman of AC and NC and member of RC	N/A
Oong Wei Yuan, Ron	30 September 2022	N/A	Independent Director	Member of AC, NC and RC	27 April 2023
Oh Eng Bin, Kenneth	14 January 2014	26 June 2020	Independent Director	Chairman of RC and member of NC and AC	27 April 2023

The Board meets regularly to oversee the business and affairs of the Group. The schedule of all the Board and the Board Committee meetings for the calendar year is provided to all the directors in advance. Besides the scheduled meetings, ad-hoc meetings are convened as and when warranted by specific circumstances, and as deemed appropriate by the Board members. Apart from its statutory responsibilities, the Board approves the Group's business objectives, strategic plans, key initiatives, implementation plans, funding decisions, major investment and divestment decisions, appointment and remuneration of Directors, and ensure that the structure of the practices of the Board provide for sound corporate governance. In addition, the Board also reviews the Group's financial and operational matters, oversees the processes for evaluating the adequacy of internal controls, risk management, financial reporting and compliance, and satisfies itself as to the adequacy of such processes.

The Constitution of the Company allows Board meetings to be conducted by way of a teleconference or by means of similar communication equipment whereby all persons participating in the meeting are able to hear each other.

CORPORATE GOVERNANCE REPORT

The number of Board and Board committee meetings held in the financial year ended 31 December 2022 ("FY2022") and the attendance of each Director are as follows:

	Board	Audit Committee	Nominating Committee	Remuneration Committee	General Meeting
No. of meetings held	3	3	1	1	1
Directors	No. of meetings attended				
Teng Choon Kiat	3	3(4)	1(4)	1(4)	1
Ng Han Kok, Henry	3	3(4)	1(4)	1(4)	1
Lee Kuo Chuen, David (1)	2	2	1	1	1
Oh Eng Bin, Kenneth	3	3	1	1	1
Lee Gee Aik (2)	3	3	1	1	1
Oong Wei Yuan, Ron (3)	1	1	Nil	Nil	Nil

(1) Mr Lee Kuo Chuen, David resigned as an Independent Director on 30 September 2022.
(2) Mr Lee Gee Aik was re-designated as the Chairman of the NC on 30 September 2022. He was previously a member of the NC.
(3) Mr Oong Wei Yuan, Ron was appointed as an Independent Director and a member of the AC, NC and RC on 30 September 2022.
(4) Attendance by invitation.

Induction, Training and Development

All Directors receive appropriate training to develop their individual skills, knowledge and competence necessary to be effective in their roles. It is our policy to provide new Directors with a detailed and thorough induction to familiarize them with the business, operations and financial performance; meeting with key management personnel and an overview of their responsibility; briefed on governance practices, including board processes, policies on disclosure of interests in securities, prohibitions on dealings in the Company's securities and restrictions on disclosure of price-sensitive information. In addition, for new Directors who do not have prior experience as a director of a public listed company in Singapore, they will also attend the mandatory training courses organized by the Singapore Institute of Directors ("SID") or other training institutes in areas such as accounting, legal and industry-specific knowledge, where appropriate, in connection with their duties. Mr Oong Wei Yuan, Ron, who was appointed on 30 September 2022 has no prior experience as a director of a public listed company in Singapore. As at the date of this Report, Mr Oong has completed the mandatory training modules conducted by the SID as prescribed by the SGX-ST.

The Company will issue a formal letter of appointment, which sets out the Director's duties and obligations, to each director upon appointment.

All Board members are encouraged to receive regular training, particularly on relevant new laws, regulations and changing commercial risks, from time to time. The Board is mindful of the best practice in the 2018 CG Code to initiate programmes for Directors to meet their relevant training needs. In this regard, the Company is supportive of the Directors' participation in industry conferences and seminars, and will fund the Directors' attendance at any course or training programme in connection with their duties as directors.

CORPORATE GOVERNANCE REPORT

During the financial year:

(a) The external auditor, Moore Stephens LLP regularly briefed the Audit Committee on changes in accounting standards that affects the Group;

(b) The Group Chief Executive Officer ("Group CEO") and Chief Financial Officer ("CFO") regularly updates the Board on the business activities and strategies of the Group during Board meetings. Such update would also include any significant developments, issues or risks affecting the Group; and

(c) All Directors have attended the one-time sustainability training mandated under the enhanced SGX-ST sustainability reporting rules.

Access to Information

Directors are updated regularly on the latest corporate governance, changes in listing rules and regulations, performance, business conditions and outlook of the Group. Directors have separate and independent access to senior management, the Company Secretary and internal and external auditors of the Group at all times and are encouraged to speak to other employees to seek additional information if they so require.

To assist the Board in its discharge of its duties and responsibilities, all Directors are provided with complete, adequate and timely information prior to the Board meetings. The annual calendar of the Board activities is planned in advance. The Board papers are dispatched to the Directors before the Board meetings so that Directors have sufficient time to consider the background and explanatory information relating to matters to be tabled and discussed at relevant Board meetings. Management also provides the Executive Directors with monthly management accounts, and information on major development and material transaction are circulated to Directors when they arise.

The Company Secretary (or his authorised nominee) attends the Board and Board Committees meetings, prepares the minutes, development of the agenda for the various meetings and assists in coordination and liaison between the Board, the Board Committees and Management. The role of the Company Secretary includes responsibility for ensuring that the Board procedures are followed and applicable rules and regulations are complied with. The Company Secretary also assists the Chairman and the Board in implementing and strengthening corporate governance practice and processes. Under the direction of the Chairman, the Company Secretary ensures good information flows within the Board and its Board Committees and between Management and Non-Executive Independent Directors. The appointment and removal of the Company Secretary is subject to the approval of the Board as stipulated in the Company's Constitution.

Should Directors, whether as a group or individually, need independent professional advice to fulfil their duties, such advice may be obtained from external advisers and the cost of which will be borne by the Company.

CORPORATE GOVERNANCE REPORT

Principle 2: Board Composition and Guidance

As at the date of this report, the Board comprises five Directors of whom two are Executive Directors and 3 are Non-Executive Independent Directors is of the appropriate size and with the right mix of skills, experience and age diversity, taking into account the nature, scale and scope of operations of the Group. The NC and the Board recognise the importance of an appropriate balance and diversity of industry knowledge, skills, backgrounds, experience and professional qualifications in building an effective Board. For this purpose, the NC reviews the Board's collective skills matrix regularly.

The Company recognises the benefits that diversity brings to its Board as it promotes the inclusion of different perspectives and ideas, mitigates against group think, brings robustness of discussions and deliberations, and thus improves oversight, decision-making and governance. In this regard, the Board has adopted a Board Diversity Policy with the aim of having a Board which is, amongst other things, characterised by a broad range of views arising from different professional experiences, skills, knowledge, gender, nationality, cultural and educational backgrounds. As a group, the directors bring with them a board range of expertise and experience in areas such as accounting, law, finance, business and management, industry knowledge, strategic and customer-based experience and knowledge, and are able to make positive contributions to the Company. The diversity of the directors' expertise and experience allows for useful exchange of ideas and views. The biographies of all Board members are set out in section under "Board of Directors".

As part of the board renewal process, Mr Oong Wei Yuan, Ron has been appointed as an Independent Director in place of Mr Lee Kuo Chuen, David, who has served on the Board for more than nine years, with effect from 30 September 2022. Consequent to his appointment as an Independent Director, Mr Oong was also appointed as a member of the AC, NC and RC. With the change of Listing Rules by Singapore Exchange Regulation ("SGX RegCo") to limit to nine years tenure of Non-Executive Independent Directors discussed below, the Board has started its renewal process. As part of the renewal process, the Board and NC will consider the various facets of diversity and measurable objectives in building an effective Board to continue to make positive contributions to the Company.

The Company remains committed to implementing the Board Diversity Policy discussed below and any further progress made towards the implementation of such policy will be disclosed in future Corporate Governance Reports, as appropriate.

Independence

The NC has also assessed the independence of the Board members taking into consideration the relevant provisions of the 2018 CG Code and the SGX-ST Listing Rule 210(5)(i) to (iii) and the individual Director's declaration. As at the date of this report, Mr Oh Eng Bin, Kenneth, an Independent Director, had served for more than nine years from the date of his first appointment. The NC has rigorously reviewed his independence. Mr Oh has continuously demonstrated independence in character and judgement in the discharge of his responsibilities as a Director of the Company. The Board has also observed his participation and deliberations at Board meetings and other occasions and has no reason to doubt his ability to exercise independent judgement in the interest of the Company. Given his strength of objectivity, wealth of working experience and professionalism in carrying out his duties, the Board acknowledges and recognises the benefits of the experience and stability brought by him.

CORPORATE GOVERNANCE REPORT

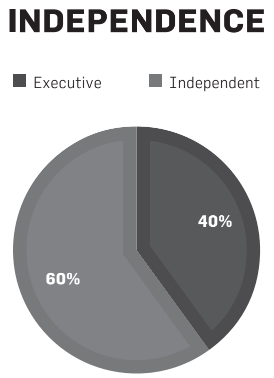
On 11 January 2023, SGX RegCo has announced that it has fixed the tenure limit for Non-Executive Independent Directors ("IDs") to nine years. Also effective on 11 January 2023, the two-tier voting mechanism for listed companies to retain long-serving IDs ("LSIDs") who have served for more than nine years has been removed. To provide issuers sufficient time for board appointments, SGX Regco has established transitional arrangements. As part of the transition, Non-Executive Independent Directors whose tenure exceeds the nine-year limit can continue to serve as Non-Executive Independent Directors until the listed companies' annual general meeting ("AGM") held for the financial year ending on or after 31 December 2023. LSID must either step down or be redesignated as non-independent no later than the listed company AGM held in April 2024. In view of the aforementioned, Mr Oh Eng Bin, Kenneth's independence status will cease at the conclusion of the AGM to be held in 2024. In this regard, the NC and Board are actively sourcing for suitable candidate with the right skillset to bring onboard to ensure the compliance with Provision 2.2 of the 2018 CG Code.

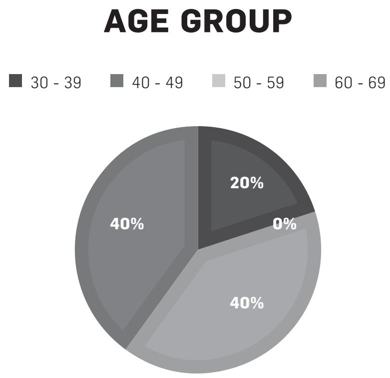
The Board, through the NC, has assessed the independence of each of the Directors for the financial year under review. Based on the declarations of independence provided by each of the Non-Executive Independent Directors and taking into account the guidance under Provision 2.1 of the 2018 CG Code, the NC has also assessed the independence of Mr Oh Eng Bin, Kenneth, Mr Oong Wei Yuan, Ron and Mr Lee Gee Aik and is of the view that they do not have any relationships and are not faced with any of the circumstances identified in the 2018 CG Code and SGX-ST Listing Rule 210(5)(d)(i) to (iii) which may impair their independent judgement and accordingly they are deemed independent. As Executive Chairman and Group CEO of the Company respectively, both Mr Teng Choon Kiat and Mr Ng Han Kok who are also substantial shareholders of the Company, are considered not independent by virtue of their executive employment with the Company. Each member of the NC and the Board has recused himself from the NC's and the Board's deliberations respectively on his own independence.

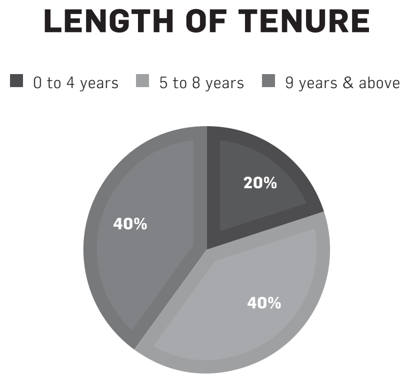
In accordance with Provision 2.2 of the CG Code, the Non-Executive Independent Directors make up a majority of the Board as the Chairman of the Board is not independent. In addition, the Company also has a Lead Independent Director.

Board Diversity

The Board has put in place a Board Diversity Policy to guide its approach to achieving diversity at the Board level. The Board Diversity Policy would be considered in determining the optimum composition of the Board and when possible, should be balanced appropriately. All director appointments will be based on merit and contribution that the selected candidates will bring to the Board, in the context of the gender, age, nationalities, ethnicity, cultural background, educational background, industry and business experience, skills, independence, tenure of service and other distinguishing qualities which the Board as a whole requires to be effective.



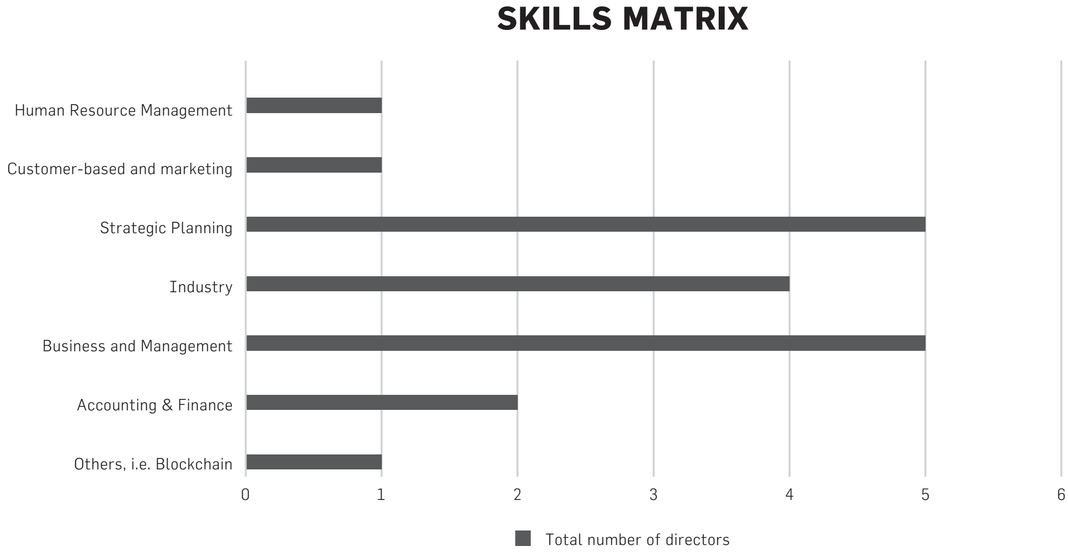




In view of the cessation of Mr Oh Eng Bin, Kenneth's independence status at the Company's AGM to be held in 2024, the NC is in the progress of identifying and evaluating suitable candidate and endeavour to bring this candidate onboard by FY2023. Female candidates will also be identified and considered as part of the recruitment process.

CORPORATE GOVERNANCE REPORT

The current Board comprises of members with the following core competencies:



In order to maintain or enhance its balance and diversity, the Board would continue to take the following steps:

- annual review by the NC to assess if the existing attributions and core competencies of the Board are complementary to the Group's risk profile, business operations and future business strategies in order to enhance the efficacy of the Board; and

- annual evaluation by the Directors of the skill sets that the other Directors possess, with a view to understanding the range of expertise which is lacking by the Board.

The NC would consider the results of these exercises whilst ensuing that diversity is a key criterion in the search before putting forth its recommendation for the appointment of new Directors and/or the re-appointment of incumbent Directors.

A review of the size and composition of the Board (and Board Committees) was also undertaken by the Company at year-end to ensure alignment with the needs of the Group and the objectives set out in the Board Diversity Policy. The Board, taking into consideration the views of the NC, except for gender diversity, is satisfied that the current size and composition of the Board (and Board Committees) meets the criteria in the Board Diversity Policy and possesses the necessary competencies, expertise and knowledge to lead the Group effectively. The Company remains committed to implementing the Board Diversity Policy and any further progress made towards the implementation of such policy will be disclosed in future Corporate Governance Reports, as appropriate.

Board Guidance

The Executive Directors possesses good industry knowledge while the Non-Executive Independent Directors, who are mostly professionals and experts in their own fields, are able to contribute their valuable experiences and provide independent judgement during Board deliberations. For the financial year under review, the Non-Executive Independent Directors have constructively challenged Management's proposals and decisions and reviewed Management's performance. They have unrestricted access to Management for any information that they may require to discharge their oversight function effectively.

CORPORATE GOVERNANCE REPORT

Meeting of Non-Executive Independent Directors without Management

The Non-Executive Independent Directors would meet without the presence of the Management or Executive Director at the Board meeting as and when circumstances warrant for such. Thereafter, the Non-Executive Independent Directors would feedback to the Executive Chairman and Group CEO on any concerns or feedbacks raised by them during such meetings.

Principle 3: Chairman and Chief Executive Officer

The Chairman and Group CEO are separate individuals and are not related. The respective roles of the Chairman and the Group CEO are kept separate to ensure there is an appropriate balance of power, increased accountability and greater capacity of the Board for independent decision-making. The Board has set out in writing the division of responsibilities between the Chairman and Group CEO as well as the Lead Independent Director.

The Chairman, Mr Teng Choon Kiat plays a pivotal role in providing strong leadership and vision. Mr Teng Choon Kiat is responsible for managing the development of the Board and ensuring the Board's effectiveness on all aspects of its role. In addition, he leads the Directors of the Company in carrying out their collective responsibilities of supervising the management of the business and affairs of the Company, to ensure integrity and effectiveness of the Company's governance process. Being a member of the senior management team, Mr Teng Choon Kiat is updated with the Group's business and provides support to the Group CEO. Mr Teng Choon Kiat works closely with the Board to implement policies that are set by the Board to realize the Group's vision, and also promotes a culture of openness and debate at the Board level. He encourages constructive relations within the Board and between the Board and Management.

The Group CEO, Mr Ng Han Kok, Henry is answerable to the Board for every aspect of the management and administration of the Company. Mr Ng Han Kok, Henry is responsible for making strategic proposals to the Board and implementing the Group's strategies and policies as well as the Board's decisions. Mr Ng Han Kok, Henry assumes the executive responsibility for the day-to-day management of the Group, with the support of the senior management team. He leads the development of the Group's business including identifying and managing the business risks and opportunities and review the performance of its businesses.

The Board has appointed Mr Lee Gee Aik as the Lead Independent Director given that the Chairman is considered not independent. The Lead Independent Director is available to shareholders where they have concerns and for which contact with the Chairman or Management are inappropriate or inadequate.

Principle 4: Board Membership

The members of the NC at the date of this report comprise the following Directors:

Lee Gee Aik (Chairman)
Oh Eng Bin, Kenneth
Oong Wei Yuan, Ron

The NC comprises three members, all of whom are Non-Executive Independent Directors of the Company. Mr Lee Gee Aik was re-designated as the Chairman of the NC during the financial year. He was previously a member of the NC. Mr Oong was appointed as a member of the NC with effect from 30 September 2022. The NC met once during the financial year under review.

CORPORATE GOVERNANCE REPORT

The NC is regulated by a set of written terms of reference and has been updated to be in line with the 2018 CG Code. These include:

(a) Reviewing succession plans for Directors, in particular, the Chairman, the Group CEO, and key management personnel;

(b) Evaluating the performance of the Board and its Board Committees and Individual Director and proposing objective performance criteria for Board's approval;

(c) Determining annually if a Director is independent pursuant to the provisions set forth in the 2018 CG Code and Listing Rules;

(d) Evaluating if a Director is able to and has been adequately carrying out his duties as a Director of the Company when the Director concerned holds multiple Board representations; and

(e) Reviewing training and professional development programmes for the Board.

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

In accordance with Article 90 of the Company's Constitution, one-third of the Directors (other than the Managing Director) who are eligible for re-election must retire by rotation at every AGM.

By virtue of Article 96 of the Company's Constitution, any person so appointed by the Directors to fill a casual vacancy or as an additional Director shall hold office only until the next AGM and shall then be eligible for re-election, but shall not be taken into account in determining the number of Directors who are to retire by rotation at such meeting.

The NC has recommended the nomination of (i) Mr Teng Choon Kiat and Mr Oh Eng Bin, Kenneth, who are retiring pursuant to Article 90 of the Company's Constitution; and (ii) Mr Oong Wei Yuan, Ron, who is retiring pursuant to Article 96 of the Company's Constitution, to be re-elected as Directors of the Company at the forthcoming AGM. The Directors had duly abstained from making recommendations on their own nominations. The Board has accepted the NC's recommendation and accordingly, the above-mentioned Directors will be offering themselves for re-election at the forthcoming AGM.

Shareholders are provided with relevant information on the candidates for re-election on pages 144 to 145 of this Annual Report.

Nomination and Selection of Directors

As part of the board renewal process, Mr Oong Wei Yuan, Ron was appointed during the financial year in place of Mr Lee Kuo Chuen, David, who had served on the Board for more than nine years.

The search and nomination process for new Directors, if any, are through contacts and recommendations. In the search, nomination and selection process for new directors, the NC identifies the key attributes that an incoming director should have, based on existing Board's requirement before making recommendation to the Board for consideration and approval. The potential candidate may be proposed by existing directors, substantial shareholder, Management or third-party referrals. The Board is to ensure that the selected candidate is aware of the expectations and the level of commitment required.

CORPORATE GOVERNANCE REPORT

When reviewing a nomination for a proposed Board appointment, the NC will look at the following criteria:

(a) a determination of the candidate's independence;

(b) the qualifications and expertise required or expected of a new Board member taking into account the current Board size, structure, composition, diversity of skill competencies and gender, age, and progressive renewal of the Board;

(c) whether the candidate would be able to commit time to his appointment having regard to his other Board appointments and principal commitments; and

(d) prescribed factors under the Board Diversity Policy.

The NC will seek to refresh the Board membership progressively and in an orderly manner, for long-term continuity and stability, taking into account the nine year rule as set out in the SGX-ST Listing Rule 210(5)(d)(iii).

Review of Directors' Independence

The NC conducts an annual review of each director's independence and takes into consideration the relevant provisions in the 2018 CG Code and SGX-ST Listing Rules. The NC has ascertained that, save for Messrs Ng Han Kok, Henry and Teng Choon Kiat, all Directors are considered independent according to the criteria. Directors must also immediately report any changes in their external appointments which may affect their independence.

Directors' Time Commitment

The NC has guidelines addressing competing time commitments faced when Directors serve on multiple listed company boards or have other principal commitments. Each Director is required to disclose to the NC his board representation, whenever there are changes to his directorship. In this respect, the Company's current policy stipulates that if a Director is a full-time employee of another listed company or a major corporation; he should not hold more than five other directorships on unrelated listed companies and/or major corporations.

For the financial year ended 31 December 2022, the NC was of the view that each Director has given sufficient time and attention to the affairs of the Company and has been able to discharge his duties as director of the Company effectively. The NC is satisfied that all the Directors have been able to and had adequately carried out their duties as Directors of the Company for the financial year under review notwithstanding their multiple directorships where applicable and other principal commitments.

Director's listed company board directorships and principal commitments which may be found in the "Board of Directors" section in the Annual Report.

Key Information on Directors

The profiles and key information of the Directors are set out on pages 9 to 11 of this Annual Report. Additional information on Directors seeking for re-election as required under SGX-ST Listing Rule 720(6) is also appended to the Notice of AGM.

CORPORATE GOVERNANCE REPORT

Principle 5: Board Performance

Board Evaluation

The NC undertakes a process to assess the effective of the Board and its Board Committees. Directors are requested to complete a Board and Board Committees Evaluation Questionnaires to assess the overall effectiveness of the Board and the Board Committees. On an annual basis, the Directors will complete a Board and Board Committees Evaluation Questionnaires of which results are then collated by the Company Secretary in the form of a collective report. The reports will be discussed during the NC meeting to assess and further enhance the effectiveness of the Board and/or the Board Committees.

The NC, having reviewed the performance of the Board in terms of its roles and responsibilities and the conduct of its affairs as a whole, is of the view that the Board and the Board Committees have operated efficiently, the Board has met its performance objectives and each Director has contributed to the overall effectiveness of the Board in the financial year under review.

No external consultant was involved in the Board and Board Committee Evaluation process in the financial year under review.

Board Performance Criteria

On an annual basis, the NC assesses the performance and effectiveness of the Board as a whole as well as the contribution of each individual director. The assessment process involves evaluation against a set of objectives, quantitative and qualitative performance criteria proposed by the NC and approved by the Board.

The assessment parameters include evaluation of the Board's composition, size and diversity, attendance at meetings of the Board and Board Committees, contributions and participation at meetings, ability to make informed decisions and level of comprehension of legal, accounting and regulatory requirements affecting the Group. The annual evaluation exercise also provides an opportunity to obtain constructive feedbacks from each director or whether the Board's procedures and processes had allowed him to discharge his duties effectively and to propose changes which may be made to enhance the Board effectiveness.

Individual Director Evaluation

Individual Director self-assessment is also conducted to provide performance feedback which can help individuals to evaluate their own skills and performance as directors and motivate them to more effective contributors. The Board is cognizant that individual director evaluations are an important complement to the evaluation of a board's overall performance and the results of the Individual Director self-assessment are also compiled by the Company Secretary and discussed by the NC.

The assessment of Group CEO's performance is undertaken by the Board and the results are reviewed by the NC and Board. Feedback is also provided to the Group CEO by the NC Chairman and the NC will also report the same to the Board.

CORPORATE GOVERNANCE REPORT

B. REMUNERATION MATTERS

Principle 6: Procedures for Developing Remuneration Policies
Principle 7: Level and Mix of Remuneration
Principle 8: Disclosure on Remuneration

The members of the RC at the date of this report comprises entirely of Non-Executive Independent Directors as follows:

Oh Eng Bin, Kenneth (Chairman)
Lee Gee Aik
Oong Wei Yuan Ron

Mr Oong Wei Yuan, Ron was appointed as a member of the RC with effect from 30 September 2022. The NC met once during the financial year under review.

The RC is guided by its terms of reference which is in line with the 2018 CG Code and its responsibilities of the RC include:

(a) recommending to the Board the fee framework for Non-Executive Independent Directors;

(b) recommending to the Board the framework of remuneration for Executive Chairman, Group CEO, Executive Director and key management personnel (who are not Directors);

(c) determine and setting specific remuneration packages (such as annual increments, variable bonuses, long-term incentive awards and other incentive awards or benefits in kind) for Executive Chairman, Group CEO, Executive Director and key management personnel in accordance with the approved remuneration framework and ensuring that an appropriate proportion of their remuneration is structured so as to link rewards to corporate and individual performance;

(d) reviewing the remuneration packages of employees who are related to any Director, substantial shareholder or the Group CEO; and

(e) reviewing the Company's obligations to ensure that contracts of service of Group CEO and key management personnel contain fair and reasonable termination clauses which are not overly generous.

Remuneration of Executive Directors and Top Five Key Management Personnel

The RC's recommendations are made in consultation with the Chairman (except for his own remuneration in which he would abstain) and submitted for endorsement by the entire Board. Annual reviews of the compensation of Directors are also carried out by the RC to ensure that the remuneration of Executive Directors and key management personnel are commensurate with their performance and value add to the Group, giving due regard to the financial and commercial health and business needs of the Group.

CORPORATE GOVERNANCE REPORT

The Company adopts a remuneration policy for Executive Directors and key management personnel comprising a fixed component and a variable component. The fixed component is in the form of a base salary. The variable component is in the form of a variable bonus that is linked to the Company and individual performance. For the purpose of assessing the performance of the Executive Director and key management personnel, specific KPIs are clearly set out for each financial year and such KPIs comprise both quantitative and qualitative factors. The RC recommends for the Board's endorsement, a framework of remuneration which covers all aspects of remuneration, including but is not limited to directors' fees, salaries, allowances, bonuses, share options, and benefits-in-kind and specific remuneration packages for each director.

Having reviewed and considered the variable components of Executive Directors and key management personnel which are modest, the Company is of the view that it is currently not necessary to use contractual provisions to allow the Company to reclaim incentive components of remuneration from the Executive Directors and key management personnel in exceptional circumstances of misstatement of financial statements, or of misconduct resulting in financial loss to the Company.

The RC from time to time and where necessary seeks advice from external remuneration consultants in framing the remuneration policy and determining the level and mix of remuneration for Executive Directors and key management personnel.

For the financial year ended 31 December 2022, the Executive Directors, Mr Teng Choon Kiat (who is also the Executive Chairman) and Mr Ng Han Kok, Henry (who is also the Group CEO), did not receive Directors' fees.

The RC has access to both internal and external expert advice on human resource matters whenever there is a need to consult. The RC from time to time reviews the reasonableness of termination clauses stated in the contracts of service of Executive Directors and key management personnel. No remuneration consultants were engaged for the financial year under review.

Non-Executive Independent Directors' Remuneration

Non-Executive Directors receive directors' fees, in accordance with their contributions, taking into account factors such as responsibilities, effort and time spent for serving on the Board and Board Committees. Directors' fees recommended by the Board are subject to the approval of the shareholders at the forthcoming AGM. No Director is involved in deciding his own remuneration. The RC and the Board are of the view that the remuneration of the Directors is appropriate and not excessive taking into account factors such as effort and time spent, and the increasingly onerous responsibilities of the Directors.

CORPORATE GOVERNANCE REPORT

The remuneration of Directors and the top 5 key management personnel of the Company paid for the financial year ended 31 December 2022 are set out below:

Remuneration band and name	Fees	Salary	Bonus	Others(1)	Total
Director – From S$400,000 to S$499,999					
Teng Choon Kiat	–	80%	17%	3%	100%
Director – From S$300,000 to S$399,999					
Ng Han Kok, Henry	–	80%	17%	3%	100%
Director – From S$200,000 to S$299,999					
Lim Siow Kwee, Thomas(2)	–	96%	0%	4%	100%
Top 5 Management Personnel – Below S$250,000					
Chua Kok Keong	–	78%	13%	9%	100%
Weng Feng Jung, Willie	–	75%	13%	12%	100%
Ho Keng Guan, Brandon	–	74%	10%	16%	100%
Goh Seng Huat, Daniel	–	81%	10%	9%	100%
Lim Peng Chuan, Terence	–	79%	7%	14%	100%
Directors – Below S$100,000					
Oong Wei Yuan, Ron(3)	100%	–	–	–	100%
Oh Eng Bin, Kenneth	100%	–	–	–	100%
Lee Gee Aik	100%	–	–	–	100%
Lee Kuo Chuen, David(4)	100%	–	–	–	100%

(1) Includes employer contribution to the Central Provident Fund and benefits-in-kind such as club memberships, transport allowance and use of company vehicles etc.

(2) Mr Lim Siow Kwee, Thomas resigned as a Director on 31 March 2022. Accordingly, his remuneration was pro-rated for the period from 1 January 2022 to 31 March 2022.

(3) Mr Oong was appointed as a Director on 30 September 2022. Accordingly, his director's fee was pro-rated for the period from 30 September 2022 to 31 December 2022.

(4) Mr Lee resigned as a Director on 30 September 2022. Accordingly, his director's fees was pro-rated for the period from 1 January 2022 to 30 September 2022.

The Company takes cognizance of new listing rules relating to disclosure of remuneration of directors and chief executive officer effective ("CEO") for annual reports prepared for the financial years ending or after 31 December 2024.

For FY2022 Annual Report, the Company has adopted remuneration disclosure of our directors and CEO using a narrow band of S$100,000 for greater transparency with detailed breakdown in percentage terms of base or fixed salary, cash bonus and benefits-in-kind. The compensation structure for the top 5 key management personnel (who are not directors or the Group CEO), or the Company and the Group's subsidiaries are disclosed in bands of S$250,000 with also a detailed breakdown in percentage terms of base or fixed salary, cash bonus and benefits-in-kind. Notwithstanding the above, with the keen market competition for managers and supervisors currently faced by the construction and marine industries post-Covid, the Board is of the opinion that full disclosure of the specific remuneration will not be helpful to promote team morale and maintain team stability under such market condition. The Company will work towards compliance with the new listing rules relating to disclosure of remuneration of directors and chief executive officer.

CORPORATE GOVERNANCE REPORT

Other than this, the Company has complied with the rest of the disclosure requirements under Provision 8.1 of the 2018 CG Code.

Remuneration paid to Non-Executive Independent Directors comprised solely director's fees paid quarterly in arrears. These director's fees were approved by the shareholders in the AGM held on 29 April 2022.

The annual aggregate remuneration paid to (i) Directors; and (ii) top 5 key management personnel (who are not Directors or the CEO of the Company), of the Company paid in the financial year ended 31 December 2022 is disclosed under Note [35] of the Notes to Financial Statements.

There are no employees within the Group who are substantial shareholders of the Company or are immediate family members of a Director, the CEO of the Company or a substantial shareholder of the Company and whose remuneration exceeds S$100,000 during the year.

Shareholders' approval will be sought at the forthcoming AGM on 27 April 2023 for the payment of the proposed fees to Non-Executive Independent Directors for the financial year ending 31 December 2023, quarterly in arrears.

The Company does not have any long-term incentive scheme or schemes involving the offer of shares or grant of options.

C. ACCOUNTABILITY AND AUDIT

Principle 9: Risk Management and Internal Controls

The Company has an Enterprise Risk Management Framework in place for the Group. The key risks were identified and classified under five categories, namely, Strategic Risks, Financial Risks, Operational Risks, Compliance Risks and IT Risks. Action plans were in place to mitigate these risks. The said Framework has been reviewed by the AC and approved by the Board. The AC and the Board will continually assess the adequacy and effectiveness of the risk management framework and processes.

The Board is responsible for the overall internal control framework and is fully aware of the need to put in place a system of internal controls within the Group to safeguard the interests of the shareholders and the Group's assets.

Both the Company's internal auditors, Ernst & Young Advisory Pte Ltd, and external auditors, Moore Stephens LLP (to the extent as required by them to form an audit opinion on the statutory financial statements) have conducted an annual review of the adequacy and effectiveness of the Group's key internal controls, including financial, operational and compliance controls and risk management. Any areas of review where the existing control can be enhanced to enable the process to operate more effectively and efficiently, together with recommendation for improvement are reported to the AC. A copy of the report is also issued to the relevant department for its follow-up action. The timely and proper implementation of all required corrective, preventive or improvement measures are closely monitored.

During the financial year, the Group's external and internal auditors had conducted an annual review of the adequacy and effectiveness of the Group's internal controls that address financial, operational, information technology and compliance risks. Such reviews have been reported to the AC.

The Board has received assurance from the Group CEO and CFO that, as at 31 December 2022, the financial records have been properly maintained, and the financial statements give a true and fair view of the Group's operations and finances.

CORPORATE GOVERNANCE REPORT

The Board has also received assurance from the Group CEO and other key management personnel that the internal controls (including financial, operational, compliance and information technology controls) and risk management systems were adequate and effective as at 31 December 2022 to address the risks that the Group considers relevant and material to its operations.

The Board has noted that there are no findings of material internal controls weaknesses by the Group's external auditors, Moore Stephens LLP, as part of their annual audit of the Group's financial statements and the Group's internal auditors, Ernst & Young Advisory Pte Ltd arising from their internal audit work.

Based on the internal controls established and maintained by the Company, work performed by the internal and external auditors and reviews performed by Management, as well as the assurances set out above, the Board, with the concurrence of the AC, is of the view that the Company's system of risk management and internal controls (including financial, operational, compliance and information technology controls) were adequate and effective as at 31 December 2022 to address risks which the Company considers relevant and material to its operations.

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

Principle 10: Audit Committee

The members of the AC at the date of this report comprises of three Non-Executive Independent Directors:

Lee Gee Aik (Chairman)
Oong Wei Yuan, Ron
Oh Eng Bin, Kenneth

Mr Oong Wei Yuan, Ron was appointed as a member of the AC in with effect from 30 September 2022. The majority of the AC, including the Chairman, has accounting or related financial management expertise or experience. The Board is of the view that the members of the AC are appropriately qualified to discharge their responsibilities. None of the AC members were previous partners of directors of the Company's external auditors, Moore Stephens LLP, within the last two years or hold any financial interest in the external auditors.

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

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

During the financial year, the AC met with the Group's external auditors and the internal auditors to review the audit plans and the reports of the external auditors and internal auditors. The Group's external auditors are Moore Stephens LLP and Group's internal auditors are Ernst & Young Advisory Pte. Ltd. The AC has also evaluated the adequacy of the internal controls system of the Company with the auditors and discussed their findings with the Management. The AC reviewed the half year and full-year results announcements before their submission to the Board for approval.

CORPORATE GOVERNANCE REPORT

The AC is guided by its terms of reference which sets out its responsibilities. The terms of reference are in line with the 2018 CG Code. Specifically, the duties of the AC include:–

(a) recommending to the Board the appointment, re-appointment or discharge of the external auditors, and approving the remuneration and terms of engagement of the external auditors and in this connection, considering the independence and objectivity of the external auditors annually;

(b) assisting the Board in discharging its statutory responsibilities on financial and accounting matters;

(c) reviewing the financial and operating results and accounting policies of the Group;

(d) reviewing the significant financial reporting issues and judgments relating to financial statements for each financial year, interim and annual results announcement of financial statements before their submission to the Board for approval and the external auditors' report on the financial statements;

(e) reviewing the adequacy and effectiveness of the Group's internal controls (financial, operational, compliance and information technology controls) and risk management via reviews carried out by the internal auditors;

(f) considering and reviewing the assistance given by Management of the Group to the external and internal auditors;

(g) reviewing the external audit plans and the review results of the external auditors' examination and evaluation of the Group's internal controls system and remedial actions taken by management on external auditors' recommendations for improvement of internal control weaknesses;

(h) reviewing the audit plans and reports of the internal auditors and considering the remedial actions taken by management on internal auditors' recommendations for improvement of the Group's internal controls system;

(i) reviewing the adequacy, effectiveness, independence, scope and results of the external audit and internal audit;

(j) reviewing interested person transactions on semi-annually basis;

(k) meeting with the external and internal auditors without the presence of the Company's Management annually; and

(l) ensuring that the nature and extent of non-audit services provided by external auditors would not affect their independence as external auditors of the Company.

During the financial year, the AC has carried out the above duties as provided in their terms of reference.

To create an environment for open discussion on audit matters, the AC meets with the external and internal auditors without the presence of the Company's Management at least once a year.

The AC members met three times during the financial year ended 31 December 2022. The Group CEO, CFO, Company Secretary, external and internal auditors were invited to attend these meetings.

CORPORATE GOVERNANCE REPORT

In the review of the financial statements for the financial year ended 31 December 2022, the AC has discussed with Management the accounting principles that were applied and their judgment of items that might affect the integrity of the financial statements and considered the clarity of key disclosure in the financial statements. The AC reviewed, amongst other matters, the significant matters identified by external auditor and have been included in the Independent Auditor's Report to the Shareholders of the Company under "Key Audit Matters". Following the review, the AC was satisfied that those matters have been properly addressed and recommended the Board to approve the audited financial statements of the Group for the financial year ended 31 December 2022. The Board has on 11 April 2023 approved the financial statements for the financial year ended 31 December 2022.

The Company has complied with SGX-ST Listing Rules 712 and 716 in engaging Moore Stephens LLP, as the external auditors of the Company which is registered with the Accounting and Corporate Regulatory Authority. Moore Stephens LLP is the external auditors of the Company and of its Singapore subsidiaries.

In line with SGX-ST Listing Rule 1207(6), the AC has reviewed the amount of non-audit services rendered to the Group by the external auditors during the financial year and noted that there are no non-audit services provided during the financial year. The aggregate amount of the audit fees paid/payable to the external auditors is found in Note 7 in the Financial Statements of this Report.

In reviewing the performance of the external auditors and formulating its recommendation on the re-appointment of Moore Stephens LLP for the financial year ending 31 December 2023, the AC has considered the overall adequacy and quality of the firm's resources, the experience and expertise of the audit partners and other senior members of the engagement team, and the efficiency and effectiveness of the engagement team in carrying out its work. The AC had also considered the quality of the audit services rendered, scope of audit plan and audit findings presented during the year. On this basis, the AC has recommended the re-appointment of Moore Stephens LLP at the upcoming AGM. The auditors, Moore Stephens LLP, have indicated their willingness to accept re-appointment.

The details of audit services provided by the external auditors are outlined in Note 7 to the financial statements.

Internal Audit ("IA")

The Group's IA function has been outsourced to Ernst & Young Advisory Pte Ltd. The internal auditor has unrestricted access to the AC as well as the documents, records, properties and personnel of the Company and the Group, where relevant to their work. The internal auditor reports directly to the Chairman of the AC. The AC also reviews and approves the annual internal audit plans and resources to ensure that the internal auditor has adequate resources to perform its functions. The AC approves the hiring, removal and evaluation of the internal auditor.

The Group's IA function is independent of the external audit. The internal auditor is a corporate member of Singapore chapter of the Institute of Internal Auditors ("IIA"), and staffed with professionals with relevant qualifications and experience. Our engagement with Ernst & Young Advisory Pte. Ltd. stipulates that its work shall comply with the relevant International Standards for the Professional Practice of Internal Auditing set by IIA. The appointment, assessment, and compensation of the internal auditor are approved by AC. On an annual basis, the AC has also reviewed and is satisfied with the adequacy and effectiveness of the Group's IA function and that the IA function has maintained its independence from the activities that they audit.

CORPORATE GOVERNANCE REPORT

During the year, the internal auditor conducted its audit reviews according to a 3 years Internal Audit Plan ("Audit Plan") which was approved by the AC. The Audit Plan also incorporates the audit of key risk areas identified under the Group Risk Management Framework. The IA function would submit a report to the AC on the key audit findings and actions to be taken by Management. Key findings are also highlighted at AC meetings for discussion and follow-up actions. The AC monitors the timely and proper implementation of the required corrective, preventive or improvement measures to be undertaken by Management.

Whistle-Blowing Policy

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

The Whistle Blowing Officers are appointed members of the AC which comprises of all Independent Directors. Any Whistle Blowing Officer to whom a concern has been raised, is obliged to make a report to the Board of the substance of the concern without breaching employee confidentiality. The AC is responsible for oversight and monitoring of whistleblowing.

There were no whistle-blowing reports received by the AC in the financial year under review.

D. SHAREHOLDER RIGHTS AND RESPONSIBILITIES

Principle 11: Shareholder Rights and Conduct of General Meetings
Principle 12: Engagement with Shareholders
Principle 13: Engagement with Stakeholders

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

Any major or material developments are first disseminated via SGXNet followed by a press release, whenever necessary.

Price sensitive information is first publicly released, either before the Group meets with any group of investors or analysts or simultaneously with such meetings. Results and annual reports are announced or issued within the mandatory period. The Company does not practice selective disclosure of information.

The Company's website at www.shsholdings.com.sg provides updated information to shareholders and investors on its corporate development.

The FY2022 AGM will be convened and held by electronic means pursuant to the COVID-19 (Temporary Measures) (Alternative Arrangement for Meetings for Companies, Variable Capital Companies, Business Trusts, Unit Trusts and Debenture Holders) Order 2020 (the "Order").

CORPORATE GOVERNANCE REPORT

Shareholders are informed of general meetings through notices that have been made available via SGXNet, the corporate website and local newspaper. In line with the provisions under the Order, no printed copies of the notices of AGM, proxy forms and related documents will be despatched to the shareholders.

At the upcoming AGM, shareholders will also be able to submit questions in advance of the AGM or during the AGM and vote in person or through appointment of proxy or proxies at the AGM via electronic means. Further details on the conduct of the upcoming AGM are set out in the Notice of AGM dated 11 April 2023 and its related announcement which have been made available on the Company's website and SGXNet. At each general meeting, each distinct issue is proposed as a separate resolution. The Company's Constitution provides that Shareholders of the Company are allowed to vote in person or by way of duly appointed proxies.

The Company's Constitution also allows a shareholder to appoint not more than two proxies to attend and vote in the shareholder's place at the general meetings of shareholders. The proxy need not be a Member of the Company. Pursuant to the introduction of the multiple proxies regime under the Singapore Companies (Amendment) Act 2014, indirect investors who hold SGX shares through a nominee company or custodian bank or through a CPF agent bank may attend and vote at each general meeting of shareholders. Currently, the Company's Constitution does not allow for shareholders to vote at general meetings in absentia.

All votes on the resolutions tabled at the AGM would be voted by proxy on a one share, one vote basis. Pursuant to the COVID-19 (Temporary Measures) (Alternative Arrangements for Meetings for Companies, Variable Capital Companies, Business Trusts, Unit Trusts and Debenture Holdings) Order 2020, the Chairman of the Meeting may be appointed by shareholders as proxy and would be voting in accordance with their instructions. All resolutions tabled at the AGM would be voted by poll and counted based on the proxy forms that were submitted to the Company at least 48 hours before the Meeting, either by post or via email. An independent scrutineer firm is also appointed to validate the votes for each general meeting. The results of all votes for and against each resolution are tallied and instantaneously displayed at the meeting. The voting results are announced via SGXNet and on the corporate website following each general meeting.

The Company Secretary prepares minutes of general meetings which include the Company's responses to the questions received from shareholders prior to the AGM. These minutes are made available to shareholders via SGXNet and on the corporate website.

Following the amendments to SGX-ST Listing Rule 705(2) which came into effect from 7 February 2020, the Company is no longer required to release the Group's unaudited financial statements on a quarterly basis. After due deliberation, the Board decided not to continue with quarterly reporting of the Group's financial results and instead, release financial reports on a half-yearly basis with effect from the financial year ended 31 December 2020. Notwithstanding this, the Company continues to keep shareholders updated on material developments relating to the Company and the Group in compliance with the continuing disclosure obligations, as and when appropriate.

DIVIDEND POLICY

The Group has a policy which governs how much to pay out to shareholders in dividends. The Group usually declares total annual dividend at the rate of approximately 25-40% of the net profit after tax in accordance with the consolidated financial statements. For the financial year ended 31 December 2022, the Board has proposed a final dividend of S$0.0035 per share for shareholders' approval at the upcoming AGM.

CORPORATE GOVERNANCE REPORT

SECURITIES TRANSACTIONS

The Company has a clear policy on the trading of its share by directors and executives within the Group. The Company has adopted its own internal Code of Best Practices on Securities Transactions (the "Securities Transactions Code"). The Securities Transactions Code provides guidance to directors and executives of the Group with regard to dealing in the Company's shares. It emphasizes that the law on insider trading is applicable at all times, notwithstanding the window periods for dealing in the shares. The Securities Transactions Code also enables the Company to monitor such share transactions by requiring employees to report to the Company whenever they deal in the Company's shares.

According to the Company's Securities Transactions Code, the Company, its Directors and officers should not deal in the Company's securities during the following "prohibited dealing" periods:

- the period commencing two weeks before the announcement of the Company's business and financial updates for the first and third quarters of its financial year and ending after the announcement of the announcement of the relevant business and financial updates (in the event that the Company so decides to announce);

- the period commencing two weeks before the AC and/or Board meetings convened for the purposes of reviewing the financial updates for the first and third quarters of its financial year and ending after the conclusion of the AC and/or Board meetings; and

- the period commencing one month before the announcement of the Company's half-year and full year financial statements and ending after the announcement of the relevant financial statements.

Directors and officers are also advised to adhere the following rules at all times:

(a) observe insider trading laws and not to deal in the Company's securities while in possession of any unpublished material price-sensitive information; and

(b) not to deal in the Company's securities on short term considerations.

In addition, Directors are required to notify the Company of any dealings in the Company's securities within two (2) business days whenever they deal in the Company's securities and the Company will make the necessary announcements in accordance with the requirements of the Listing Rules.

The Company has complied with the Securities Transactions Code.

CORPORATE GOVERNANCE REPORT

INTERESTED PERSON TRANSACTIONS

The Company has established procedures to ensure that all transactions with interested persons are reported on a timely manner to the AC and that the transactions are carried out on a normal commercial term and will not be prejudicial to the interests of the Company and its minority shareholders.

There is a total of seven interested person transactions during the year ended 31 December 2022 with aggregate value of S$120,882.

The AC has reviewed and is satisfied that the transactions are conducted at arm's length and on terms that are fair and reasonable. The AC and the Board are satisfied that the terms of the above transactions are not prejudicial to the interests of the Company or its minority shareholders.

The Company did not have a shareholders' mandate pursuant to SGX-ST Listing Rule 920 during the financial year ended 31 December 2022.

MATERIAL CONTRACTS

There were no material contracts between the Company and its subsidiaries involving the interests of the Chairman, Group CEO, directors and controlling shareholders that are still subsisting at the end of the financial year or if not then subsisting, entered into since the end of previous financial year.

DIRECTORS' STATEMENT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

The directors present their statement to the members of SHS Holdings Ltd. (the "Company") together with the audited consolidated financial statements of the Company and its subsidiaries (collectively the "Group") for the financial year ended 31 December 2022 and the statement of financial position of the Company as at 31 December 2022.

In the opinion of the directors:

(a) the consolidated financial statements of the Group and the statement of financial position of the Company are properly drawn up so as to give a true and fair view of the consolidated financial position of the Group and the financial position of the Company as at 31 December 2022 and of the consolidated financial performance, consolidated changes in equity and consolidated cash flows of the Group for the year then ended; and

(b) at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

1 Directors

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

Teng Choon Kiat	*Executive Chairman*
Ng Han Kok, Henry	*Executive Director and Group Chief Executive Officer*
Lee Gee Aik	*Lead Independent Director*
Oh Eng Bin, Kenneth	*Independent Director*
Oong Wei Yuan, Ron	*Independent Director*

2 Arrangements to Enable Directors to Acquire Shares or Debentures

Neither at the end of nor at any time during the financial year was the Company a party to any arrangement whose objects are, or one of whose objects is, to enable the directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other corporate body.

3 Directors' Interests in Shares or Debentures

According to the register of directors' shareholdings kept by the Company under section 164 of the Singapore Companies Act 1967 (the "Act"), the directors of the Company who held office at the end of the financial year had no interests in the shares or debentures of the Company and its related corporations except as follows:

	Direct interest			Deemed interest		
Name of directors	**At the beginning of year**	**At the end of year**	**As at 21/1/2023**	**At the beginning of year**	**At the end of year**	**As at 21/1/2023**
The Company						
No. of ordinary shares						
Teng Choon Kiat	1,250,000	–	–	193,688,100	160,967,600	160,967,600
Ng Han Kok, Henry	43,067,700	28,067,700	28,067,700	77,646,953	92,646,953	92,646,953

By virtue of Section 7 of the Act, Teng Choon Kiat is deemed to be interested in the shares of the subsidiaries held by the Company.

Except as disclosed in this statement, no director who held office at the end of the financial year had interests in shares or debentures of the Company and its related corporations, either at the beginning of the financial year or at the end of the financial year.

DIRECTORS' STATEMENT
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

4 Share Options

Options Granted

During the financial year, there were no share options granted to subscribe for unissued shares of the Company or any corporation in the Group.

Options Exercised

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

Options Outstanding

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

5 Audit Committee

The Audit Committee ("AC") comprises the following independent directors at the date of this statement:

Lee Gee Aik (Chairman)
Oh Eng Bin, Kenneth
Oong Wei Yuan, Ron

The AC carried out its functions in accordance with Section 201B(5) of the Act, the Singapore Exchange Securities Trading Limited ("SGX-ST") Listing Manual and the Code of Corporate Governance and assists the Board of Directors (the "Board") in the execution of its corporate governance responsibilities within its established terms of reference.

The duties of the AC, amongst other things, include:

(a) review the audit plans of the internal and external auditors of the Company, and review the internal auditors' evaluation of the adequacy of the Group's/Company's system of internal accounting controls and the assistance given by the Group's/Company's management to the external and internal auditors;

(b) review the half yearly announcement of financial statements and annual financial statements and the auditors' report on the annual consolidated financial statements of the Company and its subsidiaries before their submission to the Board;

(c) review the effectiveness of the Group's/Company's material internal controls, including financial, operational, compliance and information technology controls and risk management via reviews carried out by the internal auditors;

(d) meet with the external and internal auditors, other committees, and management in separate executive sessions to discuss any matters that these groups believe should be discussed privately with the AC;

DIRECTORS' STATEMENT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

5 Audit Committee (Continued)

The duties of the AC, amongst other things, include: (Continued)

(e) review legal and regulatory matters that may have a material impact on the financial statements, related compliance policies and programs and any reports received from regulators;

(f) review the cost effectiveness and the independence and objectivity of the external auditors;

(g) review the nature and extent of non-audit services provided by the external auditors;

(h) recommend to the Board the external auditors to be nominated, approve the compensation of the external auditors and review the scope and results of the audit;

(i) report actions and minutes of the AC to the Board with such recommendations as the AC considers appropriate;

(j) review interested persons transactions in accordance with the requirements of the SGX-ST Listing Manual; and

(k) undertake such other functions and duties as may be agreed to by the AC and the Board.

The AC is satisfied with the independence and objectivity of the external auditors and has recommended to the Board that the auditors, Moore Stephens LLP, be nominated for re-appointment as auditors at the forthcoming Annual General Meeting of the Company.

Further details regarding the AC are disclosed in the Report on Corporate Governance included in the Company's Annual Report.

6 Independent Auditors

The independent auditors, Moore Stephens LLP, Public Accountants and Chartered Accountants have expressed their willingness to accept re-appointment.

On behalf of the Board of Directors,

Teng Choon Kiat
Director

Ng Han Kok, Henry
Director

Singapore
11 April 2023

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF SHS HOLDINGS LTD. (Incorporated in Singapore)

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of SHS Holdings Ltd. (the "Company") and its subsidiaries (collectively the "Group"), which comprise the consolidated statement of financial position of the Group and the statement of financial position of the Company as at 31 December 2022, and the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows of the Group for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements of the Group and the statement of financial position of the Company are properly drawn up in accordance with the provisions of the Companies Act 1967 (the "Act") and Singapore Financial Reporting Standards (International) ("SFRS(I)s") so as to give a true and fair view of the consolidated financial position of the Group and the financial position of the Company as at 31 December 2022 and of the consolidated financial performance, consolidated changes in equity and consolidated cash flows of the Group for the year ended on that date.

Basis for Opinion

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

Key Audit Matters

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

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF SHS HOLDINGS LTD. (Incorporated in Singapore)

Report on the Audit of the Financial Statements (Continued)

Key Audit Matters (Continued)

Key Audit Matter	How our audit addressed the key audit matter
Revenue from construction contracts We refer to Note 3(d), Note 4(b) and Note 5(a) to the financial statements. In accordance with SFRS(I) 15 *Revenue from Contracts with Customers*, the analysis of whether the construction contracts comprise one or more performance obligations, determination of whether variable consideration is allocated to one or more performance obligations, and whether the performance obligations are satisfied over time or at a point in time, are areas requiring significant judgements and estimates by the Group. One of the Group's significant revenue streams is derived from construction contracts in relation to engineering & construction services amounting to S$60,348,000 as disclosed in Note 5(a). Revenue from these construction contracts is recognised over time on a cost-to-cost basis. The determination of the percentage of completion involves the use of significant management judgements and estimates to measure the proportion of contract costs incurred for work performed to date relative to the estimated total contract costs, which in turn may have a material impact on the amount of contract work in progress, contract revenues and contract costs recognised during the financial year. Accordingly, we determined this as a key audit matter.	**Our response** Our audit procedures included, amongst others, • obtained an understanding of the terms and conditions of significant construction contracts through discussion with management and the basis of management's identification of performance obligations to determine whether the criteria for recognising revenue over time were met; • evaluated the key controls and processes that management has in place in respect of revenue recognition and budgeting from construction contracts; • assessed the reasonableness of the total budgeted costs for individual significant projects prepared by management. Reviewed the appropriateness of inputs, amongst others, contractors or sub-contractor costs, materials, labour costs, variation works, and other construction costs used by management in their estimation of the total costs to complete and obtained supporting documentation on the major inputs; • assessed the robustness of the budgets from our understanding of the projects and comparing the budgeted profit margins to the actual profit margins achieved for completed projects during the financial year and subsequent to financial year end; • verified the costs incurred during the financial year against underlying documents, such as quotations or contracts entered into;

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF SHS HOLDINGS LTD. (Incorporated in Singapore)

Report on the Audit of the Financial Statements (Continued)

Key Audit Matters (Continued)

Key Audit Matter	How our audit addressed the key audit matter
Revenue from construction contracts (Continued)	**Our response** (Continued) • in relation to total contract revenue for construction contracts, we verified the total contract sum to contracts entered into with the customers and additional claims and variation orders recognised to supporting documents; • re-computed the arithmetical accuracy of the revenue, cost and profit recognised according to the percentage of completion for significant projects measured by reference to the ratio of costs incurred to-date to the estimated costs for each project; and • reviewed the contracts for any penalty and liquidated damages clauses and discussed with management on the progress of significant projects to determine if there are any changes such as delays, penalties, overruns where it is probable that total contract costs will exceed total contract revenue and require the recognition of a loss allowance on such projects. In addition, we reviewed the adequacy of the disclosures in relation to the areas of judgements and estimation uncertainties involving recognition of revenue from construction contracts in Note 4(b) to the financial statements and the disclosures in relation to revenue from construction contracts and related contract balances in Note 5 to the financial statements. **Our findings** We found the areas of judgements and estimates applied by management in the recognition of revenue from construction contracts to be appropriate.

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF SHS HOLDINGS LTD. (Incorporated in Singapore)

Report on the Audit of the Financial Statements (Continued)

Key Audit Matters (Continued)

Key Audit Matter	How our audit addressed the key audit matter
Valuation of unquoted equity investments We refer to Note 3(q), Note 4(b), Note 15 and Note 38(a) to the financial statements. As at 31 December 2022, the Group's other financial assets comprised unquoted equity investments, which are measured at fair value through other comprehensive income ("FVOCI"), with a carrying amount of S$14.1 million as disclosed in Note 15 to the financial statements. These unquoted equity investments, comprising mainly equity securities held in various investee companies, are measured at fair value using valuation techniques that applied inputs for which there is limited market information. The valuation techniques used include adjusted net asset value based on external brokers' quotes or reference to recent transaction prices between knowledgeable, willing parties. The valuation of these unquoted equity investments is categorised as Level 3 in the Fair Value Hierarchy as disclosed in Note 38(a) to the financial statements. A significant degree of subjectivity and management judgement are therefore involved in selecting the appropriate valuation techniques to be used and the application of the unobservable inputs given the lack of market priced data. Accordingly, we determined this as a key audit matter.	**Our response** Our audit procedures included, amongst others, an assessment of the appropriateness of the valuation techniques applied and the inputs used to value the equity investments held in the relevant investee companies. We assessed the reasonability of the inputs used in the valuation and tested the source data, to the extent possible, to independent sources and externally available market data to evaluate the data's relevance based on the nature of the investee companies' business and the industry in which the investee companies operate. We also evaluated management's assessment as to whether other evidence exists that could affect the valuation of the individual equity investments. In addition, we reviewed the adequacy of the disclosures in relation to the valuation of unquoted equity investments; in particular, the degree of subjectivity and key assumptions used in the estimates, which also include the relationship between the key unobservable inputs and fair value in Note 38(a) to the financial statements. **Our findings** We found the valuation techniques applied by management were in line with generally accepted market practices and the key unobservable inputs used in deriving the fair value of the unquoted equity investments to be within a reasonable range.

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF SHS HOLDINGS LTD. (Incorporated in Singapore)

Report on the Audit of the Financial Statements (Continued)

Key Audit Matters (Continued)

Key Audit Matter	How our audit addressed the key audit matter
Impairment of goodwill We refer to Note 3(m), Note 4(b) and Note 16 to the financial statements. As at 31 December 2022, the Group has goodwill that arose from various past business acquisitions with an aggregate carrying amount of S$6.0 million. The goodwill has been allocated to the relevant cash-generating unit ("CGU") under the respective operating segments as disclosed in Note 16 to the financial statements. As part of the goodwill annual impairment testing, management prepares value in use calculations ("VIU") to determine the recoverable amount of the CGU. Following the impairment testing, no impairment of goodwill was recognised. The VIU is based on discounted cash flow forecasts of the CGU, the preparation of which requires management to use assumptions and estimates relating to revenue growth rate, budgeted gross margin, terminal growth rate and discount rate of the CGU, which are inherently subjective, and may be affected by uncertainties around future market or economic conditions. Accordingly, we determined this as a key audit matter.	**Our response** Our audit procedures included, amongst others, evaluating management's assumptions applied in the cash flow forecasts taking into consideration our knowledge of the CGU's operations, financial performance and industry benchmarks. We also obtained an understanding of management's planned strategies on revenue growth and cost initiatives for the CGU. We tested the robustness of management's forecasts by comparing previous forecasts to actual results. In addition, we also validated key inputs used in the discounted cash flow forecasts, such as growth rates and discount rate, to historical data and external market data to assess the reasonableness of management's forecasts. We tested management's sensitivity analysis of the recoverable amount of the CGU based on reasonable changes to the key assumptions used in the cash flow forecasts. We also checked the mathematical accuracy of the underlying calculations. In addition, we reviewed the adequacy of the disclosures in relation to the impairment testing of goodwill, including management's sensitivity analysis, in Note 16 to the financial statements. **Our findings** We found the assumptions and estimates used by management in the VIU to determine the recoverable amount of the relevant CGU to be within a reasonable range, and the resulting goodwill recognised to be appropriate.

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF SHS HOLDINGS LTD. (Incorporated in Singapore)

Report on the Audit of the Financial Statements (Continued)

Other Information

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

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

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

Responsibilities of Management and Directors for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Act and SFRS(I)s, and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair financial statements and to maintain accountability of assets.

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF SHS HOLDINGS LTD. (Incorporated in Singapore)

Report on the Audit of the Financial Statements (Continued)

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

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

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

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF SHS HOLDINGS LTD. (Incorporated in Singapore)

Report on Other Legal and Regulatory Requirements

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

The engagement partner on the audit resulting in this independent auditor's report is Mr. Christopher Bruce Johnson.

Moore Stephens LLP
Public Accountants and
Chartered Accountants

Singapore
11 April 2023

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

		Group	
	Note	2022 S$'000	2021 S$'000
Continuing operations			
Revenue	5	**87,222**	55,200
Cost of sales and services		**(68,157)**	(45,881)
Gross profit		**19,065**	9,319
Other income		**2,447**	4,451
Selling and distribution expenses		**(414)**	(588)
Administrative expenses		**(7,046)**	(6,443)
Other operating expenses		**(6,693)**	(8,732)
(Impairment loss)/Reversal of impairment losses of financial assets, net		**(92)**	53
Finance costs		**(689)**	(1,060)
Share of losses of associates, net of tax		**(830)**	(623)
Profit/(Loss) before income tax		**5,748**	(3,623)
Income tax	6	**(114)**	45
Profit/(Loss) for the year from continuing operations	7	**5,634**	(3,578)
Discontinued operations			
(Loss) for the year from discontinued operations	8	**–**	(2,326)
Total profit/(loss) for the year		**5,634**	(5,904)
Other comprehensive loss, net of tax:			
Items that will not be reclassified subsequently to profit or loss:			
Revaluation surplus on disposal of fixed assets		**(338)**	–
Items that will be reclassified subsequently to profit or loss:			
Exchange differences on translation		**(928)**	(359)
Other comprehensive loss for the year		**(1,266)**	(359)
Total comprehensive income/(loss) for the year		**4,368**	(6,263)

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

		Group	
	Note	2022	2021
		S$	S$
Total profit/(loss) for the year attributable to:			
Equity holders of the Company		**5,056**	(2,748)
Non-controlling interests		**578**	(3,156)
		5,634	(5,904)
Total comprehensive income/(loss) for the year attributable to:			
Equity holders of the Company		**3,945**	(2,982)
Non-controlling interests		**423**	(3,281)
		4,368	(6,263)
Earnings/(Loss) per share from continuing and discontinued operations attributable to equity holders of the Company:			
– Basic and Diluted (cents per share)	9	**0.80**	(0.40)
Earnings/(Loss) per share from continuing operations attributable to equity holders of the Company:			
– Basic and Diluted (cents per share)	9	**0.80**	(0.49)
Earnings/(Loss) per share from discontinued operations attributable to equity holders of the Company:			
– Basic and Diluted (cents per share)	9	–	0.09

STATEMENTS OF FINANCIAL POSITION

AS AT 31 DECEMBER 2022

	Note	Group		Company	
		2022	2021	2022	2021
		S$'000	S$'000	S$'000	S$'000
ASSETS					
Non-current assets					
Property, plant and equipment	10	**39,613**	43,316	**14**	29
Right-of-use assets	11	**3,820**	4,133	**1,198**	1,359
Investment property	12	**–**	–	**8,542**	9,714
Investment in subsidiaries	13	**–**	–	**33,227**	33,227
Investment in associates	14	**245**	1,075	**–**	–
Other financial assets	15	**14,093**	13,947	**14,044**	13,892
Goodwill	16	**6,000**	6,000	**–**	–
Other receivables and prepayments	20	**2,814**	2,876	**2,814**	2,876
		66,585	71,347	**59,839**	61,097
Current assets					
Inventories	17	**4,281**	2,849	**–**	–
Land held for development	18	**4,566**	4,566	**–**	–
Trade receivables	19	**20,039**	11,995	**–**	–
Contract assets	5	**8,021**	11,110	**–**	–
Other receivables and prepayments	20	**3,497**	8,101	**1,352**	628
Amount due from subsidiaries	21	**–**	–	**32,549**	30,295
Cash and bank balances	22	**59,975**	66,380	**44,202**	55,105
		100,379	105,001	**78,103**	86,028
Total assets		**166,964**	176,348	**137,942**	147,125

STATEMENTS OF FINANCIAL POSITION

AS AT 31 DECEMBER 2022

	Note	Group 2022 S$'000	Group 2021 S$'000	Company 2022 S$'000	Company 2021 S$'000
LIABILITIES AND EQUITY					
Current liabilities					
Trade payables and accruals	23	**6,822**	9,401	**373**	423
Contract liabilities	5	**2,648**	356	**–**	–
Other payables	24	**2,558**	2,308	**515**	734
Amount due to subsidiaries	21	**–**	–	**205**	–
Term loans	25	**7,283**	3,380	**–**	–
Other amounts due to bankers	26	**7,628**	6,540	**–**	–
Lease liabilities	32	**236**	265	**145**	136
Provision for income tax	6	**425**	363	**–**	–
		27,600	22,613	**1,238**	1,293
Non-current liabilities					
Term loans	25	**2,254**	9,520	**–**	–
Lease liabilities	32	**3,953**	4,193	**1,198**	1,342
Deferred tax liabilities	28	**1,718**	1,729	**1,577**	1,577
		7,925	15,442	**2,775**	2,919
Total liabilities		**35,525**	38,055	**4,013**	4,212
Equity					
Share capital	29	**155,547**	160,640	**155,547**	160,640
Treasury shares	30	**(11,524)**	(5,395)	**(11,524)**	(5,395)
Asset revaluation reserve	31(a)	**12,473**	12,771	**8,582**	8,582
Fair value adjustment	31(b)	**(9,861)**	(9,861)	**(10,247)**	(10,247)
Foreign currency translation reserve	31(c)	**(334)**	479	**–**	–
Other reserve	31(d)	**–**	–	**3,297**	3,297
Accumulated losses		**(15,175)**	(20,231)	**(11,726)**	(13,964)
Equity attributable to owners of the Company		**131,126**	138,403	**133,929**	142,913
Non-controlling interests	13(e)	**313**	(110)	**–**	–
Total equity		**131,439**	138,293	**133,929**	142,913
Total liabilities and equity		**166,964**	176,348	**137,942**	147,125

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

	Attributable to equity holders of the Company								
	Share capital S$'000	Treasury shares S$'000	Asset revaluation reserve S$'000	Fair value adjustment S$'000	Foreign currency translation reserve S$'000	Accumulated losses S$'000	Total S$'000	Non-controlling interests S$'000	Total equity S$'000
Group									
At 1 January 2022	160,640	(5,395)	12,771	(9,861)	479	(20,231)	138,403	(110)	138,293
Profit for the year	–	–	–	–	–	5,056	5,056	578	5,634
Other comprehensive (loss) for the year, net of tax (Note 31)	–	–	(298)	–	(813)	–	(1,111)	(155)	(1,266)
Total comprehensive (loss)/income for the year	–	–	(298)	–	(813)	5,056	3,945	423	4,368
Shares buy-back (Note 29 and Note 30)	(5,093)	(6,129)	–	–	–	–	(11,222)	–	(11,222)
At 31 December 2022	155,547	(11,524)	12,473	(9,861)	(334)	(15,175)	131,126	313	131,439

The accompanying notes form an integral part of the financial statements

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

	← Attributable to equity holders of the Company						→		
	Share capital S$'000	**Treasury shares S$'000**	**Asset revaluation reserve S$'000**	**Fair value adjustment S$'000**	**Foreign currency translation reserve S$'000**	**Accumulated losses S$'000**	**Total S$'000**	**Non-controlling interests S$'000**	**Total equity S$'000**
Group									
At 1 January 2021	160,640	(5,011)	12,771	(9,861)	(878)	(17,483)	140,178	(6,387)	133,791
(Loss) for the year	–	–	–	–	–	(2,748)	(2,748)	(3,156)	(5,904)
Other comprehensive income/(loss) for the year, net of tax (Note 31)	–	–	–	–	(234)	–	(234)	(125)	(359)
Total comprehensive (loss) for the year	–	–	–	–	(234)	(2,748)	(2,982)	(3,281)	(6,263)
Shares buy-back (Note 30)	–	(384)	–	–	–	–	(384)	–	(384)
Disposal of subsidiary	–	–	–	–	1,591	–	1,591	9,558	11,149
At 31 December 2021	160,640	(5,395)	12,771	(9,861)	479	(20,231)	138,403	(110)	138,293

The accompanying notes form an integral part of the financial statements

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

	Group	
	2022	2021
	S$'000	S$'000
Cash Flows from Operating Activities		
Profit/(Loss) for the year	**5,634**	(5,904)
Adjustments for:		
Income tax expense/(credit) recognised in profit or loss	**114**	(45)
Depreciation of property, plant and equipment	**4,119**	5,416
Depreciation of right-of-use assets	**403**	582
Amortisation of prepaid land leases	**–**	136
Gain on disposal of property, plant and equipment	**(338)**	(63)
Impairment of goodwill	**–**	2,000
Allowance for inventory obsolescence	**5**	1,006
Allowance for impairment of trade receivables	**51**	526
Allowance for/(Write back) impairment of contract assets	**41**	(63)
Allowance for impairment of other receivables	**–**	46
Net loss on associate struck off	**–**	13
Gain on disposal of subsidiaries	**–**	(4,802)
Interest income	**(815)**	(125)
Interest expense	**689**	1,247
Share of losses of associates, net of tax	**830**	623
Unrealised foreign exchange loss/(gain) – net	**383**	(624)
Operating cash flows before working capital changes	**11,116**	(31)
Changes in working capital:		
Inventories	**(1,437)**	(31)
Contract assets, receivables and prepayments	**(1,043)**	(7,302)
Contract liabilities and payables	**(37)**	8,468
Cash generated from operations	**8,599**	1,104
Interest received	**815**	125
Interest paid	**–**	(50)
Income tax paid	**(63)**	(24)
Net cash generated from operating activities	**9,351**	1,155

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

	Group	
	2022	**2021**
	S$'000	**S$'000**
Cash Flows from Investing Activities		
Payment for purchase of property, plant and equipment	**(716)**	(574)
Proceeds from disposal of property, plant and equipment	**74**	60
Proceeds from disposal of subsidiaries	**–**	36,620
Collection of outstanding proceeds from disposal of subsidiary (Note 20(a))	**–**	1,263
Proceeds from capital reduction in other financial assets	**6**	–
Proceeds from strike off of associates	**–**	127
Additional investment in other financial assets	**(152)**	–
Net cash (used in)/generated from investing activities	**(788)**	37,496
Cash Flows from Financing Activities		
Shares buy-back	**(11,222)**	(384)
Proceeds from term loans	**2,000**	2,000
Repayment of term loans	**(5,575)**	(7,575)
Drawdown of trust receipts	**16,650**	11,176
Repayment of trust receipts	**(15,802)**	(8,216)
Net increase in amount due to associates	**–**	(455)
Payment of lease liabilities	**(506)**	(795)
Net cash used in financing activities	**(14,455)**	(4,249)
Net (decrease)/increase in cash and cash equivalents	**(5,892)**	34,402
Cash and cash equivalents at the beginning of year	**66,380**	31,716
Effects of exchange rate changes on the balances of cash held in foreign currencies	**(513)**	262
Cash and cash equivalents at the end of year (Note 22)	**59,975**	66,380

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

These notes form an integral part of and should be read in conjunction with the consolidated financial statements:

1 GENERAL INFORMATION

SHS Holdings Ltd. (the "Company") is a public limited liability company incorporated and domiciled in Singapore and listed on the Mainboard of the Singapore Exchange Securities Trading Limited ("SGX-ST").

The Company's registered address and principal place of business is at 19 Tuas Avenue 20, Singapore 638830.

The principal activities of the Company are investment holding and those of grit blasting and painting. The principal activities of the subsidiaries and associates are set out in Note 13 and Note 14, respectively.

2 APPLICATION OF SINGAPORE FINANCIAL REPORTING STANDARDS (INTERNATIONAL) ("SFRS(I)s")

(a) Adoption of New and Revised Standards

On 1 January 2022, the Group has adopted the new or amended SFRS(I) and interpretations of SFRS(I) ("INT SFRS(I)") that are mandatory for application in the financial year. Changes to the Group's accounting policies have been made as required, in accordance with the transitional provisions in the respective SFRS(I) and INT SFRS (I).

The adoption of these new or amended SFRS(I) and INT SFRS (I) did not result in substantial changes to the Group's accounting policies and had no material effect on the amounts reported for the current or prior financial years.

(b) New and Revised Standards Issued but Not Yet Effective

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

Description	**Effective for annual periods beginning on or after**
Amendments to SFRS(I) 1-1: Presentation of Financial Statements and SFRS(I) Practice Statement 2 *(Disclosure of Accounting Policies)*	1 January 2023
Amendments to SFRS(I) 1-8: Accounting Policies, Changes in Accounting Estimates and Errors *(Definition of Accounting Estimates)*	1 January 2023
Amendments to SFRS(I) 1-12: Deferred Tax related to Assets and Liabilities arising from a Single Transaction	1 January 2023
Amendments to SFRS(I) 1-1: Presentation of Financial Statements *(Classification of Liabilities as Current or Non-current)*	1 January 2024
Amendments to SFRS(I) 1-1: Presentation of Financial Statements *(Non-current Liabilities with Covenants)*	1 January 2024
Amendments to SFRS(I) 16: Lease *(Lease Liability in a Sale and Leaseback)*	1 January 2024
Amendments to SFRS(I) 10 Consolidated Financial Statements and SFRS(I) 1-28 Investment in Associates and Joint Ventures *(Sale or Contribution of Assets between an Investor and its Associate Joint Venture)*	Date to be determined

The Directors do not expect that the adoption of these new and revised standards above will have a material impact on the financial statements in the period of initial application.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

3 SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of Preparation

The consolidated financial statements of the Group and the statement of financial position of the Company have been prepared in accordance with the provisions of the Companies Act 1967 and SFRS(I)s. The financial statements have been prepared on the historical cost basis except as disclosed in the accounting policies below.

(b) Group Accounting

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 that control ceases.

The Company reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above. When the Company has less than a majority of the voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally.

Goodwill on acquisitions of subsidiaries and businesses, represents the excess of the sum of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previously-held equity interest in the acquiree over the fair value of the fair value of the investee's identifiable net assets acquired. Goodwill on acquisitions of subsidiaries is initially measured at cost. Following initial recognition, goodwill is measured at cost less any accumulated impairment loss. Gains and losses on the disposal of subsidiaries, include the carrying amount of goodwill relating to the subsidiary sold.

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(b) Group Accounting (Continued)

Subsidiaries (Continued)

The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. The Group recognises any non-controlling interest in the acquiree on an acquisition-by-acquisition basis, either at fair value or at the non-controlling interest's proportionate share of the recognised amounts of acquiree's identifiable net assets. Acquisition-related costs are expensed as incurred.

If the business combination is achieved in stages, the acquisition date carrying amount of the acquirer's previously held equity interest in the acquiree is re-measured to fair value at the acquisition date; any gains or losses arising from such re-measurement are recognised in profit or loss.

Any contingent consideration to be transferred by the Group is recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration that is deemed to be an asset or liability is recognised in profit or loss. Contingent consideration that is classified as equity is not remeasured, and its subsequent settlement is accounted for within equity.

If the total of consideration transferred, non-controlling interest recognised and previously-held interest measured is less than the fair value of the net assets of the subsidiary acquired as in the case of a bargain purchase, the difference is recognised directly in profit or loss.

Inter-company transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment indicator of the transferred assets. When necessary, amounts reported by subsidiaries have been adjusted to conform with the Group's accounting policies.

Transactions with non-controlling interests that do not result in loss of control are accounted for as equity transactions – that is, as transactions with the owners in their capacity as owners. The difference between fair value of any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposals of interests in subsidiaries to non-controlling interests without loss of control are also recorded in equity.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(b) Group Accounting (Continued)

Subsidiaries (Continued)

When the Group loses control of a subsidiary, it:

- derecognises the assets (including any goodwill) and liabilities of the subsidiary at their carrying amounts at the date when control is lost;
- derecognises the carrying amount of any non-controlling interest (including any components of other comprehensive income attributable to them);
- recognises the fair value of the consideration received;
- recognises the fair value of any investment retained in the former subsidiary at its fair value;
- re-classifies the Group's share of components previously recognised in other comprehensive income to profit or loss or retained earnings, as appropriate; and
- recognises any resulting difference in profit or loss.

Associates

Associates are all entities over which the Group has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights.

Goodwill on acquisition of associates represents the excess of the cost of the acquisition over the Group's share of the fair value of the identifiable net assets acquired. Goodwill on associates is included in the carrying amount of the investments. Gains and losses on the disposal of associates include the carrying amounts of goodwill relating to the entity sold.

Investments in associates are accounted for using the equity method of accounting less impairment losses, if any. Under the equity method, the investment is initially recognised at cost, and the carrying amount is increased or decreased to recognise the investor's share of profit or loss of the investee after the date of acquisition.

When the Group reduces its ownership interest in an associate, but the Group continues to apply the equity method, the Group reclassifies to profit or loss the proportion of the gain or loss that had previously been recognised in other comprehensive income relating to that reduction in ownership interest if that gain or loss would be required to be reclassified to profit or loss on the disposal of the related assets or liabilities.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(b) Group Accounting (Continued)

Associates (Continued)

The Group's share of post-acquisition profit or loss is recognised in the income statement, and its share of post-acquisition movements in other comprehensive income is recognised in other comprehensive income with a corresponding adjustment to the carrying amount of the investment. When the Group's share of losses in an associate equal or exceeds its interest in the associate, the Group does not recognise further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the associate.

The Group determines at each reporting date whether there is any objective evidence that the investment in the associate is impaired. If this is the case, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying amount and recognises the amount in profit or loss.

Profits and losses resulting from upstream and downstream transactions between the Group and its associate are recognised in the Group's financial statements only to the extent of unrelated investor's interests in the associates. Unrealised losses are eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been changed where necessary to ensure consistency with the accounting policies adopted by the Group.

(c) Investments in Subsidiaries and Associates

Investments in subsidiaries and associates are carried at cost less accumulated impairment losses in the statement of financial position of the Company.

On disposal of investments in subsidiaries and associates, the difference between net disposal proceeds and the carrying amount of the investments are recognised in profit or loss.

(d) Revenue Recognition

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

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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(d) Revenue Recognition (Continued)

Construction

The Group provides engineering & construction/modular construction services and generates revenue under construction contracts with customers. Such contracts are entered into before construction begins. Revenue is recognised when control over the construction contract has been transferred to the customer, either over time or at a point in time, depending on the contractual terms.

For engineering & construction contracts whereby the Group is contractually restricted from redirecting to another customer and has an enforceable right to payment for performance completed to date, revenue is recognised over time on a cost-to-cost method, i.e. based on the proportion of contract costs incurred for work performed to date relative to the estimated total contract costs. The Group considers that this input method is an appropriate measure of the progress towards complete satisfaction of these performance obligations.

For development of real estate contracts whereby the Group does not have an enforceable right to payment for performance completed to date, revenue is recognised when the construction has been completed or substantially completed and the real estate is delivered to the customer and the customer has accepted it in accordance with the terms of the contracts.

For construction contracts in progress, the Group becomes entitled to invoice customers based on achieving a series of performance-related milestones. When a particular milestone is reached the customer is sent a relevant statement of work and an invoice for the related milestone payment. A contract asset is recognised for the Group's right to consideration for the work performed under the contract but not billed to the customer. Conversely, a contract liability is recognised when the Group received advance consideration from customer or progress billings issued in excess of the Group's rights to consideration under the contract. Contract assets are transferred to trade receivables when the rights to the consideration become unconditional. Contract liabilities are recognised as revenue as the Group performs the work under the contract.

Services rendered – grit blasting and painting and solar power installation

The Group provide the services of grit blasting and painting and solar power installation. Revenue may be recognised at a point in time or over time following the timing of satisfaction of the performance obligation. If a performance obligation is satisfied over time, revenue is recognised based on the percentage of completion reflecting the progress towards complete satisfaction of that performance obligation.

Sale of goods – including blasting equipment goods, modular goods and solar power equipment goods

Revenue on the sale of goods is recognised when control of the goods has transferred, being when the goods are delivered to the customer. Revenue is not recognised to the extent there are significant uncertainties regarding recovery of the consideration due, associated costs or the possible return of goods.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(e) Government Grants

Grants from the government are recognised as a receivable at their fair value when there is reasonable assurance that the Group will comply with the conditions attaching to them and that the grants will be received. 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 under other income in profit or loss.

(f) Foreign Currencies

Functional and presentation currency

The individual financial statements of each entity in the Group are presented in the currency of the primary economic environment in which the entity operates ("functional currency").

The Company's functional currency is Singapore Dollar ("S$"), which reflects the economic substance of the underlying events and circumstances of the Company. For the purposes of the consolidated financial statements, the results and financial position of each entity in the Group are expressed in S$, which is the presentation currency for the consolidated financial statements.

All values are rounded to the nearest thousand (S$'000) except when otherwise indicated.

Transactions and balances

In preparing the financial statements of each individual entity, transactions in currencies other than the entity's functional currency ("foreign currencies") are recognised at the rates of exchange prevailing at the dates of the transactions.

At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date.

Currency translation 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 reporting date are recognised in profit or loss. However, in 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 in foreign operations, are recognised in other comprehensive income and accumulated in the foreign 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.

Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(f) Foreign Currencies (Continued)

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 rate 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 exchange differences are recognised in other comprehensive income and accumulated in the foreign currency translation reserve.

On the disposal of a foreign operation (i.e. a disposal of the Group's entire interest in a foreign operation, or a disposal involving loss of control over a subsidiary that includes a foreign operation, or a partial disposal of an interest in 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 that do not result in the Group losing significant influence), the proportionate share of the accumulated exchange differences is reclassified to profit or loss.

(g) 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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(h) Employee Benefits

Employee benefits are recognised as an expense, unless the cost qualifies to be capitalised as an asset.

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 on a mandatory, contractual or voluntary basis. The Group has no further payment obligations once the contributions have been paid.

Payments to defined contribution retirement benefit plans are recognised as an expense when employees have rendered service entitling them to the contributions.

Employee leave entitlement

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

(i) Income Tax

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

Current tax

Current income tax for current and prior periods is recognised at the amount expected to be paid to or recovered from the tax authorities, using the tax rates and tax laws that have been enacted or substantively enacted by reporting date. The Group periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions, where appropriate, on the basis of amounts expected to be paid to the tax authorities.

Deferred tax

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit.

Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised.

Such deferred tax assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(i) Income Tax (Continued)

Deferred tax (Continued)

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries and associates, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

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

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

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

The Group recognises a previously unrecognised deferred tax asset to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Current and deferred tax for the period

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively. Where the current and deferred tax arises from the initial accounting for a business combination, the tax effect is taken into account in the accounting for the business combination.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(j) Property, Plant and Equipment

Measurement

Leasehold properties are stated at their revalued amounts, being the fair value at the date of revaluation, less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

Leasehold properties are revalued by independent professional valuers on a triennial basis and whenever their carrying amounts are likely to differ materially from their revalued amounts. When an asset is revalued, any accumulated depreciation as at the revaluation date is eliminated against the gross carrying amount of the asset. The net amount is then restated to the revalued amount of the asset.

Increases in carrying amounts arising from revaluation, including currency translation differences, are recognised in other comprehensive income, unless they offset previous decreases in the carrying amounts of the same asset, in which case, they are recognised in profit or loss. Decreases in carrying amounts that offset previous increases of the same asset are recognised in other comprehensive income. All other decreases in carrying amounts are recognised in profit or loss.

All other items of property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses.

The cost 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 if the obligation for dismantlement, removal or restoration is incurred as a consequence of acquiring or using the property, plant and equipment.

Depreciation

Freehold land has an unlimited useful life and therefore is not depreciated.

Depreciation is recognised so as to write off the depreciable amounts of the assets over their estimated useful lives, using the straight-line method.

The following useful lives are used in the calculation of depreciation:

Leasehold buildings	–	over the land lease term
Renovation/Leasehold improvements	–	5 – 10 years
Machinery and yard equipment	–	5 – 10 years
Motor vehicles	–	5 – 10 years
Office, computer equipment, furniture & fittings	–	2 – 10 years

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(j) Property, Plant and Equipment (Continued)

Depreciation (Continued)

Properties in the course of construction are carried at cost less any recognised impairment losses. Cost includes, for qualifying assets, borrowing costs capitalised in accordance with the Group's accounting policy. Depreciation of these assets, on the same basis as other property assets, commences when the property assets are ready for their intended use.

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.

The residual value, useful life and depreciation method are reviewed at each year end, with the effect of any changes in estimate accounted for on a prospective basis. The effects of any revision are recognised in profit or loss when the changes arise.

Subsequent expenditure

Subsequent expenditure related to property, plant and equipment that has 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 Group and the cost can be measured reliably. All other repair and maintenance expenses are recognised in profit or loss when incurred.

Disposal

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal.

The gain or loss arising on disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss. Any amount in the revaluation reserve relating to that asset is transferred to retained earnings directly. No transfer is made from the revaluation reserve to retained earnings except when the asset is derecognised.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(k) Investment Properties

Investment property held for long-term rental yields and/or for capital appreciation, is initially recognised at cost and subsequently carried at cost less accumulated depreciation and accumulated impairment losses.

Depreciation is calculated using a straight-line method to allocate the depreciable amount over the estimated useful life of 11.33 years. The residual value, useful life and depreciation method of investment property is reviewed, and adjusted as appropriate, at each reporting date. The effects of any revision are included in profit or loss when the changes arise.

Investment property is derecognised when either it has been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. Any gain or loss on the retirement or disposal of an investment property (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is recognised in profit or loss in the year of retirement or disposal.

(l) Land Held for Development

Development properties are held as inventories and are measured at the lower of cost and net realisable value. Net realisable value of development properties represents the estimated selling price for the properties less all estimated costs of completion and costs necessary to make the sale.

The costs of development properties recognised in profit or loss on disposal are determined with reference to the specific costs incurred on the property sold and an allocation of any non-specific costs based on the relative size of the property sold.

(m) Goodwill

Goodwill is tested for impairment annually and whenever there is indication that the goodwill may be impaired.

For the purpose of impairment testing of goodwill, goodwill is allocated, from the acquisition date, to each of the Group's cash-generating-units ("CGUs") or groups of CGUs, that are expected to benefit from synergies arising from the business combination.

An impairment loss is recognised when the carrying amount of a CGU, including the goodwill, exceeds the recoverable amount of the CGU. The recoverable amount of a CGU is the higher of the CGU's fair value less cost of disposal and value in use.

The total impairment loss of a CGU is allocated first to reduce the carrying amount of goodwill allocated to the CGU and then to the other assets of the CGU pro-rata on the basis of the carrying amount of each asset in the CGU.

An impairment loss on goodwill is recognised in profit or loss and is not reversed in a subsequent period.

Where goodwill forms part of a CGU and part of the operation within that CGU is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(n) Impairment of Non-financial Assets Excluding Goodwill

Non-financial assets other than goodwill are tested for impairment whenever there is any objective evidence or indication that these assets may be impaired.

At the end of each reporting period, the Group reviews the carrying amounts of its non-financial assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any), on an individual asset.

Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating-unit ("CGU") to which the asset belongs. Where a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual CGUs, or otherwise they are allocated to the smallest group of CGUs for which a reasonable and consistent allocation basis can be identified.

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

If the recoverable amount of an asset (or CGU) is estimated to be less than its carrying amount, the carrying amount of the asset (or CGU) is reduced to its recoverable amount. The difference between the carrying amount and recoverable amount is recognised as an impairment loss in profit or loss, unless the asset is carried at revalued amount where the revaluation was previously taken to other comprehensive income. In this case, such impairment loss of revalued asset is treated as a revaluation decrease.

An assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased.

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(o) Inventories

Inventories are stated at the lower of cost or net realisable value. Cost is determined on a weighted average basis.

The cost of finished goods and work-in-progress comprises raw materials, direct labour, other direct costs and related production overheads but excludes borrowing costs.

Net realisable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale. Allowance is made for obsolete, slow moving and defective inventories.

(p) Cash and Cash Equivalents

For the purpose of presentation in the consolidated statement of cash flows, cash and cash equivalents include cash at bank and on hand, and short-term deposits that are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value. These also include bank overdrafts that form an integral part of the Group's cash management.

(q) Financial Assets

Classification

i. Debt instruments

Financial assets that are debt instruments are classified into categories based on the Group's business model for managing them and their contractual cash flow characteristics.

- Financial Assets measured at Amortised Cost (AC) comprise of assets that are held within a business model whose objective is to hold those assets for collection of contractual cash flows, and those contractual cash flows represent solely payments of principal and interest.

- Financial Assets measured at Fair Value through Other Comprehensive Income (FVOCI) comprise of assets that are held within a business model whose objective is achieved by both collecting contractual cash flows and selling those assets, and those contractual cash flows represent solely payments of principal and interest.

- Financial Assets measured at Fair Value through Profit and Loss (FVPL) comprise of assets that do not qualify for AC and FVOCI. Assets that would otherwise qualify for AC or FVOCI may also be designated as FVPL upon initial recognition, if such designation eliminates or significantly reduces a measurement or recognition inconsistency that arises from measuring assets and liabilities on an inconsistent basis.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(q) Financial Assets (Continued)

Classification (Continued)

ii. Equity instruments

Financial assets that are equity instruments comprise mainly of investments in equity securities. The Group classifies these assets as FVPL, except for those that the Group has designated as FVOCI. The FVOCI designation is irrevocable, and is not permitted for held-for-trading financial assets and financial assets that represent contingent consideration in a business combination.

A financial asset is held for trading if:

- it has been acquired principally for the purpose of selling it in the near term; or
- on initial recognition it is part of a portfolio of identified financial instruments that the Group manages together and has evidence of a recent actual pattern of short-term profit-taking; or
- it is a derivative (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument).

Initial measurement

Trade receivables that do not contain a significant financing component are initially recognised at their transaction price. Other financial assets are initially recognised at fair value, plus, for financial assets that are not at FVPL, transaction costs that are directly attributable to their acquisition. Transaction costs of financial assets at FVPL are expensed in profit and loss.

Subsequent measurement

i. Debt instruments

Amortised Cost

These assets are subsequently measured at amortised cost using the effective interest method unless they are part of a designated hedging relationship. Impairment losses and reversals, interest income, and foreign exchange gains and losses (except where designated as a hedging instrument) on such assets are recognised in profit and loss. Interest income is based on the effective interest method which allocates interest income over the life of the financial asset based on an effective interest rate that discounts estimated future cash receipts to its gross carrying amount.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(q) Financial Assets (Continued)

Subsequent measurement (Continued)

i. Debt instruments (Continued)

FVOCI

These assets are subsequently measured at fair value. Impairment losses and reversals, interest income based on the effective interest method, and foreign exchange gains and losses (except where designated as a hedging instrument) on such assets are recognised in profit and loss. Any remaining fair value movements are recorded in other comprehensive income.

FVPL

These assets are subsequently measured at fair value. All fair value movements are recorded in profit and loss.

ii. Equity instruments

Subsequent to initial recognition, all equity investments are measured at fair value. Changes in the fair value of FVPL equity investments are recognised in profit and loss, while changes in the fair value of FVOCI equity investments are recognised in other comprehensive income. All dividend income is recognised in profit and loss, except for dividends from FVOCI equity investments that clearly represent a recovery of the cost of investment.

Impairment

At each reporting date, the Group assesses expected credit losses (ECL) on the following financial instruments:

- Financial assets that are debt instruments measured at AC and FVOCI;
- Contract assets; and
- Financial guarantee contracts.

ECL is a probability-weighted estimate of credit losses. Credit losses are measured at the present value of all shortfalls between the cash flows due to the Group in accordance with contractual terms, and the cash flows that the Group actually expects to receive. ECL is discounted at the effective interest rate of the financial asset. The Group records allowances on financial assets based on either the:

- 12-month ECL – representing the ECL that results from default events that are possible within the 12 months after the reporting date (or the expected life of the instrument if shorter); or
- Lifetime ECL – representing the ECL that results from all possible default events over the expected life of the contract.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(q) Financial Assets (Continued)

Impairment (Continued)

Simplified approach – Trade receivables and contract assets

For all trade receivables and contract assets, the Group adopts a simplified approach whereby an allowance for lifetime ECL is assessed upon initial recognition. The Group estimates lifetime ECL using a provision matrix based on historical credit loss experience, adjusted for various factors including debtor-specific factors, forward-looking information such as industry and economic forecasts, and others as appropriate.

General approach – All other financial instruments on which ECL assessment is required

For all other financial instruments on which ECL is assessed, an allowance for 12-month ECL is recorded upon initial recognition. The allowance is increased to lifetime ECL if the credit risk at each reporting date has increased significantly as compared to the credit risk at initial recognition. In assessing whether the credit risk of a financial instrument has increased significantly since initial recognition, the Group considers all reasonable and supportable information that is relevant and available without undue cost or effort including both historical credit experience and forward-looking information.

The Group regards the following as events of default:

- events that make it unlikely for the borrower to repay in full unless the Group undertakes actions to recover the asset (e.g. by exercising rights over collaterals or other credit enhancements); or
- the financial instrument has become more than 1 year and 9 months past due.

Credit-impaired financial instruments

At each reporting date, the Group assesses whether a financial instrument on which ECL assessment is required has become credit-impaired. This is the case when one or more events have occurred that are considered to be detrimental to the estimated future cash flows of the instrument. Evidence that a financial asset is credit-impaired includes observable data about the following events:

- significant financial difficulty of the borrower;
- a breach of contract such as a default or past due event;
- other lenders granting concessions (such as loan restructurings) to the borrower due to economic or contractual reasons, that would not have been considered in the absence of the borrower's financial difficulty;
- increasing likelihood that the borrower will enter bankruptcy or other financial re-organisation; and
- the disappearance of an active market for the borrower's securities due to financial difficulties.

For credit-impaired financial assets, interest income is determined by applying the effective interest rate to the net carrying amount of the financial asset (after deduction of the ECL allowance).

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(q) Financial Assets (Continued)

Impairment (Continued)

Write-off policy

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

Recognition and Derecognition

Financial assets are recognised when, and only when the Group becomes a party to its contractual provisions. All regular way purchases and sales of financial assets are recognised on trade-date, which is the date on which the Group commits to purchase or sell the financial asset.

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

On derecognition of a financial asset that is a debt instrument, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit and loss. In addition, for a financial asset that is a debt instrument at FVOCI, the cumulative gain or loss previously accumulated in the fair value adjustment reserve is reclassified to profit and loss.

On derecognition of an equity investment at FVPL, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit and loss. For equity investments at FVOCI, this difference is instead recognised directly in equity as part of retained earnings. Cumulative gains and losses previously accumulated in equity are also transferred directly to retained earnings upon derecognition of FVOCI equity investments.

(r) Financial Liabilities

Financial liabilities

The Group recognises financial liabilities on its statement of financial position when, and only when, the Group becomes a party to the contractual provisions of the instruments.

Financial liabilities are recognised initially at fair value plus transaction costs that are directly attributable to the acquisition or issue of the financial liability. All financial liabilities are subsequently measured at amortised cost using the effective interest method.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(r) Financial Liabilities (Continued)

Financial liabilities (Continued)

Borrowings are initially recognised at fair value (net of transaction costs) and subsequently carried at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption value is recognised in profit or loss over the period of the borrowings using the effective interest method. Borrowings are presented as current liabilities unless the Group has an unconditional right to defer settlement for at least twelve months after the reporting period.

For the Group's borrowings that will be affected by the interest rate benchmark reform, changes to the contractual cash flows that are required by the interest rate benchmark reforms are effected by adjusting the effective interest rate of the borrowings, without recognising any immediate gains or losses.

Derecognition of financial liabilities

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

(s) Offsetting of Financial Assets and Financial Liabilities

Financial assets and financial liabilities are offset and the net amount is presented in the statement of financial position, when and only when, there is a currently enforceable legal right to set off the recognised amounts and there is an intention to settle on a net basis, or to realise the financial assets and settle the financial liabilities simultaneously.

(t) Leases

When the Group is a lessee

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

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(t) Leases (Continued)

When the Group is a lessee (Continued)

Right-of-use assets are subsequently depreciated using the straight-line method from the commencement dates to the earlier of the end of the useful lives of the right-of-use assets or the end of the lease terms. The estimated useful lives of right-of-use assets are determined on the same basis as those of property, plant and equipment. In addition, the right-of-use assets are periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the corresponding lease liabilities. The Group presents its right-of-use assets (except for those which meets the definition of an investment property) in "Right-of-use Assets" and lease liabilities in "Lease Liabilities" in the statement of financial position. Right-of-use assets which meet the definition of an investment property are presented within "Investment Properties" and accounted for in accordance with Note 3(l).

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

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

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(t) Leases (Continued)

When the Group is a lessee (Continued)

When lease liabilities are remeasured, corresponding adjustments are made against the right-of-use assets. If the carrying amounts of the right-of-use assets have been reduced to zero, the adjustments are recorded in profit or loss.

For lease liabilities that will be affected by the interest rate benchmark reform, changes to the contractual cash flows that are required by the interest rate benchmark reforms are effected by adjusting the effective interest rate of lease liabilities, without recognising any immediate gains or losses.

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

Short-term leases and leases of low-value assets

The Group applies the exemption for all short-term leases (up to 12 months) and low-value assets on a lease-by-lease basis. All lease payments associated with these leases are recognised as an expense on a straight-line basis over the lease term.

When the Group is a lessor

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

Lessor – operating leases

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(u) Provisions

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

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

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

(v) Financial Guarantees

Financial guarantees in the separate financial statements

The Company has issued corporate guarantees to banks for bank borrowings of its subsidiaries. These guarantees are financial guarantees as they require the Company to reimburse the banks if the subsidiaries fail to make principal or interest payments when due in accordance with the terms of the bank borrowings. Intra-group transactions are eliminated on consolidation.

Financial guarantees are measured initially at their fair values plus transaction costs and subsequently measured at the higher of:

- the amount initially recognised less, where appropriate, cumulative amount of income recognised in accordance with the principles of SFRS(I) 15; and

- the amount of loss allowance determined in accordance with expected credit loss model under SFRS(I) 9.

(w) Share Capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issuance of new ordinary shares are charged to equity.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(x) Treasury Shares

When an entity within the Group purchases the Company's ordinary shares ("treasury shares"), the consideration paid including any directly attributable incremental cost is presented as component within the equity attributable to the Company's equity holders, until they are cancelled, sold or re-issued.

When treasury shares are subsequently cancelled, the cost of treasury shares are deducted against the share capital account if the shares are purchased out of capital of the Company, or against the retained profits of the Company if the shares are purchased out of earnings of the Company.

When treasury shares are subsequently sold or re-issued, the cost of treasury shares is reversed from the treasury share account and the realised gain or loss on sale or re-issue, net of any directly attributable incremental transaction costs and related income tax, is recognised in capital reserve.

(y) Dividends to Company's Shareholders

Dividends to the Company's shareholders are recognised when the dividends are approved for payment.

(z) Segment Reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the executive management whose members are responsible for allocating resources and assessing performance of the operating segments.

(aa) Related Parties

A related party is defined as follows:

A related party is a person or entity that is related to the entity that is preparing its financial statements (in this Standard referred to as the "reporting entity").

a. A person or a close member of that person's family is related to a reporting entity if that person:

   i. has control or joint control over the reporting entity;

   ii. has significant influence over the reporting entity; or

   iii. is a member of the key management personnel of the reporting entity or of a parent of the reporting entity.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(aa) Related Parties (Continued)

b. An entity is related to a reporting entity if any of the following conditions applies:

i. the entity and the reporting entity are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others);

ii. one entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member);

iii. both entities are joint ventures of the same third party;

iv. one entity is a joint venture of a third entity and the other entity is an associate of the third entity;

v. the entity is a post-employment benefit plan for the benefit of employees of either the reporting entity or an entity related to the reporting entity. If the reporting entity is itself such a plan, the sponsoring employers are also related to the reporting entity;

vi. the entity is controlled or jointly controlled by a person identified in (a);

vii. a person identified in (a) (i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity); or

viii. the entity, or any member of a group of which it is a part, provides key management personnel services to the reporting entity or to the parent of the reporting entity.

4 CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, which are described in Note 3 above, the management is required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

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

(a) Critical judgements in applying the accounting policies

Management is of the opinion that in the preparation of the financial statements there are no critical judgements made in the process of applying the Group's accounting policies that have a significant effect on the amounts recognised in the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

4 CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (CONTINUED)

(b) Key sources of estimation uncertainty

Revenue from construction contracts

The Group has determined that a cost-based input method provides a faithful depiction of the Group's performance in transferring control of the construction contract to the customers, as it reflects the Group's development efforts incurred to date relative to the total inputs expected to be incurred for the construction contract. The measure of progress is based on the costs incurred to date as a proportion of total costs expected to be incurred up to the completion of the construction contract. Significant management judgements are required to estimate the total budgeted contract costs. In making these estimations, management relies on past experience and technical expertise, including the historical trends of the amounts incurred in the development of similar construction contracts, analysed by different construction contract types and geographical areas.

During the financial year, the Group's construction revenue from engineering & construction services were subject to the estimation of progress towards completion using the input method. A 5% difference in the estimated total contract costs of on-going contracts from management's estimation would result in an approximately 8.2% (2021: 7.2%) variance to the Group's revenue for engineering & construction services recognised and the Group's results for the financial year.

Impairment of property, plant and equipment

Property, plant and equipment 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.

Management has concluded that there was no impairment in respect of the property, plant and equipment at the reporting date. The carrying amount of the Group's property, plant and equipment is disclosed in Note 10.

Impairment of investment in subsidiaries and associates

Investment in subsidiaries and associates are reviewed for impairment whenever there is any indication that the investments may be impaired. If any such indication exists, an impairment assessment will be performed accordingly. The recoverable amount of the investment is assessed as the higher of its fair value less costs of disposal and its value in use.

The carrying amounts of the investment in subsidiaries and associates and its related allowances for impairment losses are disclosed in Note 13 and Note 14, respectively.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

4 CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (CONTINUED)

(b) Key sources of estimation uncertainty (Continued)

Valuation of unquoted equity investments

The Group's other financial assets comprised unquoted equity investments which are measured at fair value through other comprehensive income ("FVOCI"). These unquoted equity investments, comprising mainly equity securities held in various investee companies, are measured at fair value using valuation techniques that applied inputs for which there is limited market information. The valuation techniques used include adjusted net asset value based on external brokers' quotes or reference to adjusted net asset value.

The information about the valuation techniques and key unobservable inputs used in deriving the fair value of the unquoted equity investments is disclosed in Note 38(a).

Impairment of goodwill

Goodwill is tested for impairment annually and whenever there is an indication that the goodwill may be impaired. The recoverable amount of the cash-generating-unit ("CGU") to which the goodwill is allocated is determined based on 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, budgeted gross margin, terminal growth rate and discount rate of the CGU. The assumptions and estimates used are inherently subjective, and may be affected by uncertainties around future market or economic conditions.

The carrying amount of the goodwill and details on the impairment testing of goodwill, including management's sensitivity analysis, are disclosed in Note 16.

Allowance for expected credit losses of trade receivables and contract assets

The Group uses a provision matrix to calculate allowance for expected credit losses ("ECL") for trade receivables and contract assets. The provision rates are based on days past due for groupings of various customer segments that have similar loss patterns. The provision matrix is initially based on the Group's historical observed default rates in the recent past two years. The Group will calibrate the matrix to adjust historical credit loss experience with forward-looking information. At every reporting date, historical default rates are updated and changes in the forward-looking estimates are analysed. The assessment of the correlation between historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and of forecast economic conditions. The Group's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future.

The information about the ECLs on the Group's trade receivables and contract assets is disclosed in Note 37(a). The carrying amount of the Group's trade receivables and contract assets and their related allowances for impairment losses are disclosed in Note 19 and Note 5(b), respectively.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

5 REVENUE FROM CONTRACTS WITH CUSTOMERS

(a) Disaggregation of revenue from contracts with customers

The Group's revenue is disaggregated by principal geographical areas, major products and service lines and timing of revenue recognition as follows:

	Group	
	2022	**2021**
	S$'000	**S$'000**
Principal geographical market		
Singapore		
– Engineering & construction services	**60,348**	28,966
– Services rendered – grit blasting and painting	**12,727**	12,448
– Solar power installation service	**4,343**	3,577
– Sale of blasting equipment goods	**2,396**	2,253
– Sale of solar power equipment goods	**4,650**	712
– Storage and leasing income	**–**	1
	84,464	47,957
Rest of South East Asia(i)		
– Sale of solar power equipment goods	**1,513**	1,799
– Sale of blasting equipment goods	**1,245**	1,229
	2,758	3,028
Others(ii)		
– Sale of blasting equipment goods	**–**	22
– Sale of solar power equipment goods	**–**	4,193
	–	4,215
	87,222	55,200

(i) Rest of South East Asia includes Malaysia, Indonesia and Vietnam.

(ii) Others include India, Pakistan and Japan.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

5 REVENUE FROM CONTRACTS WITH CUSTOMERS (CONTINUED)

(a) Disaggregation of revenue from contracts with customers (Continued)

	Group	
	2022	**2021**
	S$'000	**S$'000**
Major products or service lines and time of revenue recognition		
At a point in time		
– Sale of blasting equipment goods	**3,641**	3,504
– Sale of solar power equipment goods	**6,163**	6,704
	9,804	10,208
Over time		
– Engineering & construction services	**60,348**	28,966
– Services rendered – grit blasting and painting	**12,727**	12,448
– Solar power installation service	**4,343**	3,577
– Storage and leasing income	**–**	1
	77,418	44,992
	87,222	55,200

(b) Contract balances

	Group		
	31 December		1 January
	2022	**2021**	**2021**
	S$'000	**S$'000**	**S$'000**
Contract assets – current			
Contracts work in progress[(i)]	**40**	6,558	6,358
Amount due from customers[(ii)]	**7,981**	4,552	3,266
	8,021	11,110	9,624
Contract liabilities – current			
Amount due to customers	**2,648**	356	794

(i) Contracts work in progress represents costs recognised that relate to future activity and have not been used in contract performance at the reporting date.

(ii) Amount due from customers represents the Group's rights to consideration for work completed but not billed at the reporting date. The contract assets are transferred to trade receivables when the rights become unconditional. This usually occurs when invoices are billed to the customer.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

5 REVENUE FROM CONTRACTS WITH CUSTOMERS (CONTINUED)

(b) Contract balances (Continued)

Significant changes in contract assets and contract liabilities balances during the financial year are disclosed as follows:

	Group	
	2022 S$'000	2021 S$'000
Contract assets		
Contract assets reclassified to trade receivables	(11,267)	(9,624)
Work completed but not billed	8,219	11,267
Allowance for/(Reversal of) impairment loss on contract assets	41	(63)
Contract liabilities		
Increase due to cash received, excluding amounts recognised as revenue during the year	2,648	356

Management estimates the loss allowance on contract assets at an amount equal to lifetime ECL, taking into account the historical default experience and the future prospects of the construction industry. None of the contract assets at the end of the reporting period is past due. There has been no change in the estimation techniques or significant assumptions made during the current reporting period in assessing the impairment loss on contract assets.

The Group's credit risk exposure in relation to contract assets are set out in the provision matrix as presented below. The Group's loss allowance is based on past due as the Group's historical credit loss experience does not show significantly different loss patterns for different customer segments.

	Group	
	2022 S$'000	2021 S$'000
Expected credit loss rate	2.41%	1.39%
Contract assets – gross carrying amount (not past due)	8,219	11,267
Loss allowance – lifetime ECL	(198)	(157)
	8,021	11,100

The movements in the loss allowance – lifetime ECL that have been recognised for the Group's contract assets are as follows:

	Group	
	2022 S$'000	2021 S$'000
At 1 January	157	220
Net increase/(decrease) in loss allowance arising from new amounts recognised in the current year, net of those derecognised upon billing	41	(63)
At 31 December	198	157

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

6 INCOME TAX

	Group	
	2022	**2021**
	S$'000	**S$'000**
Current income tax:		
– Current year	**138**	61
– Overprovision in respect of prior year	**(13)**	(99)
	125	(38)
Deferred tax:		
– Deferred tax relating to the reversal of temporary differences (Note 28)	**(11)**	(7)
	(11)	(7)
	114	(45)

The corporate income tax rate applicable to the Company and other Singapore incorporated entities of the Group is 17% (2021: 17%). The remaining entities of the Group operating in other jurisdictions are considered not material.

A reconciliation between income tax and the product of accounting loss multiplied by the Singapore statutory income tax rate of 17% (2021: 17%) for the financial year is as follows:

	Group	
	2022	**2021**
	S$'000	**S$'000**
Profit/(Loss) before income tax	**5,748**	(3,623)
Tax at statutory tax rate	**977**	(616)
Non-deductible expenses	**785**	1,243
Non-taxable items	**(138)**	(623)
Effect of different tax rates of subsidiaries operating in other jurisdictions	**8**	14
Share of losses of associates, net of tax	**141**	106
Singapore statutory tax exemption	**–**	(77)
Corporate income tax rebate	**–**	(15)
Deferred tax assets not recognised*	**–**	22
Utilisation of previously unrecognised deferred tax assets	**(1,646)**	–
Overprovision of current income tax in prior year	**(13)**	(99)
	114	(45)

* Deferred tax assets not recognised mainly relates to unutilised tax losses and capital allowances carried forward as disclosed in Note 28.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

7 PROFIT/(LOSS) FOR THE YEAR FROM CONTINUING OPERATIONS

	Group	
	2022	**2021**
	S$'000	**S$'000**
Except as disclosed elsewhere in the notes to the financial statements, profit/(loss) before income tax is arrived at after charging/(crediting) the following:		
Included in cost of sales		
Cost of inventories sold	**15,001**	10,589
Sub-contract fees	**22,046**	9,772
Expenses relating to short-term leases	**438**	608
Depreciation of property, plant and equipment	**3,010**	3,548
Amortisation of right-of-use assets	**108**	108
Staff costs:		
– Salaries and wages	**6,115**	6,293
– Defined contribution plans	**128**	157
– Foreign workers levy	**1,467**	1,236
	7,710	7,686
Included in other income		
Interest income	**(815)**	(125)
Government grants*	**(494)**	(907)
Gain on disposal of property, plant and equipment	**(338)**	(63)
Scrap sales and service income	**(663)**	(376)
Rental income – operating leases	**(100)**	(800)
Foreign exchange loss/(gain)	**731**	(1,120)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

7 PROFIT/(LOSS) FOR THE YEAR FROM CONTINUING OPERATIONS (CONTINUED)

	Group	
	2022	**2021**
	S$'000	**S$'000**
Except as disclosed elsewhere in the notes to the financial statements, profit/(loss) before income tax is arrived at after charging/(crediting) the following: (Continued)		
Included in administrative expenses		
Directors' fees	**229**	229
Directors' remuneration:		
– Salaries and bonus	**776**	876
– Defined contribution plans	**22**	23
	798	899
Staff costs:		
– Salaries and bonus	**4,577**	4,068
– Defined contribution plans	**436**	417
– Staff welfare	**37**	24
	5,050	4,509
Included in other operating expenses		
Audit fees paid/payable to:		
Auditors of the Company	**233**	221
Other auditors:	**18**	33
– Network firms	**10**	12
– Non-network firms	**8**	21
Depreciation of property, plant and equipment	**1,109**	1,245
Amortisation of right-of-use assets	**295**	365
Impairment of goodwill	**–**	2,000
Allowance for inventory obsolescence	**5**	7
Expenses relating to short-term leases	**670**	353
Included in net impairment losses on financial assets		
Allowance for/(Reversal for) impairment of contract assets	**41**	(63)
Allowance for/(Reversal for) impairment of trade receivables	**51**	(36)
Allowance for impairment of other receivables	**–**	46
	92	(53)
Included in finance costs		
Term loans	**212**	645
Trust receipts	**240**	125
Lease liabilities	**237**	290

* Included in government grants were cash grants of S$229,000 and S$253,000 (2021: S$369,000 and S$538,000) from the Job Support Scheme (JSS) and Foreign Worker Levy waiver and rebate, respectively.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

8 DISCONTINUED OPERATIONS

Bangladesh solar energy development business

In 2020, the Company had entered into a Sale & Purchase Agreement for the sale of the solar power plant project in Bangladesh to a third party for a total consideration of US$17.0 million (approximately S$22.5 million). The disposal was completed in previous year, and consequently, the Bangladesh solar energy development business entities ceased to be subsidiaries of the Group. Further details on the completion of the disposal are disclosed in Note 13(d).

Modular construction business

In 2021, the Company had through its wholly owned subsidiary, Hetat Holdings Pte. Ltd., entered into a Sale & Purchase Agreement for divestment of the TLC Group to a third party for a total consideration of US$11.5 million (approximately S$15.2 million). The disposal was completed in previous year, and consequently, the Modular construction business entities ceased to be subsidiaries of the Group. Further details on the completion of the disposal are disclosed in Note 13(d).

Discontinued Operations

As the solar energy development business and modular construction business represented a separate major line of business or geographical area of operations of the Group (collectively, the "Discontinued Operations"), the assets and liabilities related to the Discontinued Operations had been reclassified under assets classified as held for sale and liabilities directly associated with assets classified as held for sale, respectively, on the consolidated statement of financial position of the Group as at 2020. The combined results of the Discontinued Operations included in the consolidated statement of comprehensive income for the financial year ended 31 December 2021 were set out below.

	Group 2021 S$'000
Discontinued operations	
Revenue	1,804
Cost of sales	(1,493)
Gross profit	311
Other income	696
Gain on disposal of subsidiaries (Note 13(d))	4,802
Expenses	(7,769)
Loss before income tax	(1,960)
Income tax	(366)
Loss for the year from discontinued operations	(2,326)
Attributable to:	
Equity holders of the Company	611
Non-controlling interests	(2,937)
	(2,326)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

8 DISCONTINUED OPERATIONS (CONTINUED)

Discontinued Operations (Continued)

	Group 2021 S$'000
Cash flows from discontinued operations	
Cash flow generated from operating activities	170
Cash flow used in financing activities	(156)
Net cash inflow from discontinued operations	14

9 EARNINGS/(LOSS) PER SHARE, BASIC AND DILUTED

Basic earnings/(loss) per share is calculated by dividing the net profit/(loss) attributable to equity holders of the Company by the weighted average number of ordinary shares outstanding during the financial year. The profit/(loss) and weighted number of ordinary shares used in the calculation of basic earnings/(loss) per share are as follows:

	Group	
	2022 S$'000	**2021 S$'000**
Profit/(Loss) for the year attributable to equity holders of the Company	**5,056**	(2,748)
Profit/(Loss) used in the calculation of basic earnings/(loss) per share	**5,056**	(2,748)
Gain for the year from discontinued operations used in the calculation of basic earnings/(loss) per share from discontinued operations	**–**	611
Profit/(Loss) used in the calculation of basic earnings/(loss) per share from continuing operations	**5,056**	(3,359)
Weighted average number of ordinary shares used in the calculation of basic earnings/(loss) per share	**629,947,341**	685,043,210

There is no dilutive earnings/(loss) per share as there were no potential dilutive ordinary shares outstanding at the end of the financial years ended 31 December 2022 and 2021.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

10 PROPERTY, PLANT AND EQUIPMENT

	Land & leasehold buildings S$'000	Renovation/ Leasehold improvements S$'000	Machinery & yard equipment S$'000	Motor vehicles S$'000	Office, computer equipment, furniture & fittings S$'000	Total S$'000
Group						
2022						
Cost or Valuation						
At 1 January	**42,986**	**930**	**16,215**	**1,743**	**3,416**	**65,290**
Additions	**–**	**–**	**172**	**413**	**131**	**716**
Disposals/Written off	**(68)**	**–**	**(161)**	**(332)**	**(15)**	**(576)**
Currency alignment	**(209)**	**(4)**	**–**	**(4)**	**(2)**	**(219)**
At 31 December	**42,709**	**926**	**16,226**	**1,820**	**3,530**	**65,211**
Cost	**3,509**	**926**	**16,226**	**1,820**	**3,530**	**26,011**
Valuation	**39,200**	**–**	**–**	**–**	**–**	**39,200**
Total	**42,709**	**926**	**16,226**	**1,820**	**3,530**	**65,211**
Accumulated depreciation						
At 1 January	**3,110**	**856**	**13,504**	**1,350**	**3,154**	**21,974**
Depreciation charge	**2,793**	**1**	**1,044**	**103**	**178**	**4,119**
Disposals/Written off	**–**	**–**	**(154)**	**(319)**	**(15)**	**(488)**
Currency alignment	**–**	**(2)**	**–**	**(3)**	**(2)**	**(7)**
At 31 December	**5,903**	**855**	**14,394**	**1,131**	**3,315**	**25,598**
Net book value						
At 31 December 2022	**36,806**	**71**	**1,832**	**689**	**215**	**39,613**
2021						
Cost or Valuation						
At 1 January	43,034	931	16,513	1,744	3,301	65,523
Additions	–	–	442	–	132	574
Disposals/Written off	–	–	(740)	–	(19)	(759)
Currency alignment	(48)	(1)	–	(1)	2	(48)
At 31 December	42,986	930	16,215	1,743	3,416	65,290
Cost	3,786	930	16,215	1,743	3,416	26,090
Valuation	39,200	–	–	–	–	39,200
Total	42,986	930	16,215	1,743	3,416	65,290
Accumulated depreciation						
At 1 January	138	772	13,100	1,258	2,953	18,221
Depreciation charge	2,972	84	1,144	92	220	4,512
Disposals/Written off	–	–	(740)	–	(19)	(759)
At 31 December	3,110	856	13,504	1,350	3,154	21,974
Net book value						
At 31 December 2021	39,876	74	2,711	393	262	43,316

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

10 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

	Renovation/ Leasehold improvements S$'000	Motor vehicles S$'000	Furniture & fittings S$'000	Office & computer equipment S$'000	Total S$'000
Company					
2022					
Cost or Valuation					
At 1 January and 31 December	**404**	**368**	**1,021**	**468**	**2,261**
Accumulated depreciation					
At 1 January	**404**	**341**	**1,021**	**466**	**2,232**
Depreciation charge	**–**	**14**	**–**	**1**	**15**
At 31 December	**404**	**355**	**1,021**	**467**	**2,247**
Net book value					
At 31 December 2022	**–**	**13**	**–**	**1**	**14**
2021					
Cost or Valuation					
At 1 January	404	368	1,021	487	2,280
Disposal	–	–	–	(19)	(19)
At 31 December	404	368	1,021	468	2,261
Accumulated depreciation					
At 1 January	399	327	1,020	484	2,230
Depreciation charge	5	14	1	1	21
Disposal	–	–	–	(19)	(19)
At 31 December	404	341	1,021	466	2,232
Net book value					
At 31 December 2021	–	27	–	2	29

(a) Details of the leasehold buildings of the Group are as follows:

Property Address	Description	Tenure
81 Tuas South Street 5, Singapore 637651[i]	Single story detached factory with ancillary 2-storey warehouse, and a 3-storey annexe office block	30 years leasehold from 1999 with an option to renew for an additional 1 year
19 Tuas Avenue 20, Singapore 638830	Single-story factory block with mezzanine office and a 3-storey ancillary office block	20 years leasehold from 2020

(i) The leasehold building of the Company located at 81 Tuas South Street 5 is leased to certain subsidiaries of the Group to earn leasing revenue. Accordingly, the leasehold building is classified as an investment property on the statement of financial position of the Company as disclosed in Note 12.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

10 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

(b) Leasehold buildings carried at revaluation amounts

Management had not performed a revaluation of the Group's leasehold buildings as in their opinion the carrying amounts did not differ materially from that which would be determined using the fair value at the end of the reporting period.

Had the leasehold buildings stated at valuation been included in the financial statements at cost less accumulated depreciation and accumulated impairment losses, the net book value at the reporting date would have been as follows:

	Group		Company	
	2022 S$'000	2021 S$'000	2022 S$'000	2021 S$'000
Leasehold buildings	**24,554**	26,810	**–**	–

(c) Freehold land

Included in land and leasehold buildings of the Group is a freehold land which is located in Malaysia ("Malaysia Land"), with a carrying amount of S$3,273,000 (2021: S$3,481,000) as at 31 December 2022.

(d) Depreciation charge

Depreciation charge for the current financial year is recognised in the consolidated financial statements of the Group as follows:

	Group	
	2022 S$'000	2021 S$'000
Continuing operations	**4,119**	4,793
Discontinued operations	**–**	623
	4,119	5,416

(e) Assets pledged as a security

As at 31 December 2022, land and leasehold buildings of the Group with carrying amounts of S$33,533,000 (2021: S$36,395,000) are mortgaged to secure the credit facilities of the Group (Note 25).

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

11 RIGHT-OF-USE ASSETS

	Group		Company	
	2022	2021	2022	2021
	S$'000	S$'000	S$'000	S$'000
Leasehold buildings				
Cost				
At 1 January	**5,374**	5,378	**1,845**	1,845
Additions	**–**	–	**–**	–
Currency alignment	**90**	(4)	**–**	–
At 31 December	**5,464**	5,374	**1,845**	1,845
Accumulated amortisation				
At 1 January	**1,241**	770	**486**	325
Amortisation expense	**403**	473	**161**	161
Currency alignment	**–**	(2)	**–**	–
At 31 December	**1,644**	1,241	**647**	486
Net book value				
At 31 December	**3,820**	4,133	**1,198**	1,359

12 INVESTMENT PROPERTY

	Company	
	2022	2021
	S$'000	S$'000
At cost		
At 1 January and 31 December	**14,400**	14,400
Accumulated depreciation		
At 1 January	**4,686**	3,515
Depreciation charge	**1,172**	1,171
At 31 December	**5,858**	4,686
Net book value		
At 31 December	**8,542**	9,714

Leasing income recognised for the financial year ended 31 December 2022 amounted to S$1,218,000 (2021: S$1,218,000). Direct operating expenses arising from the investment property that generated the leasing income during the financial year were considered not material.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

12 INVESTMENT PROPERTY (CONTINUED)

As at 31 December 2022 and 2021, the investment property of the Company is mortgaged to secure the credit facilities of the Group (Note 25).

The fair value of the investment property disclosed below is measured using valuation inputs categorised as Level 3 in the Fair Value Hierarchy (Note 38(a)) as follows:

	Level 1 S$'000	Level 2 S$'000	Level 3 S$'000	Total S$'000
2022				
Investment property	**–**	**–**	**14,100**	**14,100**
2021				
Investment property	–	–	14,600	14,600

2022

The fair value of the investment property is determined based on management's judgement which relied on market evidence of most recent transactions for similar properties in the same vicinity at the end of the reporting period.

2021

The fair value of the investment property was determined based on a valuation by an independent professional valuer at the end of the reporting period. In determining the fair value, the valuer had used the direct comparison method by referring to market evidence of recent transactions for similar properties.

13 INVESTMENT IN SUBSIDIARIES

	Company 2022 S$'000	Company 2021 S$'000
Unquoted equity shares, at cost		
Hetat Holdings Pte. Ltd.	**45,300**	45,300
See Hup Seng CP Pte. Ltd.	**8,047**	8,047
Eastern Tankstore (S) Pte. Ltd.	**4,080**	4,080
SHS Capital Pte. Ltd.	**–***	–*
Sinenergy Power International Pte. Ltd.	**100**	100
	57,527	57,527
Less: Allowance for impairment loss		
At 1 January	**(24,300)**	(22,680)
Impairment loss recognised for the year	**–**	(1,620)
At 31 December	**(24,300)**	(24,300)
	33,227	33,227

* Amount is less than S$1,000.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

13 INVESTMENT IN SUBSIDIARIES (CONTINUED)

(a) Composition of the Group

	Name of Company (Country of incorporation and place of business)	Principal activities	Effective equity interest held by the Group 2022 %	2021 %
	Held by the Company:			
*	Hetat Holdings Pte. Ltd. Singapore	Investment holding	**100**	100
*	See Hup Seng CP Pte. Ltd. Singapore	Provision of corrosion prevention services	**100**	100
***	Eastern Tankstore (S) Pte. Ltd. Singapore	Warehousing and storage handling services	**51**	51
*	SHS Capital Pte. Ltd. Singapore	Investment holding	**100**	100
*	Sinenergy Power International Pte. Ltd. Singapore	Investment holding	**100**	100
	Sinenergy Holdings Pte. Ltd.[(1)] Singapore	Investment holding	**-**	-
	Held by subsidiary companies:			
	Hetat Holdings Pte. Ltd.			
*	Hetat Pte. Ltd. Singapore	Engineering and project management for steel, glass and aluminum contracts	**100**	100
*	Hetat Construction Pte. Ltd. Singapore	General contractors (building construction including major upgrading works)	**100**	100
**	Xiang Tong (Shanghai) International Trading Co., Ltd The People's Republic of China	Import and export of construction materials	**100**	100
	TLC Modular Pte. Ltd.[(1)] Singapore	Modular construction, manufacturing, engineering and project management for steel, glass and aluminium contracts	**–**	–

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

13 INVESTMENT IN SUBSIDIARIES (CONTINUED)

(a) Composition of the Group (Continued)

	Name of Company (Country of incorporation and place of business)	Principal activities	Effective equity interest held by the Group 2022 %	2021 %
	Held by subsidiary companies: (Continued)			
****	Hetat Engineering & Construction Sdn. Bhd. (formerly knows as TLC Modular Sdn. Bhd.) Malaysia	Modular construction, manufacturing, engineering and project management for steel, glass and aluminium contracts	**100**	100
	TLC Modular Construction Joint Stock Company[(1)] Vietnam	Modular construction, manufacturing, engineering and project management for steel, glass and aluminium contracts	**–**	–
	Hetat Pte. Ltd.			
****	Sinenergy Engineering & Construction Sdn. Bhd. Malaysia	Engineering and project management for steel, glass and aluminium contracts	**100**	100
	TLC Modular Pte. Ltd.			
	TLC Modular Manufacturing (Vietnam) Co Ltd.[(1)] Vietnam	Modular construction, manufacturing, engineering and project management for steel, glass and aluminium contracts	**–**	–
	TLC Modular & Construction (NZ) Pty Limited[(1)] New Zealand	Modular construction, manufacturing, engineering and project management for steel, glass and aluminium contracts	**–**	–

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

13 INVESTMENT IN SUBSIDIARIES (CONTINUED)

(a) Composition of the Group (Continued)

	Name of Company (Country of incorporation and place of business)	Principal activities	Effective equity interest held by the Group 2022 %	2021 %
	Held by subsidiary companies: (Continued)			
	See Hup Seng CP Pte. Ltd.			
*	SHS Special Coating Pte Ltd Singapore	Grit blasting and painting	**100**	100
*	SHS System Pte Ltd Singapore	Tank coating, grit blasting and painting	**100**	100
*	Gardella Singapore Coating Pte Ltd Singapore	Dormant	**100**	100
*	Lesoon Equipment Pte. Ltd. Singapore	Trading and manufacturing of blasting and painting equipment	**96.4**	96.4
*	Speedo Corrosion Control Pte Ltd Singapore	Tank coating, grit blasting and painting	**100**	100
	Lesoon Equipment Pte. Ltd.			
****	Speedlock Equipment Sdn. Bhd. Malaysia	Trading and manufacturing of blasting and painting equipment	**96.4**	96.4
	SHS Capital Pte. Ltd.			
***	SHS Ferny Pty Ltd Australia	Investment holdings	**100**	100
*	Bellfield Property Pte. Ltd. Singapore	Investment holdings	**100**	100

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

13 INVESTMENT IN SUBSIDIARIES (CONTINUED)

(a) Composition of the Group (Continued)

	Name of Company (Country of incorporation and place of business)	Principal activities	Effective equity interest held by the Group 2022 %	2021 %
	Held by subsidiary companies: (Continued)			
	Sinenergy Holdings Pte. Ltd.			
	HDFC SinPower Ltd.(1) Bangladesh	Built, develop, install, setup, and operate Power Plants in Bangladesh	**–**	–
	Sinenergy Power International Pte. Ltd.			
*	Sinenergy Pte. Ltd. Singapore	Engineering and project management for electrical works	**95**	85
*	Hua Sheng Energy Pte. Ltd. Singapore	Trading of electrical and wiring accessories	**100**	100
****	Sinenergy TL Energy Joint Stock Company Vietnam	Develop and install solar power projects, distribution of electric power equipment	**65**	65
	Hua Sheng Energy Pte. Ltd.			
**	PT Hua Sheng Energy Indonesia	Trading of electrical and wiring accessories	**67**	67

* Audited by Moore Stephens LLP, Singapore.

** Audited by member firms of Moore Global Network Limited.

*** Exempted from audit under the laws of the country of incorporation. Reviewed by Moore Stephens LLP, Singapore for group consolidation purposes.

**** Audited by other firms of certified public accountants for statutory purposes.

(1) Subsidiary disposed in the previous financial year.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

13 INVESTMENT IN SUBSIDIARIES (CONTINUED)

(b) Impairment of subsidiaries

2022

No reversal of/additional allowance for impairment loss in respect of the Company's investment in subsidiaries has been recognised during the financial year.

2021

The Company had recognised an additional allowance for impairment loss of S$1,620,000 on the cost of investment in See Hup Seng CP Pte. Ltd., as the recoverable amount of the allocated group of cash-generating-units, to which the investment relates to, was assessed to be lower than its carrying amount.

(c) Additional investment in subsidiary

During the current financial year:

(i) The Company subscribed 1,000,000 new ordinary shares in the share capital of Sinenergy Pte Ltd for the total cash consideration of S$1,000,000 in cash. Accordingly, the equity interest in Sinenergy Pte Ltd increased from 85% to 95%.

(ii) The Company subscribed 400,000 new ordinary shares in the share capital of Hua Sheng Energy Pte Ltd for the total cash consideration of S$400,000 in cash. Hua Sheng Energy Pte Ltd remains a wholly-owned subsidiary of the Group.

(d) Disposal of subsidiaries

2021

Bangladesh solar energy development business

During the previous financial year as disclosed in Note 8, the Group had disposed of its entire equity interest in its subsidiaries, Sinenergy Holdings Pte. Ltd. and HDFC SinPower Ltd. (collectively the "Bangladesh solar energy development business entities") to a third party for a total consideration of US$17.0 million (approximately S$22.5 million).

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

13 INVESTMENT IN SUBSIDIARIES (CONTINUED)

(d) Disposal of subsidiaries (Continued)

2021 (Continued)

Bangladesh solar energy development business (Continued)

i. Analysis of assets and liabilities over which control was lost

	Group 2021 S$'000
Prepaid development costs related to the solar project	4,122
Property, plant and equipment	88,211
Trade and other receivables and deposit	5,203
Cash and bank balances	171
Trade and other payables and accruals	(74,092)
Provision for liquidated damages	(1,231)
Net assets disposed of	22,384

ii. Loss on disposal of subsidiaries

	Group 2021 S$'000
Total consideration	22,550
Less: Selling costs on disposal	(2,675)
Net consideration proceeds	19,875
Net assets disposed of	(22,384)
Cumulative exchange differences reclassified from equity on loss of control of subsidiaries	(850)
Non-controlling interest	1,951
Loss on disposal of subsidiaries	(1,408)

The net loss on disposal of subsidiaries was included as part of the discontinued operations in the consolidated statement of comprehensive income (Note 8).

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

13 INVESTMENT IN SUBSIDIARIES (CONTINUED)

(d) Disposal of subsidiaries (Continued)

2021 (Continued)

Bangladesh solar energy development business (Continued)

iii. The aggregate cash inflow arising from disposal of subsidiaries

	Group 2021 S$'000
Net consideration proceeds in cash	19,875
Less: Cash and cash equivalents disposed of	(171)
Net consideration proceeds receivable	19,704

Modular construction business

During the previous financial year as disclosed in Note 8, the Group had through its subsidiary, Hetat Holdings Pte. Ltd., disposed of its entire equity interest in its subsidiaries, TLC Modular Pte. Ltd., TLC Modular Construction Joint Stock Company, TLC Modular & Construction (NZ) Pty Limited and TLC Modular Manufacturing (Vietnam) Co Ltd. (collectively the "Modular construction business entities") to a third party for a total consideration of US$11.5 million (approximately S$15.6 million) plus certain costs reimbursement of US$1.5 million (equivalent to S$2 million).

i. Analysis of assets and liabilities over which control was lost

	Group 2021 S$'000
Property, plant and equipment	7,393
Trade and other receivables and prepayment	5,020
Contract assets and inventory	10,562
Cash and bank balances	588
Trade and other payables and accruals	(20,453)
Bank borrowing and lease liabilities	(1,126)
Contract liabilities	(2,940)
Net liabilities disposed of	(956)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

13 INVESTMENT IN SUBSIDIARIES (CONTINUED)

(d) Disposal of subsidiaries (Continued)

2021 (Continued)

Modular construction business (Continued)

ii. Gain on disposal of subsidiaries

	Group 2021 S$'000
Total consideration	17,625
Less: Selling costs on disposal	(121)
Net consideration proceeds	17,504
Net liabilities disposed of	956
Cumulative exchange differences reclassified from equity on loss of control of subsidiaries	(741)
Non-controlling interest	(11,509)
Gain on disposal of subsidiaries	6,210

The net gain on disposal of subsidiaries was included as part of the discontinued operations in the consolidated statement of comprehensive income (Note 8).

iii. The aggregate cash inflow arising from disposal of subsidiaries

	Group 2021 S$'000
Net consideration proceeds in cash	17,504
Less: Cash and cash equivalents disposed of	(588)
Net consideration proceeds receivable	16,916

(e) Non-controlling interests

The Group has no individual subsidiaries that have material non-controlling interests for the financial year ended 31 December 2022 and 2021.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

14 INVESTMENT IN ASSOCIATES

	Group		Company	
	2022	2021	2022	2021
	S$'000	S$'000	S$'000	S$'000
Unquoted equity shares, at cost				
At 1 January	**1,110**	1,140	**–**	–
Written-off	**–**	(30)	**–**	–
At 31 December	**1,110**	1,110	**–**	–
Share of net post acquisition reserves	**(865)**	(35)	**–**	–
	245	1,075	**–**	–

Details of the Group's associates are as follows:

Name of Company (Country of incorporation and place of business)	Principal activities	Cost		Effective equity interest held by the Group	
		2022	2021	2022	2021
		S$'000	S$'000	%	%
Held by Hetat Holdings Pte. Ltd.					
* Yokomori Singapore Pte Ltd Singapore	Manufacturing of steel structural components	**1,110**	1,110	**30**	30
		1,110	1,110		

* Audited by NACN International PAC.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

14 INVESTMENT IN ASSOCIATES (CONTINUED)

Summarised financial information in respect of the Group's material associates is set out below. The summarised financial information represents amounts shown in the associate's financial statements prepared in accordance with SFRS(I) adjusted by the Group for equity accounting purposes.

	2022 S$'000	2021 S$'000
Yokomori Singapore Pte. Ltd.		
Current assets	**830**	6,283
Non-current assets	**11**	1,935
Current liabilities	**(24)**	(4,634)
Non-current liabilities	**–**	–
Revenue	**464**	1,886
(Loss) for the year	**(2,767)**	(2,077)
Total comprehensive (loss) for the year	**(2,767)**	(2,077)
Dividends received from the associate	**–**	–

Reconciliation of the above summarised financial information to the carrying amounts of the interests in Group's material associates recognised in the consolidated financial statements is as follows:

	2022 S$'000	2021 S$'000
Yokomori Singapore Pte. Ltd.		
Net assets of the associate	**817**	3,584
Proportion of the Group's ownership in Yokomori Singapore Pte. Ltd.	**30%**	30%
Carrying amount of the Group's interest in Yokomori Singapore Pte. Ltd.	**245**	1,075

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

15 OTHER FINANCIAL ASSETS

	Group		Company	
	2022	2021	2022	2021
	S$'000	S$'000	S$'000	S$'000
Unquoted equity investments measured at fair value through other comprehensive income ("FVOCI"):				
– Equity securities in investee companies	**14,093**	13,947	**14,044**	13,892

As per the Group's investment policy, these investments in equity securities are not held for trading. Instead, they are held mainly for long-term strategic purposes. Accordingly, these equity investments are designated at FVOCI as management believes that recognising short-term fluctuations in these equity investments' fair value through profit or loss would not be consistent with the Group's strategy of holding these equity investments for long-term purposes.

Information about the fair value measurement of the unquoted equity investments is disclosed in Note 38(a).

Movements in the other financial assets during the financial year are as follows:

	Group	Company
	Financial assets at FVOCI	
	S$'000	S$'000
2022		
At 1 January	**13,947**	**13,892**
Addition	**152**	**152**
Capital reduction	**(6)**	**–**
At 31 December	**14,093**	**14,044**
2021		
At 1 January and 31 December	13,947	13,892

16 GOODWILL

	Group	
	2022	2021
	S$'000	S$'000
At 1 January	**6,000**	8,000
Impairment loss recognised for the year	**–**	(2,000)
At 31 December	**6,000**	6,000

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

16 GOODWILL (CONTINUED)

Impairment testing for goodwill

For the purpose of impairment testing, goodwill has been allocated to the respective cash-generating unit (CGU) under the relevant operating segments as follows:

	Group	
	2022	**2021**
	S$'000	**S$'000**
Engineering & Construction		
– Hetat Holdings Pte Ltd ("Hetat")	**6,000**	6,000
	6,000	6,000

The recoverable amount of the CGUs has been determined based on value in use calculations using cash flow forecasts covering a five-year period. The discount rate applied to the cash flow forecasts, forecasted growth rates, budgeted gross margins, and the terminal growth rates used to extrapolate cash flow forecasts beyond the five-year period, are discussed below.

Hetat CGU

(i) Revenue and budgeted margins for the five-year period are projected based on contracts secured with customers along with order books on hand for the first year and thereafter with a forecasted revenue growth rate of Nil (2021: revenue growth rate of Nil).
(ii) Inflation rate of 3.5% (2021: 3.5%) has been used to project overhead and other general expenses.
(iii) Terminal growth rate of Nil (2021: Nil) has been used for terminal value.
(iv) Discount rate of 11.45% (2021: 11.45%) which represents the current market assessment of the risks specific to the CGU.

As at 31 December 2022, management concluded that there is no impairment loss in respect of the goodwill.

As at 31 December 2021, the Group had recognised an impairment loss of S$2,000,000 in relation to the goodwill attributable to the Hetat CGU as the recoverable amount of the CGU determined, based on the value in use calculation, was lower than its carrying amount. The impairment was attributed to the challenging environment of the construction sector in which the CGU operates. Notwithstanding this, management believed the current economic environment will recover over time and the construction sector in Singapore will pick up and should gradually turn around in the next two years. The impairment loss was aggregated and included under "other operating expenses" line item in profit or loss of the Group for the financial year.

Sensitivity analysis

If management's estimated discount rate applied in the value in use calculation for the Hetat CGU is increased by 1% (2021: 1%), the goodwill impairment loss for the current financial year will be increased by approximately S$ Nil (2021: S$1,684,000).

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

17 INVENTORIES

	Group	
	2022	**2021**
	S$'000	**S$'000**
Finished goods, at cost or net realisable value	**4,281**	2,849

Allowance for inventory obsolescence amounted to approximately S$5,000 (2021: S$7,000) was recognised in the Group's continuing operations for the financial year.

18 LAND HELD FOR DEVELOPMENT

	Group	
	2022	**2021**
	S$'000	**S$'000**
Land, at net realisable value	**4,566**	4,566

The details of the Group's land held for development are as follows:

Land address	**Land area (sqm)**	**Tenure**
180, 182 and 184 Ferny Avenue, Surfers Paradise, Australia	1,055	Freehold

As at 31 December 2022, the net realisable value of the land in Australia was assessed by management to be unchanged. The net realisable value was assessed based on directors' valuation which relied on market evidence of most recent transactions for land prices in the same vicinity. No impairment loss has been recognised for the financial years ended 31 December 2022 and 2021.

19 TRADE RECEIVABLES

	Group		Company	
	2022	**2021**	**2022**	**2021**
	S$'000	**S$'000**	**S$'000**	**S$'000**
Trade receivables:				
– third parties	**13,289**	10,012	**–**	–
– related parties	**148**	–	**–**	–
– retention sums on construction contracts	**8,497**	3,831	**–**	–
	21,934	13,843	**–**	–
Less: Loss allowance	**(1,895)**	(1,848)	**–**	–
	20,039	11,995	**–**	–

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

19 TRADE RECEIVABLES (CONTINUED)

The credit period for trade receivables ranges from 30 to 90 days (2021: 30 to 90 days). No interest is charged on the outstanding balances of trade receivables.

Loss allowance for trade receivables is measured at an amount equal to lifetime expected credit losses (ECL). The Group has recognised a loss allowance of 100% against all trade receivables over 1 year and 9 months past due (credit-impaired) because historical experience has indicated that these trade receivables are generally not recoverable. There has been no change in the estimation techniques or significant assumptions made during the current reporting period. None of the trade receivables that have been written off is subject to enforcement activities.

The Group's and the Company's credit risk exposure in relation to trade receivables from contracts with customers are set out in the provision matrix as presented below. The Group's and the Company's loss allowance is based on past due as the Group's and the Company's historical credit loss experience does not show significantly different loss patterns for different customer segments.

		Trade receivables past due (days)				
	Current S$'000	1 to 90 days S$'000	91 to 270 days S$'000	271 days to 1 year & 9 months S$'000	Over 1 year & 9 months S$'000	Total S$'000
2022						
Group						
Expected credit loss rate	**0.29%**	**3.23%**	**21.10%**	**51.23%**	**100%**	
Trade receivables – gross carrying amount at default	**17,019**	**1,207**	**2,209**	**326**	**1,173**	**21,934**
Loss allowance – lifetime ECL	**(50)**	**(39)**	**(466)**	**(167)**	**(1,173)**	**(1,895)**
						20,039
Company						
Expected credit loss rate	**0%**	**0%**	**0%**	**0%**	**100.00%**	
Trade receivables – gross carrying amount at default	**–**	**–**	**–**	**–**	**–**	**–**
Loss allowance – lifetime ECL	**–**	**–**	**–**	**–**	**–**	**–**
						–

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

19 TRADE RECEIVABLES (CONTINUED)

		Trade receivables past due (days)				
	Current S$'000	1 to 90 days S$'000	91 to 270 days S$'000	271 days to 1 year & 9 months S$'000	Over 1 year & 9 months S$'000	Total S$'000
2021						
Group						
Expected credit loss rate	0.29%	3.02%	9.44%	22.37%	100.00%	
Trade receivables – gross carrying amount at default	8,591	2,188	922	608	1,534	13,843
Loss allowance – lifetime ECL	(25)	(66)	(87)	(136)	(1,534)	(1,848)
						11,995
Company						
Expected credit loss rate	0%	0%	0%	0%	100.00%	
Trade receivables – gross carrying amount at default	–	–	–	–	–	–
Loss allowance – lifetime ECL	–	–	–	–	–	–
						–

The movements in expected credit losses of trade receivables during the financial year are as follows:

	Group		Company	
	2022 S$'000	**2021 S$'000**	**2022 S$'000**	**2021 S$'000**
At 1 January	**1,848**	2,394	**–**	–
Written off	**(4)**	(510)	**–**	–
Reversal of impairment loss during the year	**–**	(88)	**–**	–
Impairment loss recognised during the year	**51**	52	**–**	–
At 31 December	**1,895**	1,848	**–**	–

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

20 OTHER RECEIVABLES AND PREPAYMENTS

	Group		Company	
	2022	**2021**	**2022**	**2021**
	S$'000	**S$'000**	**S$'000**	**S$'000**
Other receivables:				
– Interest receivable	**197**	18	**197**	18
– Sundry debtors (a)	**1,285**	1,829	**554**	558
– Equity loan (b)	**–**	2,035	**–**	–
– Loans to an investee company (c)	**8,313**	7,932	**8,313**	7,932
– Amount due from non-controlling interests	**–**	268	**–**	–
– Deposit for acquisition of land (d)	**–**	3,680	**–**	–
– Deposits (others)	**560**	348	**141**	3
	10,355	16,110	**9,205**	8,511
Less: Allowance for impairment loss	**(5,519)**	(7,559)	**(5,056)**	(5,056)
	4,836	8,551	**4,149**	3,455
Advances to sub-contractors	**1,150**	1,535	**–**	–
Advances to staff	**2**	94	**–**	–
Prepayments	**317**	499	**17**	49
GST/VAT recoverable	**6**	298	**–**	–
	6,311	10,977	**4,166**	3,504
Presented as:				
Current	**3,497**	8,101	**1,352**	628
Non-current	**2,814**	2,876	**2,814**	2,876
	6,311	10,977	**4,166**	3,504

For the purpose of impairment assessment for other receivables, the loss allowance is measured at an amount equal to 12-month ECL which reflects the low credit risk of the exposures. There has been no change in the estimation techniques or significant assumptions made during the current reporting period in assessing the loss allowance for other receivables.

(a) Included in sundry debtors is an amount of S$554,000 (2021: S$558,000) that relates to the remaining outstanding net consideration proceeds receivable from a third party on the disposal of the Vietnam solar energy development business entities (Note 13(d)).

(b) The equity loan amount of AUD2.09 million (equivalent to S$2.035 million) relates to the Group's advance for future equity participation and share issue in a company (the "investee company"), incorporated in Australia, involved in a development property project in Australia. In 2020, the Group had recognised an impairment loss on the entire amount of AUD2.09 million (equivalent to S$2.035 million) as the investee company had been put into receivership in Australia.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

20 OTHER RECEIVABLES AND PREPAYMENTS (CONTINUED)

(c) The loans were previously extended by the Company to an investee company, incorporated in Singapore, for the investee company's investment in certain unlisted equity securities in Singapore with no fixed terms of repayment. At the current reporting date, the loans are not expected to be repaid within the next twelve months. The loans are unsecured and interest-free. The Group has not recognised any additional allowance for expected credit loss for financial years end 31 December 2022 and 2021 based on management's assessment on the financial standing of the investee company.

(d) In 2020, the Group had entered into a S&P agreement with Belfield Estate Limited ("BEL") to co-develop a housing estate on the subject property ("Belfield Land") and a deposit of S$1.8 million was paid in prior years. In the previous financial year, the Group had entered into a deed of assignment to assign the rights, title and interest in relation to the above mentioned S&P agreement to Gateway Developments Pte. Ltd. ("Gateway"). The amount of S$3.68 million (equivalent to NZD3.8 million) includes an additional advance amounting to approximately NZD1.9 million (equivalent to S$1.8 million) to Gateway provided by the Group. The said amount was fully received by the Group from Gateway during the current financial year.

The movements in expected credit losses for other receivables during the financial year are as follows:

	Group		Company	
	2022	**2021**	**2022**	**2021**
	S$'000	**S$'000**	**S$'000**	**S$'000**
At 1 January	**7,559**	7,614	**5,056**	5,027
Written off	**(2,040)**	(67)	**–**	–
Impairment loss recognised during the year	**–**	46	**–**	–
Currency alignment	**–**	(34)	**–**	29
At 31 December	**5,519**	7,559	**5,056**	5,056

21 AMOUNTS DUE FROM/(TO) SUBSIDIARIES

	Company	
	2022	**2021**
	S$'000	**S$'000**
Amounts due from subsidiaries – non-trade	**64,763**	62,813
Less: Allowance for impairment loss	**(32,214)**	(32,518)
Current amounts due from subsidiaries	**32,549**	30,295
Amounts due (to) subsidiaries – non-trade	**(205)**	–
Current amounts due (to) subsidiaries	**(205)**	–

NOTES TO THE FINANCIAL STATEMENTS
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21 AMOUNTS DUE FROM/(TO) SUBSIDIARIES (CONTINUED)

The non-trade balances due from/(to) subsidiaries are unsecured and repayable on demand and in cash. These outstanding non-trade balances are interest-free except for certain amounts due from subsidiaries totaling S$2.1 million (2021: S$2.15 million), which incurs interest of 2% (2021: 2%) per annum.

The Group regularly purchases materials and pays expenses on behalf of related companies within the Group. The Group have an inter-company balances arrangement to settle the net amount due to or from each other on a quarterly term basis. The following inter-company balances are subject to offsetting arrangements:

	Gross carrying amounts (net impairment) S$'000	Gross amounts offset in the statement of financial position S$'000	Net amounts in the statement of financial position S$'000
Company			
2022			
Amounts due from subsidiaries – non-trade	**32,549**	**–**	**32,549**
Amounts due to subsidiaries – non-trade	**(205)**	**–**	**(205)**
2021			
Amounts due from subsidiaries – non-trade	31,386	(1,091)	30,295
Amounts due to subsidiaries – trade	(1,091)	1,091	–

The movements in expected credit losses of amounts due from subsidiaries during the financial year are as follows:

	Company 2022 S$'000	Company 2021 S$'000
At 1 January	**32,518**	27,342
Written off	**–**	(17)
(Reversal of)/Impairment loss recognised during the year	**(304)**	5,193
At 31 December	**32,214**	32,518

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

22 CASH AND BANK BALANCES

	Group		Company	
	2022 S$'000	2021 S$'000	2022 S$'000	2021 S$'000
Cash at bank and on hand	**17,035**	18,748	**1,262**	7,473
Short-term bank deposits	**42,940**	47,632	**42,940**	47,632
Cash and cash equivalents per consolidated statement of cash flows	**59,975**	66,380	**44,202**	55,105

Short-term bank deposits of the Company bear effective interest rates of 0.20% to 4.60% (2021: 0.35% to 0.60%) per annum and have tenures of approximately 30 to 94 days (2021: 30 to 92 days).

23 TRADE PAYABLES AND ACCRUALS

	Group		Company	
	2022 S$'000	2021 S$'000	2022 S$'000	2021 S$'000
Trade payables – third parties (a)	**4,233**	6,817	**41**	40
Accrued operating expenses	**2,589**	2,357	**332**	383
	6,822	9,174	**373**	423
Provision for cost of demolition (b)	**–**	227	**–**	–
	6,822	9,401	**373**	423

(a) The credit period for trade payables ranges from 30 to 90 days (2021: 30 to 90 days). No interest is charged on the outstanding balances of trade payables.

(b) The land lease in relation to the leasehold building of the Group located at 1 Penjuru Lane had expired during the previous financial year and a provision had been included for the estimated cost for demolition of the property upon the call back of the land by the relevant land authorities. The land authorities have called back the land during the current financial year.

24 OTHER PAYABLES

	Group		Company	
	2022 S$'000	2021 S$'000	2022 S$'000	2021 S$'000
Other payables:				
– Rental deposits from customers	**–**	129	**–**	–
– Retention sums payable	**774**	419	**–**	–
– Sundry payables	**1,265**	1,514	**402**	619
	2,039	2,062	**402**	619
Foreign workers' tax withheld	**–**	73	**67**	71
GST/VAT payable	**519**	173	**46**	44
	2,558	2,308	**515**	734

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

25 TERM LOANS

	Group	
	2022	2021
	S$'000	S$'000
Current		
Term loan I	**6,039**	1,150
Term loan II	–	1,000
Term loan III	–	–
Term loan IV	**1,244**	1,230
	7,283	3,380
Non-current		
Term loan I	–	6,039
Term loan IV	**2,254**	3,481
	2,254	9,520

Term loan I with a principal amount of S$11,500,000 is repayable over 59 fixed monthly principal installments and a final fixed monthly principal installment amounting S$5.85 million (2021: S$5.85 million), commencing in April 2018. The loan bears interest of 2.65% to 2.75% (2021: 2.65% to 6.25%) per annum. The term loan was used to finance the building construction of the Group.

Term loan II with a principal amount of S$1,000,000 is rolled over on monthly basis. The rollover loan bears interest of 2.18% to 2.60% (2021: 1.77% to 1.87%) per annum. The term loan was for working capital purposes. The term loan was fully settled during the year.

Term loan III with a principal amount of S$3,998,625 was repayable in full during the previous financial year. The loan bears interest of 2.40% per annum in previous financial year. The term loan was used to finance the purchase of the freehold land in Malaysia by a subsidiary of the Group. The corresponding first legal mortgage over industrial land together with a factory building to be erected held under title GM2485, Lot 1979, Mukim Jeram Batu, Daerah Pontian, Johor, Malaysia was discharged at the previous financial year.

Term loan IV with a principal amount of S$5,000,000 is repayable over 60 fixed monthly principal installments, commencing in twelve months after the first draw down, in September 2021. The loan bears interest of 2.5% (2021: 2.5%) per annum. The term loan was for working capital purposes.

The credit facilities (including trust receipts (Note 26)) of the Group are secured by the following:

- first legal mortgage over 81 Tuas South Street 5, Singapore 637651;
- first legal mortgage over 19 Tuas Avenue 20, Singapore 638830;
- first deed of debenture duly executed, incorporating a fixed and floating charge over the present and future undertaking, assets, revenues and rights of a subsidiary of the Group; and
- corporate guarantee from the Company for a total of S$65.1 million (2021: S$70.1 million).

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

26 OTHER AMOUNTS DUE TO BANKERS (CONTINUED)

	Group 2022 S$'000	Group 2021 S$'000
Current		
Trust receipts (secured – Note 25)	**7,628**	6,540

The trust receipts incur interest rates of 3.99% to 5.73% (2021: 1.73% to 2.00%) per annum.

27 CHANGES IN LIABILITIES ARISING FROM FINANCING ACTIVITIES

The table below details the reconciliation of movements of the Group's liabilities to cash flows arising from financing activities.

		Cash Flow		Non-cash Flow	
	1 January S$'000	Proceeds S$'000	Repayments S$'000	Other changes* S$'000	31 December S$'000
Group					
2022					
Term loan I	**7,189**	**–**	**(1,247)**	**97**	**6,039**
Term loan II	**1,000**	**2,000**	**(3,013)**	**13**	**–**
Term loan IV	**4,711**	**–**	**(1,315)**	**102**	**3,498**
Other amounts due to bankers	**6,540**	**16,650**	**(15,802)**	**240**	**7,628**
Lease liabilities	**4,458**	**–**	**(506)**	**237**	**4,189**
	23,898	**18,650**	**(21,883)**	**689**	**21,354**
2021					
Term loan I	8,339	–	(1,561)	411	7,189
Term loan II	1,000	2,000	(2,028)	28	1,000
Term loan III	3,482	–	(3,563)	81	–
Term loan IV	5,010	–	(423)	124	4,711
Amount due to associates	455	–	(455)	–	–
Other amounts due to bankers	3,496	11,176	(8,187)	55	6,540
Lease liabilities	4,835	–	(666)	289	4,458
	26,617	13,176	(16,883)	988	23,898

* Other changes include interest accrued, currency alignment, expenses paid on behalf, service income, and remeasurement.

NOTES TO THE FINANCIAL STATEMENTS

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28 DEFERRED TAX LIABILITIES

	Fair value adjustment S$'000	Temporary differences on property, plant and equipment S$'000	Total S$'000
Group			
2022			
At 1 January	**1,707**	**22**	**1,729**
Reversal of temporary differences	**–**	**(11)**	**(11)**
Currency alignment	**–**	**–**	**–**
Credited to profit or loss	**–**	**(11)**	**(11)**
At 31 December	**1,707**	**11**	**1,718**
2021			
At 1 January	1,715	22	1,737
Reversal of temporary differences	(7)	–	(7)
Currency alignment	(1)	–	(1)
Credited to profit or loss	(8)	–	(8)
At 31 December	1,707	22	1,729
Company			
2022			
At 1 January and 31 December	**1,555**	**22**	**1,577**
2021			
At 1 January and 31 December	1,555	22	1,577

Deferred tax liabilities relate to temporary differences arising from the revaluation of leasehold buildings and the excess of net book value over tax written down value of property, plant and equipment.

Unrecognised tax losses and capital allowances

Deferred tax assets are recognised for unutilised tax losses and capital allowances carried forward to the extent that the realisation of the related tax benefits through future taxable profit is probable. As at 31 December 2022, the Group has unutilised tax losses of approximately S$ Nil (2021: S$9,067,000) and capital allowances of S$2,459,000 (2021: S$3,073,000) which can be carried forward and used to offset against future taxable income of those entities in the Group in which the losses and capital allowances arose, subject to the agreement of the tax authorities and compliance with the relevant provisions of the tax legislation of the respective countries in which they operate. The unutilised tax losses have no expiry date.

The deferred tax assets arising from these unutilised tax losses and capital allowances of approximately S$418,000 (2021: S$2,064,000) have not been recognised in accordance with the Group's accounting policy as disclosed in Note 3(i).

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

29 SHARE CAPITAL

	Group and Company	
	2022	**2021**
	S$'000	**S$'000**
Issued and fully paid, with no par value:		
At 1 January 710,639,212 (2021: 710,639,212) ordinary shares	**160,640**	160,640
Shares buy-back and cancelled during the year 32,529,300 (2021: Nil) ordinary shares	**(5,093)**	–
At 31 December 678,109,912 (2021: 710,639,212) ordinary shares	**155,547**	160,640

The holders of ordinary shares are entitled to receive dividends as and when declared by the Company. All ordinary shares carry one vote per share without restriction, except for treasury shares, at general meetings of the Company and rank equally with regards to the Company's residual assets.

30 TREASURY SHARES

	Group and Company	
	2022	**2021**
	S$'000	**S$'000**
At 1 January 28,001,900 (2021: 25,490,900) treasury shares	**(5,395)**	(5,011)
Shares buy-back during the year 39,704,600 (2021: 2,461,000) ordinary shares	**(6,129)**	(384)
At 31 December 67,706,500 (2021: 28,001,900) treasury shares	**(11,524)**	(5,395)

During the financial year, the Company acquired 39,704,600 (2021: 2,461,000) ordinary shares in the Company through purchases for a total consideration of approximately S$6,129,000 (2021: S$384,000). These shares buy-back are presented under treasury shares as a component within equity.

31 RESERVES

(a) Asset revaluation reserve

The asset revaluation reserve represents the revaluation surplus in respect of leasehold buildings of the Group as disclosed in Note 10.

The movements in the asset revaluation reserve during the financial year are as follows:

	Group		Company	
	2022	**2021**	**2022**	**2021**
	S$'000	**S$'000**	**S$'000**	**S$'000**
At 1 January	**12,771**	12,771	**8,582**	8,582
Reversal upon derecognition of fixed assets	**(298)**	–	**–**	–
At 31 December	**12,473**	12,771	**8,582**	8,582

NOTES TO THE FINANCIAL STATEMENTS
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31 RESERVES (CONTINUED)

(b) Fair value adjustment

The fair value adjustment represents cumulative gains and losses arising on the revaluation of equity investments at FVOCI that have been recognised in other comprehensive income.

The movements in the fair value adjustment during the financial year are as follows:

	Group		Company	
	2022	**2021**	**2022**	**2021**
	S$'000	**S$'000**	**S$'000**	**S$'000**
At 1 January and 31 December	**(9,861)**	(9,861)	**(10,247)**	(10,247)

(c) Foreign currency translation reserve

The foreign currency translation reserve represents the accumulated exchange differences arising from the translation of the financial statements of the Group's foreign operations whose functional currencies are different from that of the Group's presentation currency.

The movements in the foreign currency translation reserve during the financial year are as follows:

	Group	
	2022	**2021**
	S$'000	**S$'000**
At 1 January	**479**	(878)
Exchange differences on translation	**(813)**	(234)
Cumulative exchange differences reclassified from equity on loss of control of subsidiaries (Note 13(d))	**–**	1,591
At 31 December	**(334)**	479

(d) Other reserve

The other reserve of the Company arose from an internal restructuring of certain group entities transferred from the Company to be held by a wholly owned subsidiary of the Company in 2015. The amount represented the difference between the carrying amount of the net assets of the transferred group of entities and the consideration transferred.

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32 LEASE LIABILITIES

	Group		Company	
	2022	**2021**	**2022**	**2021**
	S$'000	**S$'000**	**S$'000**	**S$'000**
Lease liabilities:				
– Leasehold buildings	**4,189**	4,458	**1,343**	1,478
Presented as:				
Current	**236**	265	**145**	136
Non-current	**3,953**	4,193	**1,198**	1,342
	4,189	4,458	**1,343**	1,478

Nature of the Group's leasing activities

The Group as a lessee

The Group has entered into leases of buildings in respect of its offices. The Group is prohibited from selling, pledging or sub-leasing the underlying assets, and is required to maintain the assets in good conditions.

(a) Carrying amount of right-of-use assets

	Group	
	2022	**2021**
	S$'000	**S$'000**
Leasehold buildings (Note 11)	**3,820**	4,133

(b) Amounts recognised in profit or loss

	Group	
	2022	**2021**
	S$'000	**S$'000**
Amortisation charged for the year:		
– Leasehold buildings	**403**	473
Interest on lease liabilities	**237**	290
Expenses relating to short-term leases	**1,108**	961

(c) Other disclosures

	Group	
	2022	**2021**
	S$'000	**S$'000**
Total cash outflow for leases	**506**	666

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32 LEASE LIABILITIES (CONTINUED)

Nature of the Group's leasing activities (Continued)

The Group as a lessor

The Group/Company leases a portion of one of its leasehold buildings/investment property under non-cancellable operating lease agreements. These leases are negotiated for terms ranging from 1 to 15 years.

During the previous financial year, the Group received a notice from the relevant land authorities to call back the land as disclosed in Note 23(b). Accordingly, all pre-existing lease agreements entered by the Group with third parties have been terminated as at 31 December 2021.

The future minimum lease receivable under non-cancellable operating leases contracted for at the reporting date are as follows:

	Group		Company	
	2022	**2021**	**2022**	**2021**
	S$'000	**S$'000**	**S$'000**	**S$'000**
Less than one year	**–**	–	**1,218**	1,218
One to two years	**–**	–	**1,218**	1,218
Two to three years	**–**	–	**1,218**	1,218
Three to four years	**–**	–	**1,218**	1,218
Four to five year	**–**	–	**1,218**	1,218
More than five years	**–**	–	**2,791**	4,009
	–	–	**8,881**	10,099

33 DIVIDENDS

At the annual general meeting to be held on 27 April 2023, a first and final tax exempted (one tier) dividend of $0.0035 per share, amounting to $2,136,000 will be recommended. These financial statements do not reflect this dividend, which will be accounted for in shareholders equity as an appropriation of retained earnings for the financial year ending 31 December 2023.

34 COMMITMENTS

Capital commitments

(a) The Group and the Company has uncalled capital commitments amounting to S$2.0 million (2021: S$2.0 million) in relation to the uncalled capital of certain equity investments (classified under other financial assets) and of a former associate at the reporting date.

Other commitments

(a) The Company has given an undertaking to provide continued financial support to certain subsidiaries for the next twelve months from the date of authorisation of these subsidiaries' financial statements.

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34 COMMITMENTS (CONTINUED)

Corporate guarantees

The corporate guarantees executed by the Company for certain subsidiaries of the Group for the credit facilities granted as set out in Note 25 have not been recorded at fair value, as in the view of the management, the difference in the interest rates, by comparing the actual rates charged by the banks with these corporate guarantees made available, with the estimated rates that the banks would have charged had those corporate guarantees not been made available, is not material.

The Company has also executed a corporate guarantee of US$1,296,000 (equivalent to S$1,739,000) (2021: US$1,296,000 (equivalent to S$1,718,000)) for credit facilities granted to an investee company in which the Group holds certain equity interest.

The corporate guarantees are subject to impairment assessment. The Company has assessed that its subsidiaries and the investee company have strong financial capacity to meet the contractual cash flow obligations in the near future and henceforth does not expect significant credit losses arising from these corporate guarantees.

Bank guarantees

At the reporting date, there are unsecured bank guarantees provided by certain subsidiaries for/to:

	Group	
	2022 S$'000	**2021 S$'000**
Suppliers of subsidiaries	**–**	247
Customers of subsidiaries	**5,861**	5,736
	5,861	5,983

35 RELATED PARTY TRANSACTIONS

In addition to the related party information disclosed elsewhere in the financial statements, the Group entered into transactions with related parties during the financial year, on terms agreed between the parties, as shown below.

	Group	
	2022 S$'000	**2021 S$'000**
(a) Key management personnel compensation		
The remuneration of executive directors and key management is as follows:		
Salaries and other short-term employee benefits	**1,780**	1,825
Defined contribution plans	**105**	95
	1,885	1,920
Directors' fees to non-executive directors	**224**	229
	2,109	2,149
Comprised amounts paid/payable to:		
Directors of the Company	**1,081**	1,208
Key management personnel	**1,028**	941
	2,109	2,149
(b) Professional fees paid to a firm in which a director is a partner of the firm	**10**	284
(c) Sales to a related party	**2**	6
(d) Purchases from a related party	**119**	–
(e) Service income received from an associate	**–**	7
(f) Purchase of services from an associate	**198**	119

NOTES TO THE FINANCIAL STATEMENTS

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36 SEGMENT INFORMATION

Segment information reported externally was analysed on the basis of the types of goods supplied and services provided by the Group's operating divisions. Information reported to the Group's chief operating decision maker for the purposes of resource allocation and assessment of segment performance of the Group. The Group's reportable operating segments are as follows:

- Engineering & construction
- Corrosion prevention
- Solar energy
- Others

The engineering & construction segment is in the business of designing, engineering and construction of steel, aluminium and glass structures, and the design, construction and manufacturing services in modular construction projects.

The corrosion prevention segment provides coating services to marine, oil and gas, construction and infrastructure industries.

The solar energy segment specialises in solar energy development and engineering and project management for electrical works.

Others segment consists of property development business, warehousing, storage handling services, corporate head office and strategic investments.

<u>Discontinued Operations</u>

As disclosed in Note 8, the Group had diversified certain of its businesses that represent a separate major line of business or geographical area of operations of the Group (collectively, the "Discontinued Operations"). Accordingly, segment information related to the Discontinued Operations have been presented separately.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

36 SEGMENT INFORMATION (CONTINUED)

(a) Segment revenues and results

The following is an analysis of the Group's revenue and results from continuing operations and discontinued operations by reportable operating segments:

Continuing operations

	Engineering & construction		Corrosion prevention		Solar energy		Others		Total	
	2022	**2021**	**2022**	**2021**	**2022**	**2021**	**2022**	**2021**	**2022**	**2021**
	S$'000	**S$'000**	**S$'000**	**S$'000**	**S$'000**	**S$'000**	**S$'000**	**S$'000**	**S$'000**	**S$'000**
Segment revenue	**60,348**	28,966	**16,368**	15,952	**10,506**	10,281	**–**	1	**87,222**	55,200
Segment results	**8,629**	(199)	**1,915**	1,208	**1,620**	1,601	**(201)**	(558)	**11,963**	2,052
Impairment losses of financial assets, net	**–**	–	(92)	–	**–**	–	**–**	–	(92)	–
Revaluation loss of leasehold building	**–**	–	**–**	–	**–**	–	**–**	–	**–**	–
Impairment of freehold land	**–**	–	**–**	–	**–**	–	**–**	–	**–**	–
Impairment of goodwill	**–**	(2,000)	**–**	–	**–**	–	**–**	–	**–**	(2,000)
Impairment of land held for development	**–**	–	**–**	–	**–**	–	**–**	–	**–**	–
Allowance for inventory obsolescence	**–**	–	**(5)**	–	**–**	–	**–**	–	**(5)**	–
Finance costs	**(547)**	(886)	**(88)**	(97)	**(54)**	(77)	**–**	–	**(689)**	(1,060)
Share of (losses) of associates, net of tax									**(830)**	(623)
Central administration costs and directors' remuneration									**(7,046)**	(6,443)
Other income									**2,447**	4,451
Profit/(Loss) before income tax									**5,748**	(3,623)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

36 SEGMENT INFORMATION (CONTINUED)

(a) Segment revenues and results (Continued)

Discontinued operations

	Solar energy development business		Modular construction business		Total	
	2022 S$'000	2021 S$'000	2022 S$'000	2021 S$'000	2022 S$'000	2021 S$'000
Segment revenue	–	–	–	1,804	–	1,804
Segment results	–	(7)	–	(3,684)	–	(3,691)
Provision of liquidated damages	–	–	–	–	–	–
Allowance for inventory obsolescence	–	–	–	–	–	–
(Impairment)/Reversal of property, plant & equipment	–	–	–	–	–	–
Gain on disposal of subsidiaries	–	(1,408)	–	6,210	–	4,802
Finance costs	–	–	–	(366)	–	(366)
Central administration costs and directors' remuneration					–	(3,771)
Other income					–	700
(Loss) before income tax					–	(2,326)

Solar energy development business and modular construction business are part of the solar energy segment and engineering & construction segment, respectively.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

36 SEGMENT INFORMATION (CONTINUED)

(a) Segment revenues and results (Continued)

Revenue reported above represents revenue generated from external customers. Inter-segment sales for the current financial year were S$2,556,000 (2021: S$2,745,000). The accounting policies of the reportable segments are the same as the Group's accounting policies set out in Note 3. Segment profit/(loss) represents the profit/(loss) earned by each segment without allocation of central administration costs and directors' remuneration, share of (losses) of associates and other income. This is the measure reported to the chief operating decision maker for the purposes of resource allocation and assessment of segment performance.

(b) Segment assets and liabilities

	Group	
	2022	**2021**
	S$'000	**S$'000**
Segment assets		
Engineering & construction	**61,784**	57,015
Corrosion prevention	**38,517**	34,206
Solar energy	**6,275**	4,331
Others	**60,388**	80,796
Consolidated assets	**166,964**	176,348
Segment liabilities		
Engineering & construction	**17,152**	28,330
Corrosion prevention	**13,948**	4,978
Solar energy	**1,879**	1,750
Others	**403**	905
Total segment liabilities	**33,382**	35,963
Unallocated liabilities:		
– Provision for income tax	**425**	363
– Deferred tax liabilities	**1,718**	1,729
Consolidated liabilities	**35,525**	38,055

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

36 SEGMENT INFORMATION (CONTINUED)

(c) Other segment information

	Group			
	Depreciation and amortisation		Additions to non-current assets[i]	
	2022 S$'000	2021 S$'000	2022 S$'000	2021 S$'000
Engineering & construction	**1,939**	2,809	**606**	304
Corrosion prevention	**2,164**	2,436	**76**	265
Solar energy	**16**	21	**34**	5
	4,119	5,266	**716**	574

(d) Geographical information

The Group's continuing operations is primarily carried out in Singapore. The Group's revenue from continuing operations from external customers and information about its non-current assets by geographical locations are detailed below.

	Group's revenue from external customers		Group's non-current assets[i]	
	2022 S$'000	2021 S$'000	2022 S$'000	2021 S$'000
Singapore	**84,464**	47,957	**48,560**	53,551
Rest of South East Asia[ii]	**2,758**	3,028	**3,904**	3,821
People's Republic of China	**–**	–	**28**	28
Other[iii]	**–**	4,215	**–**	–
	87,222	55,200	**52,492**	57,400

(i) Non-current assets exclude other financial assets
(ii) Rest of South East Asia includes Malaysia, Vietnam and Indonesia
(iii) Other included Japan & Europe

(e) Information about major customers

There was no single individual customer which contributed significantly to the Group's revenue.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

37 FINANCIAL INSTRUMENTS

Financial risk management objectives and policies

The Group and the Company is exposed to financial risks arising from its operations and the use of financial instruments. The Board of Directors reviews and agrees policies and procedures for the management of these risks. The Audit Committee provides independent oversight to the effectiveness of the risk management process. These risks include credit risk, foreign currency risk, interest rate risk and liquidity risk. The Group does not enter into or trade financial instruments, including derivative financial instruments, for speculative purposes.

There has been no change to the Group's exposure to these financial risks or the manner in which it manages and measures the risks. The following sections provide details regarding the Group's and the Company's exposure to the above-mentioned financial risks and the objectives, policies and processes for the management of these risks.

(a) Credit risk

Credit risk refers to the risk that counterparty will default on its contractual obligations resulting in financial loss to the Group and the Company. In order to minimise credit risk, the Group has adopted a policy of only dealing with creditworthy counterparties as a means of mitigating the risk of financial loss from defaults. The Group generally do not require collateral. The Group reviews the recoverable amount of each trade receivable and debt investment on an individual basis at the end of the reporting period to ensure that adequate loss allowance is made for irrecoverable amounts.

At the reporting date, the Group does not have significant credit risk exposure to any individual customer's balance of trade receivables. The credit risk on liquid funds is limited because the counterparties are banks with high credit-ratings. The Group's maximum exposure to credit risk arises from the carrying amount of the respective recognised financial assets as present on the consolidated statement of financial position. In addition, the Company is exposed to credit risk in relation to financial guarantees given to banks provided by the Company. The Company's maximum exposure in this respect is the maximum amount the Company is liable to pay if the guarantees are called on as disclosed in Note 37(d).

The credit risk for financial assets (excluding cash and bank balances) based on geographical information provided by key management is as follows:

	Group		Company	
	2022	**2021**	**2022**	**2021**
	S$'000	**S$'000**	**S$'000**	**S$'000**
By geographical areas				
Singapore	**32,370**	30,640	**36,698**	33,750
People's Republic of China	**15**	36	**–**	–
Rest of South East Asia	**511**	980	**–**	–
	32,896	31,656	**36,698**	33,750

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

37 FINANCIAL INSTRUMENTS (CONTINUED)

Financial risk management objectives and policies (Continued)

(a) Credit risk (Continued)

i. Trade receivables and contract assets

The Group uses a provision matrix to measure the lifetime expected credit loss allowance for trade receivables and contract assets. In measuring the expected credit losses, trade receivables and contract assets are grouped based on their shared credit risk characteristics and numbers of days past due. The contract assets have substantially the same risk characteristics as the trade receivables from the same type of customers. Therefore, the Group has concluded that the expected credit loss rates for trade receivables are a reasonable approximation of the loss rates for the contract assets. The expected credit losses on these financial assets are estimated using a provision matrix based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate.

Further details on the loss allowance of the Group's and the Company's credit risk exposure in relation to contract assets and trade receivables are disclosed in Notes 5(b) and Note 19, respectively.

ii. Cash and bank balances and other financial assets

The cash and bank balances are entered into with banks and financial institutions that have high credit-ratings.

Impairment on cash and bank balances and other financial assets has been measured on the 12-month expected loss basis and reflects the short maturities of the exposures. The Group considers that its cash and bank balances and other financial assets have low credit risk based on the external credit ratings of the counterparties. The amount of the allowances on cash and bank balances and other financial assets were immaterial.

Credit risk grading guideline

Management has established the Group's internal credit risk grading to the different exposures according to their degree of default risk. The internal credit risk grading which is used to report the Group's credit risk exposure to key management for credit risk management purposes are as follows:

Internal rating grades	Definition	Basis of recognition of expected credit loss (ECL)
i. Performing	The counterparty has a low risk of default and does not have any past-due amounts.	12-month ECL
ii. Under-performing	There has been a significant increase in credit risk since initial recognition.	Lifetime ECL (not credit-impaired)
iii. Non-performing	There is evidence indicating that the asset is credit-impaired.	Lifetime ECL (credit impaired)
iv. Write-off	There is evidence indicating that there is no reasonable expectation of recovery as the debtor is in severe financial difficulty.	Asset is written off

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

37 FINANCIAL INSTRUMENTS (CONTINUED)

Financial risk management objectives and policies (Continued)

(a) Credit risk (Continued)

Credit risk exposure

The credit quality of the Group's financial assets, as well as maximum exposure to credit risk by credit risk rating grades is presented as follows:

	Internal credit rating	ECL	Gross carrying amount S$'000	Loss allowance S$'000	Net carrying amount S$'000
Group					
2022					
Trade receivables	**Note 1**	**Lifetime ECL (simplified)**	**21,934**	**(1,895)**	**20,039**
Contract assets	**Note 1**	**Lifetime ECL (simplified)**	**8,219**	**(198)**	**8,021**
Other receivables	**Under-performing**	**Lifetime ECL (not credit-impaired)**	**8,313**	**(5,056)**	**3,257**
Other receivables	**Non-performing**	**Lifetime ECL (credit impaired)**	**415**	**(415)**	**–**
Other receivables	**Performing**	**12-month ECL**	**1,627**	**(48)**	**1,579**
2021					
Trade receivables	Note 1	Lifetime ECL (simplified)	13,843	(1,848)	11,995
Contract assets	Note 1	Lifetime ECL (simplified)	11,267	(157)	11,110
Other receivables	Under-performing	Lifetime ECL (not credit-impaired)	7,932	(5,056)	2,876
Other receivables	Non-performing	Lifetime ECL (credit impaired)	2,470	(2,458)	12
Other receivables	Performing	12-month ECL	5,708	(45)	5,663

Note 1 – The Group has applied the simplified approach to measure the loss allowance based on lifetime ECL. The details of the loss allowance for these financial assets are disclosed in Notes 5(b) and Note 19.

NOTES TO THE FINANCIAL STATEMENTS
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37 FINANCIAL INSTRUMENTS (CONTINUED)

Financial risk management objectives and policies (Continued)

(a) Credit risk (Continued)

Credit risk exposure (Continued)

The credit quality of the Group's financial assets, as well as maximum exposure to credit risk by credit risk rating grades is presented as follows: (Continued)

	Internal credit rating	ECL	Gross carrying amount S$'000	Loss allowance S$'000	Net carrying amount S$'000
Company					
2022					
Other receivables	**Under-performing**	**Lifetime ECL (not credit-impaired)**	**8,313**	**(5,056)**	**3,257**
Other receivables	**Performing**	**12-month ECL**	**892**	**–**	**892**
Amount due from subsidiaries	**Performing**	**12-month ECL**	**12,264**	**–**	**12,264**
Amount due from subsidiaries	**Non-performing**	**Lifetime ECL (credit impaired)**	**52,499**	**(32,214)**	**20,285**
2021					
Other receivables	Under-performing	Lifetime ECL (not credit-impaired)	7,932	(5,056)	2,876
Other receivables	Performing	12-month ECL	579	–	579
Amount due from subsidiaries	Performing	12-month ECL	16,162	–	16,162
Amount due from subsidiaries	Non-performing	Lifetime ECL (credit impaired)	46,651	(32,518)	14,133

Note 1 – The Company has applied the simplified approach to measure the loss allowance based on lifetime ECL. The details of the loss allowance for these financial assets are disclosed in Notes 5(b) and Note 19.

Loss allowance of financial guarantees

The Company has issued financial guarantees to banks for borrowings of its subsidiaries and an investee company. These financial guarantees are subject to the impairment requirements under SFRS(I) 9. The Company has assessed that its subsidiaries and the investee company have strong financial capacity to meet the contractual cash flow obligations in the near future and henceforth does not expect significant credit losses arising from these financial guarantees.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

37 FINANCIAL INSTRUMENTS (CONTINUED)

Financial risk management objectives and policies (Continued)

(b) Foreign currency risk

The Group has transactional currency exposure arising from sales or purchases that are denominated in foreign currencies. The foreign currency which these transactions are denominated is mainly the United States Dollar ("USD").

The Group does not hedge foreign currency exposure using derivative financial instruments. The Group manages foreign currency risks by close monitoring of the timing of inception and settlement of the foreign currency transactions.

In relation to its overseas investments in foreign subsidiaries whose net assets are exposed to currency translation risks and which are held for long term investment purposes, the differences arising from such translation are recorded under other comprehensive income and foreign currency translation reserve. These translation differences are reviewed and monitored on a regular basis.

Management considers the Company has no significant exposure to foreign currency risk.

The Group's significant exposure to foreign currency risk in relation to USD based on the information provided to key management at the end of the reporting period is as follows:

	Group	
	2022	**2021**
	S$'000	**S$'000**
Financial assets		
Cash and bank balances	**43,845**	47,113
Trade and other receivables*	**4,667**	3,795
	48,512	50,908
Financial liabilities		
Trade payables and accruals*	**(218)**	(298)
Other payables*	**(77)**	(365)
	(295)	(663)
Net financial assets	**48,217**	50,245
Less: Net financial assets denominated in the respective entities' functional currency	**–**	–
Currency exposure	**48,217**	50,245

* Financial assets exclude advances to sub-contractors and staff, prepayments, prepaid development costs, and GST/VAT recoverable and financial liabilities exclude provision for cost of demolition, foreign workers' tax withheld and GST/VAT payable.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

37 FINANCIAL INSTRUMENTS (CONTINUED)

Financial risk management objectives and policies (Continued)

(b) Foreign currency risk (Continued)

Sensitivity analysis

If the S$ strengthens by 5% against the USD at the reporting date and assuming that all other variables including tax remain constant, the profit/(loss) before tax of the Group will (decrease)/increase by:

	Group	
	2022	**2021**
	S$'000	**S$'000**
Profit/(Loss) before tax	**(2,411)**	2,512

If the S$ weakens by 5% against the USD at the reporting date and assuming that all other variables including tax remain constant, there would be a comparable increase/(decrease) on the profit/(loss) before tax of the Group.

(c) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of the Group's and the Company's financial instruments will fluctuate because of changes in market interest rates.

The Group is exposed to interest rate risk because they obtain credit facilities from banks and financial institutions. The Group's policy is to obtain the most favourable interest rates available. The risk is also managed by maintaining an appropriate mix of fixed and floating rate borrowings. Surplus funds are placed with reputable banks.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

37 FINANCIAL INSTRUMENTS (CONTINUED)

Financial risk management objectives and policies (Continued)

(c) Interest rate risk (Continued)

The Company does not have any significant interest-bearing borrowings or interest-earning assets that may expose the Company to interest rate risk on variable interest rates.

The table below sets out the Group's exposure to interest rate risk. Included in the table are the assets and liabilities at their carrying amounts, categorised by the earlier of contractual repricing or maturity dates.

	Fixed rates		**Variable rates**		**Non-interest bearing**	
	Less than 1 year S$'000	**1 to 5 years S$'000**	**Less than 1 year S$'000**	**1 to 5 years S$'000**	**S$'000**	**Total S$'000**
Group						
2022						
Financial assets						
Cash and bank balances	**42,940**	**–**	**–**	**–**	**17,035**	**59,975**
Trade receivables	**–**	**–**	**–**	**–**	**20,039**	**20,039**
Contract assets	**–**	**–**	**–**	**–**	**8,021**	**8,021**
Other receivables*	**–**	**–**	**–**	**–**	**4,836**	**4,836**
Total financial assets	**42,940**	**–**	**–**	**–**	**49,931**	**92,871**
Financial liabilities						
Trade payables and accruals*	**–**	**–**	**–**	**–**	**6,822**	**6,822**
Other payables*	**–**	**–**	**–**	**–**	**2,039**	**2,039**
Term loans	**7,283**	**2,254**	**–**	**–**	**–**	**9,537**
Lease liabilities	**236**	**3,953**	**–**	**–**	**–**	**4,189**
Other amounts due to bankers	**–**	**–**	**7,628**	**–**	**–**	**7,628**
Total financial liabilities	**7,519**	**6,207**	**7,628**	**–**	**8,861**	**30,215**

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

37 FINANCIAL INSTRUMENTS (CONTINUED)

Financial risk management objectives and policies (Continued)

(c) Interest rate risk (Continued)

	Fixed rates		Variable rates		Non-	
	Less than 1 year S$'000	1 to 5 years S$'000	Less than 1 year S$'000	1 to 5 years S$'000	interest bearing S$'000	Total S$'000
Group						
2021						
Financial assets						
Cash and bank balances	47,632	–	–	–	18,748	66,380
Trade receivables	–	–	–	–	11,995	11,995
Contract assets	–	–	–	–	11,110	11,110
Other receivables*	–	–	–	–	8,551	8,551
Total financial assets	47,632	–	–	–	50,404	98,036
Financial liabilities						
Trade payables and accruals*	–	–	–	–	9,174	9,174
Other payables*	–	–	–	–	2,062	2,062
Term loans	2,380	9,520	1,000	–	–	12,900
Lease liabilities	–	4,458	–	–	–	4,458
Other amounts due to bankers	–	–	6,540	–	–	6,540
Total financial liabilities	2,380	13,978	7,540	–	11,236	35,134

* Financial assets exclude advances to sub-contractors and staff, prepayments, prepaid development costs, and GST/VAT recoverable and financial liabilities exclude provision for cost of demolition, foreign workers' tax withheld and GST/VAT payable.

Sensitivity analysis

If a 100 basis point increase/decrease in the underlying borrowings at variable interest rates at the reporting date and assuming all other variables including tax remain constant, the profit/(loss) before tax of the Group would (decrease)/increase by the following amounts:

	Group	
	2022 S$'000	2021 S$'000
Profit/(Loss) before tax	**(76)**	75

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

37 FINANCIAL INSTRUMENTS (CONTINUED)

Financial risk management objectives and policies (Continued)

(d) Liquidity risk

Liquidity risk is the risk that the Group or the Company will encounter difficulty in meeting the financial obligations due to shortage of funds. The Group's and the Company's exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and liabilities. The Group's and the Company's objective is to maintain a balance between continuity of funding and flexibility through the use of stand-by credit facilities.

The table below summarises the maturity profile of the Group's and the Company's financial liabilities at the end of the reporting period based on contractual undiscounted repayment obligations.

	Carrying amount S$'000	Less than 1 year S$'000	Between 1 and 2 years S$'000	Between 2 and 5 years S$'000	Over 5 years S$'000	Total S$'000
Group						
2022						
Trade and other payables*	**8,861**	**8,861**	**–**	**–**	**–**	**8,861**
Term loans	**9,537**	**7,394**	**1,315**	**986**	**–**	**9,695**
Other amounts due to bankers	**7,628**	**7,628**	**–**	**–**	**–**	**7,628**
Lease liabilities	**4,189**	**497**	**497**	**1,492**	**3,528**	**6,014**
	30,215	**24,380**	**1,812**	**2,478**	**3,528**	**32,198**
2021						
Trade and other payables*	11,236	11,236	–	–	–	11,236
Term loans	12,900	3,753	7,469	2,353	–	13,575
Other amounts due to bankers	6,540	6,540	–	–	–	6,540
Lease liabilities	4,458	533	497	1,492	4,284	6,806
	35,134	22,062	7,966	3,845	4,284	38,157

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

37 FINANCIAL INSTRUMENTS (CONTINUED)

Financial risk management objectives and policies (Continued)

(d) Liquidity risk (Continued)

	Carrying amount S$'000	Less than 1 year S$'000	Between 1 and 2 years S$'000	Between 2 and 5 years S$'000	Over 5 years S$'000	Total S$'000
Company						
2022						
Trade and other payables*	**775**	**775**	**–**	**–**	**–**	**775**
Amount due to subsidiaries	**205**	**205**	**–**	**–**	**–**	**205**
Lease liabilities	**1,343**	**222**	**222**	**667**	**535**	**1,646**
	2,323	**1,202**	**222**	**667**	**535**	**2,626**
2021						
Trade and other payables*	1,042	1,042	–	–	–	1,042
Amount due to subsidiaries	–	–	–	–	–	–
Lease liabilities	1,478	222	222	667	778	1,889
	2,520	1,264	222	667	778	2,931

* Financial liabilities exclude provision for cost of demolition, foreign workers' tax withheld and GST/VAT payable.

The table below shows the maximum amount of the financial guarantees that are allocated to the earliest period in which these financial guarantees could be called.

	Carrying amount S$'000	Less than 1 year S$'000	Between 1 and 2 years S$'000	Between 2 and 5 years S$'000	Over 5 years S$'000	Total S$'000
Company						
2022						
Financial guarantees						
– subsidiaries	**–**	**65,100**	**–**	**–**	**–**	**65,100**
– investee company	**–**	**1,739**	**–**	**–**	**–**	**1,739**
	–	**66,839**	**–**	**–**	**–**	**66,839**
2021						
Financial guarantees						
– subsidiaries	–	70,100	–	–	–	70,100
– investee company	–	1,718	–	–	–	1,718
	–	71,818	–	–	–	71,818

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

37 FINANCIAL INSTRUMENTS (CONTINUED)

Financial risk management objectives and policies (Continued)

(d) Liquidity risk (Continued)

The amount included for financial guarantee contracts is the maximum amount the Company could be forced to settle under the arrangement for the full guaranteed amount if that amount is claimed by the counterparties to the guarantees based on the earliest date on which the Company may be required to pay. Based on management's expectation at the reporting date, the Company consider that it is unlikely that such an amount will be payable under the arrangement.

Capital risk management

The primary objective of the Group's capital management is to ensure it maintains healthy capital ratios in order to continue as going concern while maximising the return to stakeholders through the optimisation of the debt and equity balance. The Group's overall strategy remains unchanged from 2021.

The Group is not subject to any significant externally imposed capital requirements.

Management reviews the capital structure of the Group and makes adjustment to it, in light of changes in economic conditions. Management considers the cost of capital and the risks associated with each class of capital. The Group monitors capital using the net debt-to-equity ratio. The Group's debt includes all liabilities (excluding provision for income tax and deferred tax liabilities) less cash and bank balances. Equity includes all capital and reserves of the Group that are managed as capital.

	Group	
	2022	**2021**
	S$'000	**S$'000**
Net debt	**(26,593)**	(30,417)
Equity	**131,439**	138,293
Net debt-to-equity ratio	**N.M.**	N.M.

N.M. – Not meaningful as the Group's cash and cash equivalents exceeded its total liabilities as at 31 December 2022 and 31 December 2021.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

38 FAIR VALUE MEASUREMENT

(a) Fair value of financial assets and liabilities that are measured at fair value on a recurring basis

Fair Value Hierarchy

The Group categories fair value measurement using a fair value hierarchy that is dependent on the valuation inputs used 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; and
- Level 3: Unobservable inputs for the asset or liability.

The following table gives information about how the fair values of these financial assets are determined:

	Level 1 S$'000	Level 2 S$'000	Level 3 S$'000	Total S$'000
Group				
2022				
Leasehold buildings (Note 10)	**–**	**–**	**39,200**	**39,200**
Other financial assets (Note 15)	**–**	**–**	**14,093**	**14,093**
2021				
Leasehold buildings (Note 10)	–	–	39,200	39,200
Other financial assets (Note 15)	–	–	13,947	13,947
Company				
2022				
Other financial assets (Note 15)	**–**	**–**	**14,043**	**14,043**
2021				
Other financial assets (Note 15)	–	–	13,892	13,892

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

38 FAIR VALUE MEASUREMENT (CONTINUED)

(a) Fair value of financial assets and liabilities that are measured at fair value on a recurring basis (Continued)

Level 3 fair value measurements

Financial assets	Valuation technique	Significant unobservable input	Relationship of unobservable input to fair value
Leasehold buildings[(1)]	Direct comparison method	Selling price per square meter	The lower the selling price per square meter of the compared properties, the lower the valuation.
Other financial assets – unquoted equity investments[(2)]	Directors' valuation	Adjusted net asset value or recent transaction prices between knowledgeable, willing parties	The lower the net asset value or transaction prices, the lower the valuation

(1) If the above unobservable input was 5% higher/lower while all the other variables were held constant, the fair value of the above leasehold buildings would increase/decrease by S$1,960,000 (2021: S$1,960,000).

(2) If the above unobservable input was 5% higher/lower while all the other variables were held constant, the fair value of the above other financial assets would increase/decrease by S$705,000 (2021: S$697,000).

There were no transfers between level 1, 2 and 3 during the financial years ended 31 December 2022 and 2021.

Valuation Policies and Procedures

The Group has an established control framework with respect to the measurement of fair values. This framework includes the finance team that reports directly to the Chief Financial Officer, and has overall responsibility for all significant fair value measurements, including Level 3 fair values.

The finance team regularly reviews significant unobservable inputs and valuation adjustments. If third party information is used as a reference to measure fair value, then the finance team assesses and documents the evidence obtained from the third parties to support the conclusion that such valuations meet the requirements of SFRS(I), including the level in the fair value hierarchy the resulting fair value estimate should be classified.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

38 FAIR VALUE MEASUREMENT (CONTINUED)

(a) Fair value of financial assets and liabilities that are measured at fair value on a recurring basis (Continued)

Valuation Policies and Procedures (Continued)

For all significant financial reporting valuations using valuation models with significant unobservable inputs, the Group will engage external valuation experts who possess the relevant credentials and knowledge on the subject of valuation, valuation methodologies and SFRS(I) 13 *Fair Value Measurement* guidance to perform the valuation. For valuations performed by external valuation experts, the appropriateness of the valuation methodologies and assumptions adopted are reviewed by the finance team along with the appropriateness and reliability of the inputs.

Significant valuation issues are reported to the Audit Committee.

(b) Fair value of financial assets and liabilities that are not measured at fair value on a recurring basis

The carrying amounts of the Group's long-term term loans and lease liabilities approximate their carrying amounts based on discounted cash flow analysis at market incremental lending rates for similar types of lending or leasing arrangements at the end of the reporting period, with the most significant inputs being the discount rate that reflects the credit risk of counterparties.

The carrying amounts of the Group's and the Company's current financial assets and current financial liabilities approximate their fair values due to their short-term maturity.

39 AUTHORISATION OF FINANCIAL STATEMENTS FOR ISSUE

The financial statements for the financial year ended 31 December 2022 were authorised for issue in accordance with a resolution of the Board of Directors of the Company on 11 April 2023.

STATISTICS OF SHAREHOLDINGS

AS AT 15 MARCH 2023

[Rule 1207 (9)]

Number of Issued Shares (excluding Treasury Shares)	:	610,403,412
Number/Percentage of Treasury Shares against total number of Issued Shares (excluding Treasury Shares)	:	67,706,500 (11.09%)
Class of Shares	:	Ordinary Shares
Voting Rights	:	1 vote per share

As at 15 March 2023, the Company did not hold any subsidiary holdings.

DISTRIBUTION OF SHAREHOLDINGS

SIZE OF SHAREHOLDINGS	NO. OF SHAREHOLDERS	%	NO. OF SHARES	%
1 – 99	380	16.90	4,268	0.00
100 – 1,000	134	5.96	89,151	0.01
1,001 – 10,000	607	27.00	4,440,769	0.73
10,001 – 1,000,000	1,092	48.58	83,289,022	13.65
1,000,001 AND ABOVE	35	1.56	522,580,202	85.61
TOTAL	**2,248**	**100.00**	**610,403,412**	**100.00**

TWENTY LARGEST SHAREHOLDERS

NO.	NAME	NO. OF SHARES	%
1	CGS-CIMB SECURITIES (SINGAPORE) PTE. LTD.	222,096,167	36.39
2	CITIBANK NOMINEES SINGAPORE PTE LTD	50,590,775	8.29
3	SBS NOMINEES PRIVATE LIMITED	43,042,526	7.05
4	OCBC SECURITIES PRIVATE LIMITED	42,723,000	7.00
5	NG HAN KOK	28,067,700	4.60
6	STONE ROBERT ALEXANDER	17,962,300	2.94
7	KHOO THOMAS CLIVE	16,489,100	2.70
8	ONG ENG LOKE	11,740,000	1.92
9	MAYBANK SECURITIES PTE. LTD.	10,559,041	1.73
10	ESTATE OF ELIZABETH OOI HEAN GIN, DECEASED	8,700,000	1.43
11	HSBC (SINGAPORE) NOMINEES PTE LTD	8,006,300	1.31
12	LEE OON GIM	7,398,000	1.21
13	DBS NOMINEES (PRIVATE) LIMITED	7,239,120	1.19
14	CHIA BOON HOE LAWRENCE	4,328,600	0.71
15	NG HUNG KOON	4,059,600	0.67
16	KHOO SIN HOCK VICTOR	3,727,700	0.61
17	SEOW CHUAN BIN	3,382,800	0.55
18	TANG SEE CHANG @ TAN SAY CHAN	3,200,000	0.52
19	SIAH SIEW GEOK	2,943,600	0.48
20	PHILLIP SECURITIES PTE LTD	2,916,467	0.48
	TOTAL	**499,172,796**	**81.78**

STATISTICS OF SHAREHOLDINGS

AS AT 15 MARCH 2023

[Rule 1207 (9)]

SUBSTANTIAL SHAREHOLDERS

(As recorded in the Register of Substantial Shareholders as at 15 March 2023)

	Direct Interest	%	Deemed Interest	%
Teng Choon Kiat	–	–	160,967,600[(1)]	26.37
Ng Han Kok	28,067,700	4.60	92,646,953[(2)]	15.18
Stone Robert Alexander	17,962,300	2.94	26,537,700[(3)]	4.35

Notes:

(1) Teng Choon Kiat is deemed to be interested in 160,967,600 shares registered under CGS-CIMB Securities (Singapore) Pte. Ltd.

(2) Ng Han Kok is deemed to be interested in (i) 250,000 shares held by his spouse; (ii) 38,042,526 shares registered under SBS Nominees Private Limited; (iii) 46,259,527 shares registered under CGS-CIMB Securities (Singapore) Pte. Ltd.; and (iv) 5,000,000 shares registered under Singapura Finance Ltd and (v) 3,094,900 shares registered under Maybank Securities Pte. Ltd. (formerly known as Maybank Kim Eng Securities Pte. Ltd.).

(3) Held through OCBC Securities Private Limited.

Note: The above percentage is calculated based on the Company's number of issued shares (excluding 67,706,500 treasury shares) of 610,403,412.

PERCENTAGE OF SHAREHOLDINGS IN HANDS OF THE PUBLIC

Approximately 46.56% of the Company's shares (excluding treasury shares) are held in the hands of the public. Accordingly, the Company has complied with Rule 723 of the Listing Manual of the SGX-ST.

ADDITIONAL INFORMATION FOR DIRECTORS SEEKING FOR RE-ELECTION

Additional Information required pursuant to Rule 720(6) of the Listing Manual of the SGX-ST on Directors seeking for re-election

	Teng Choon Kiat	Oong Wei Yuan, Ron	Oh Eng Bin, Kenneth
Date of Appointment	14 February 2018	30 September 2022	14 January 2014
Date of last re-appointment (if applicable)	26 June 2020	NA	26 June 2020
Age	57	34	49
Country of principal residence	Singapore	Singapore	Singapore
The Board's comments on this re-appointment	Mr Teng Choon Kiat has in-depth knowledge of the Group business and operations and his leadership would continue to enhance the Board's deliberation. The Board considered the Nominating Committee's recommendation and assessment on Mr Teng's background, expertise and experience in the discharge of his duties as the Executive Chairman of the Group and is satisfied that he will continue to provide the Board with insights into the business.	The Board considered the Nominating Committee's recommendation and assessment of Mr Oong Wei Yuan, Ron's credentials and experience, and is satisfied that he will contribute meaningfully to the Board.	Mr Oh Eng Bin, Kenneth brings with him more than 20 years of experience in legal sector. The Board considered the NC's recommendation and assessment of Mr Oh Eng Bin, Kenneth's qualification and vast experience in the legal sector and is satisfied that he will continue to contribute relevant knowledge, skills and experience to the Board.
Whether appointment is executive, and if so, the area of responsibility	Executive, provides leadership and support to the Company and manage the development of the Board.	Non-Executive	Non-Executive
Job Title (e.g. Lead ID, AC Chairman, AC Member etc.)	Executive Chairman	Independent Director/ Member of the Audit, Nominating and Remuneration Committees	Independent Director/ Chairman of the Remuneration Committee/ Member of the Audit and Remuneration Committees
Professional qualifications	Please refer to the section of the Company's Annual Report titled "Board of Directors" for further details.		
Working experience and occupation(s) during the past 10 years			

ADDITIONAL INFORMATION FOR DIRECTORS SEEKING FOR RE-ELECTION

	Teng Choon Kiat	Oong Wei Yuan, Ron	Oh Eng Bin, Kenneth
Shareholding interest in the listed issuer and its subsidiaries	160,967,600 ordinary shares in the Company (Deemed interest)	Nil	Nil
Any relationship (including immediate family relationships) with any existing director, existing executive officer, the issuer and/or substantial shareholder of the listed issuer or of any of its principal subsidiaries	Nil	Nil	Nil
Conflict of interest (including any competing business)	Nil	Nil	Nil
Undertaking (in the format set out in Appendix 7.7) under Rule 720(1) has been submitted to the listed issuer – Yes/No	Yes	Yes	Yes
Other Principal Commitments Including Directorships Past (for the last 5 years) Present	Please refer to the section of the Company's Annual Report titled "Board of Directors" for further details.		
Responses to questions (a) to (k) under Appendix 7.4.1 of the SGX Listing Manual	Negative confirmation for Mr Teng Choon Kiat	Negative confirmation for Mr Oong Wei Yuan, Ron	Negative confirmation for Mr Oh Eng Bin, Kenneth

NOTICE OF ANNUAL GENERAL MEETING

This Notice has been made available on SGXNet, and the Company's website dated 11 April 2023. A printed copy of this Notice will NOT be despatched to members.

NOTICE IS HEREBY GIVEN that the Annual General Meeting ("**AGM**" or the "**Meeting**") of SHS Holdings Ltd. (the "**Company**") will be convened and held by way of electronic means on Thursday, 27 April 2023 at 2.00 p.m. (Singapore time, via "live" audio-visual webcast or "live" audio-only feed) for the following purposes:

AS ORDINARY BUSINESS

1. To receive and adopt the Directors' Statement and the Audited Financial Statements of the Company for the year ended 31 December 2022 together with the Independent Auditors' Report thereon.

   (Resolution 1)

2. To declare a final dividend of 0.35 Singapore cents (S$0.0035) (one-tier, tax-exempt) per ordinary share for the financial year ended 31 December 2022 (2021: Nil).

   (Resolution 2)

3. To re-elect the following Directors retiring pursuant to Articles 90 and 96 of the Constitution of the Company:

Mr Teng Choon Kiat	[Retiring under Article 90]	**(Resolution 3)**
Mr Oh Eng Bin, Kenneth	[Retiring under Article 90]	**(Resolution 4)**
Mr Oong Wei Yuan, Ron	[Retiring under Article 96]	**(Resolution 5)**

   [See Explanatory Note (i)]

4. To approve the payment of Directors' fees of up to S$209,800 for the financial year ending 31 December 2023, to be paid quarterly in arrears. (2022: S$229,200)

   (Resolution 6)

5. To re-appoint Moore Stephens LLP as the Auditors of the Company and to authorise the Directors of the Company to fix their remuneration.

   (Resolution 7)

6. To transact any other ordinary business which may properly be transacted at an AGM.

NOTICE OF ANNUAL GENERAL MEETING

AS SPECIAL BUSINESS

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

7. **Authority to issue shares**

That pursuant to Section 161 of the Companies Act 1967 of Singapore ("**Companies Act**") and Rule 806 of the Listing Manual of the Singapore Exchange Securities Trading Limited ("**SGX-S**T"), the Directors of the Company be authorised and empowered to:

(a) (i) issue shares in the Company ("**shares**") whether by way of rights, bonus or otherwise; and/or

(ii) make or grant offers, agreements or options (collectively, "**Instruments**") that might or would require shares to be issued, including but not limited to the creation and issue of (as well as adjustments to) options, warrants, debentures or other instruments convertible into shares,

at any time and upon such terms and conditions and for such purposes and to such persons as the Directors of the Company may in their absolute discretion deem fit; and

(b) (notwithstanding the authority conferred by this Resolution may have ceased to be in force) issue shares in pursuance of any Instruments made or granted by the Directors of the Company while this Resolution was in force,

provided that:

(1) the aggregate number of shares (including shares to be issued in pursuance of the Instruments, made or granted pursuant to this Resolution) to be issued pursuant to this Resolution shall not exceed fifty per centum (50%) of the total number of issued shares (excluding treasury shares and subsidiary holdings) in the capital of the Company (as calculated in accordance with sub-paragraph (2) below), of which the aggregate number of shares to be issued other than on a pro-rata basis to shareholders of the Company shall not exceed twenty per centum (20%) of the total number of issued shares (excluding treasury shares and subsidiary holdings) in the capital of the Company (as calculated in accordance with sub-paragraph (2) below);

(2) (subject to such calculation as may be prescribed by the Singapore Exchange Securities Trading Limited) for the purpose of determining the aggregate number of shares that may be issued under sub-paragraph (1) above, the total number of issued shares (excluding treasury shares and subsidiary holdings) shall be based on the total number of issued shares (excluding treasury shares and subsidiary holdings) in the capital of the Company at the time of the passing of this Resolution, after adjusting for:

(a) new shares arising from the conversion or exercise of any convertible securities;

(b) new shares arising from exercising share options or vesting of share awards, provided the options or awards were granted in compliance with the Listing Manual of the SGX-ST; and

(c) any subsequent bonus issue, consolidation or subdivision of shares;

provided such adjustments in sub-paragraphs (2)(a) and (b) above are made in respect of new shares arising from convertible securities, share options or share awards which were issued and outstanding or subsisting at the time of the passing of this Resolution;

NOTICE OF
ANNUAL GENERAL MEETING

(3) in exercising the authority conferred by this Resolution, the Company shall comply with the provisions of the Listing Manual of the SGX-ST for the time being in force (unless such compliance has been waived by the SGX-ST) and the Constitution of the Company; and

(4) unless revoked or varied by the Company in a general meeting, such authority shall continue in force until the conclusion of the next AGM of the Company or the date by which the next AGM of the Company is required by law to be held, whichever is earlier.

[See Explanatory Note (ii)] (**Resolution 8**)

By Order of the Board

Eunice Hooi
Company Secretary

Singapore, 11 April 2023

Explanatory Notes:

(i) Resolution 3, 4 and 5 – Detailed information about the Directors of the Company can be found in the "Board of Directors" section of the Company's Annual Report, including their current directorships in other listed companies and other principal commitments held. Please also refer to the section titled "Additional Information on Directors Seeking Election/Re-Election" appended to this Notice of Annual General Meeting for additional information on the retiring Directors.

Mr Teng Choon Kiat will, upon re-election as a Director of the Company, remains as Executive Chairman and considered non-independent.

Mr Oh Eng Bin, Kenneth will, upon re-election as a Director of the Company, remains as Chairman of the Remuneration Committee and a member of the Audit and Nominating Committees, and will be considered independent until the conclusion of the Annual General Meeting to be held in FY2024.

Mr Oong Wei Yuan, Ron will, upon re-election as a Director of the Company, remains as member of the Audit, Nominating and Remuneration Committees, and will be considered independent.

(ii) Resolution 8, if passed, will empower the Directors of the Company, effective until the conclusion of the next AGM of the Company, or the date by which the next AGM of the Company is required by law to be held or such authority is varied or revoked by the Company in a general meeting, whichever is the earlier, to issue shares, make or grant Instruments convertible into shares and to issue shares pursuant to such Instruments, up to a number not exceeding, in total, 50% of the total number of issued shares (excluding treasury shares and subsidiary holdings) in the capital of the Company, of which up to 20% may be issued other than on a pro-rata basis to shareholders.

For determining the aggregate number of shares that may be issued, the total number of issued shares (excluding treasury shares and subsidiary holdings) will be calculated based on the total number of issued shares (excluding treasury shares and subsidiary holdings) in the capital of the Company at the time this Ordinary Resolution is passed after adjusting for new shares arising from (a) the conversion or exercise of any convertible securities; (b) share options or vesting of share awards, provided the options and awards were granted in compliance with the Listing Manual of the SGX-ST; and (c) any subsequent bonus issue, consolidation or subdivision of shares, provided such adjustments in sub-paragraphs (a) and (b) above are made in respect of new shares arising from convertible securities, share options or share awards which were issued and outstanding or subsisting at the time of the passing of this Ordinary Resolution.

NOTICE OF
ANNUAL GENERAL MEETING

Important Notes:

1. The AGM is being convened and will be held wholly by electronic means pursuant to the COVID-19 (Temporary Measures) (Alternative Arrangements for Meetings for Companies, Variable Capital Companies, Business Trusts, Unit Trusts and Debenture Holders) Order 2020 (as amended) on Thursday, 27 April 2023 at 2.00 p.m. (Singapore Time). Any reference to a time of day is made by reference to Singapore time. Printed copies of this Notice will not be sent to Members. Instead, this Notice will be sent to Members by electronic means via publication on the Company's website at the URL: http://shsholdings.listedcompany.com. This Notice will also be made available on the SGX website at the URL: https://www.sgx.com/securities/company-announcements.

2. Alternative arrangements relating to:

   (a) attendance at the AGM via electronic means, including arrangements by which the meeting can be electronically accessed via "live" audio-visual webcast or "live" audio-only stream;
   (b) submission of questions to the Chairman of the AGM in advance of, or "live" at, the AGM, and addressing of substantial and relevant questions in advance of, or "live" at, the AGM; and
   (c) voting at the AGM (i) "live" by the member or his/her/its duly appointed proxy(ies) or corporate representative(s) (other than the Chairman of the AGM) via electronic means; or (ii) by appointing the Chairman of the AGM as proxy to vote on the member's behalf at the AGM;

   are set out in the accompanying announcement by the Company dated 11 April 2023. This announcement may be accessed at the Company's website at the URL: http://shsholdings.listedcompany.com and will also be made available on the SGX website at the URL: https://www.sgx.com/securities/company-announcements.

3. A member will be able to participate at the AGM by watching the AGM proceedings via a "live" audio-visual webcast via mobile phones, tablets or computers or listening to the proceedings through a "live" audio-only feed via telephone. In order to do so, a member must pre-register by **2.00 p.m. on 25 April 2023** ("**Pre-Registration Deadline**"), at the URL: https://go.lumiengage.com/SHS-AGM2023 for the Company to authenticate his/her/its status as members. Authenticated members will receive email instructions on how to access the "live" audio-visual webcast and "live" audio-only feed of the proceedings of the AGM ("**Confirmation Email**") by **2.00 p.m. on 26 April 2023**.

   Members who do not receive the Confirmation Email by 2.00 p.m. on 26 April 2023, but have registered by Pre-Registration Deadline, should contact the Company's share registrar at +65 6536 5355 during office hours.

4. A member, who is not a relevant intermediary, of the Company entitled to attend and vote at a meeting of the Company is entitled to appoint one or two proxies to attend and vote in his/her stead. A proxy need not be a member of the Company.

   Where a member appoints two proxies, he/she shall specify the proportion of his/her shareholding (expressed as a percentage of the whole) to be represented by each proxy. If no such proportion is specified, the first named proxy shall be treated as representing 100% of the shareholding and any second named proxy as an alternate to the first named proxy.

5. A member who is a relevant intermediary, is entitled to appoint more than two proxies to attend and vote at the AGM, but each proxy must be appointed to exercise the rights attached to a different share or shares held by such member.

   "Relevant intermediary" has the meaning ascribed to it in Section 181 of the Companies Act 1967.

   SRS or CPF investors:
   a) may vote "live" via electronic means at the AGM if they are appointed as proxies by their SRS Operators or CPF Agent Bank; or
   b) may appoint the Chairman of the AGM as proxy to vote on their behalf at the AGM; and
   c) should approach their SRS operators or CPF Agent Bank if they have any queries regarding their appointment as proxies or to submit their votes by 5.00 p.m. on 17 April 2023, being 7 clear working days before the date of the AGM.

6. A member can appoint the Chairman of the AGM as his/her/its proxy but this is not mandatory. If a member wishes to appoint the Chairman of the AGM as proxy, such member (whether individual or corporate) must give specific instructions as to voting for, voting against, or abstentions from voting on, each resolution in the instrument appointing the Chairman of the Meeting as proxy. In the absence of specific direction as to voting or abstentions from voting in respect of a resolution in the form of proxy, the Chairman of the Meeting will vote or abstain from voting at his/her discretion.

NOTICE OF ANNUAL GENERAL MEETING

7. The instrument appointing a proxy(ies) must be submitted to the Company in the following manner:

   (a) if in hard copy and by post, be lodged at the registered office of the Company at 19 Tuas Avenue 20, Singapore 638830; or
   (b) if by email, be received at proxyform@shsholdings.com.sg,

   in either case, no later than **2.00 p.m. on 25 April 2023**.

8. The Chairman of the Meeting, as a proxy, need not be a member of the Company.

9. Members may submit questions related to the resolutions to be tabled for approval at the AGM in advance of the AGM in the following manner by **5.00 p.m. on 18 April 2023**:

   (a) via the pre-registration website at the URL: https://go.lumiengage.com/SHS-AGM2023;
   (b) in hard copy by post to the registered office of the Company at 19 Tuas Avenue 20, Singapore 638830; or
   (c) by email to the Company at agm@shsholdings.com.sg.

   The Company will endeavour to address all substantial and relevant questions submitted prior to the AGM by publishing the responses to such questions on the Company's corporate website and on SGXNet on 21 April 2023.

10. Members or, where applicable, their appointed proxy(ies) who have (or have been) pre-registered must access the AGM proceedings via the "live" audio-visual webcast in order to vote live at the AGM and will not be able to do so via the audio-only stream of the AGM proceedings.

    A member who wishes to exercise his/her/its voting rights at the AGM may:

    (a) vote live at the AGM;
    (b) appoint the Chairman of the AGM as proxy to vote on their behalf at the AGM; or
    (c) appoint a proxy(ies) to vote at on their behalf at the AGM.

11. The Annual Report for the financial year ended 31 December 2022 ("**FY2022 Annual Report**") is made available on 11 April 2023 can be accessed via SGXNet and the Company's website at the URL http://shsholdings.listedcompany.com.

12. The Proxy Form in relation to the AGM is also made available to members on 11 April 2023 together with this Notice of AGM via SGXNet and the Company's website at the URL http://shsholdings.listedcompany.com.

Personal data privacy:

By submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the Meeting and/or any adjournment thereof, a member of the Company (i) consents to the collection, use and disclosure of the member's personal data by the Company (or its agents) for the purpose of the processing and administration by the Company (or its agents) of proxies and representatives appointed for the Meeting (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the Meeting (including any adjournment thereof), and in order for the Company (or its agents) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the "Purposes"), (ii) warrants that where the member discloses the personal data of the member's proxy(ies) and/or representative(s) to the Company (or its agents), the member has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Company (or its agents) of the personal data of such proxy(ies) and/or representative(s) for the Purposes, and (iii) agrees that the member will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the member's breach of warranty.

SHS HOLDINGS LTD.
Company Registration No. 197502208Z
(Incorporated in the Republic of Singapore)

PROXY FORM

(Please see notes overleaf before completing this Form)

This form of proxy has been made available on SGXNet and the Company's website at URL http://shsholdings.listedcompany.com. A printed copy of this proxy form will NOT be despatched to members.

IMPORTANT:

1. The Annual General Meeting ("**AGM**") is being convened, and will be held, by electronic means pursuant to the COVID-19 (Temporary Measures) (Alternative Arrangements for Meetings for Companies, Variable Capital Companies, Business Trusts, Unit Trusts and Debenture Holders) Order 2020.
2. Alternative arrangements relating to attendance at the AGM via electronic means (including arrangements by which the meeting can be electronically accessed via "live" audio-visual webcast or "live" audio only stream), submission of questions to the Chairman of the AGM in advance of, or live at, the AGM, addressing of substantial and relevant questions in advance of, or live at, the AGM and at the AGM (i) live by the member or his/her/its duly appointed proxy(ies) or corporate representative(s) (other than the Chairman of the AGM) via electronic means; or (ii) by appointing the Chairman of the AGM as proxy to vote on the members' behalf at the AGM, are set out in the accompanying announcement dated 11 April 2023. This announcement may be accessed at the Company's website at the URL http://shsholdings.listedcompany.com, and will also be made available on the SGX website at the URL https://www.sgx.com/securities/company-announcements.
3. This Proxy Form is for use by Shareholders who wish to appoint a proxy(ies) for the AGM. **Please read the notes overleaf which contain instructions on, inter alia, the appointment of proxy(ies)**.
4. This Proxy Form is not valid for use and shall be ineffective for all intents and purposes if used or purported to be used by investors holding shares through a relevant intermediary and CPF and SRS investors who hold shares through CPF Agent Banks or SRS Operators. Members holding shares through relevant intermediaries who wish to participate in the AGM should contact their respective relevant intermediary (as defined herein) as soon as possible in order for the necessary arrangements to be made for their participation at the AGM. CPF and SRS investors may (a) vote at the AGM if they are appointed as proxy by their respective CPF Agent Banks or SRS Operators, and should contact their respective CPF Agent Bank or SRS Operator as soon as practicable if they have any queries regarding their appointment as proxies; or (b) appoint the Chairman of the AGM as proxy and in this respect, they should specify their voting instructions to their respective CPF Agent Bank or SRS Operator and approach their respective CPF Agent Bank or SRS Operator by **5:00 p.m. (Singapore Time) on 17 April 2023**, being at least seven (7) working days before the date of the AGM, to ensure their votes are submitted.

I/We, ____ (Name)

________________________________ (NRIC/Passport No./Company Registration No.)

of ____ (Address)

being a member/members of SHS HOLDINGS LTD. (the "**Company**") hereby appoint:

Name	**NRIC/Passport No.**	**Proportion of Shareholdings**	
		No. of Shares	**%**
Address	**Email Address**		

and/or (delete as appropriate)

Name	**NRIC/Passport No.**	**Proportion of Shareholdings**	
		No. of Shares	**%**
Address	**Email Address**		

or failing the person, or either or both of the persons, referred to above, the Chairman of the Meeting as my/our proxy/proxies to vote for me/us on my/our behalf at the Annual General Meeting (the "Meeting") of the Company to be held by way of electronic means on **Thursday, 27 April 2023 at 2.00 p.m**. and at any adjournment thereof. I/We direct my/our proxy/proxies to vote for or against the Resolutions proposed at the Meeting as indicated hereunder. If no specific direction as to voting is given or in the event of any other matter arising at the Meeting and at any adjournment thereof, the proxy/proxies will vote or abstain from voting at his/her discretion.

(Voting will be conducted by poll. If you wish to exercise all your votes "For" or "Against" a Resolution, please indicate with a "✓" in the space provided under "For" or "Against". If you wish to abstain from voting on a Resolution, please indicate with a "✓" in the space provided under "Abstain". Alternatively, please indicate the number of votes that your proxy is directed to vote "For" or "Against" or to abstain from voting.

No.	**Resolutions relating to:**	**For**	**Against**	**Abstain**
1	Directors' Statement and Audited Financial Statements for the year ended 31 December 2022			
2	Payment of proposed final dividend			
3	Re-election of Mr Teng Choon Kiat as Director			
4	Re-election of Mr Oh Eng Bin, Kenneth as Director			
5	Re-election of Mr Oong Wei Yuan, Ron as Director			
6	Approval of Directors' fees of up to S$209,800 for the financial year ending 31 December 2023			
7	Re-appointment of Moore Stephens LLP as Auditors			
8	Authority to issue shares			

Dated this __________ day of ______________________ 2023

Total number of Shares in:	**No. of Shares**
(a) CDP Register	
(b) Register of Members	

____

Signature of Shareholder(s)
or, Common Seal of Corporate Shareholder

Notes:

1. Please insert the total number of Shares held by you. If you have Shares entered against your name in the Depository Register (as defined in Section 81SF of the Securities and Futures Act 2001), you should insert that number of Shares. If you have Shares registered in your name in the Register of Members, you should insert that number of Shares. If you have Shares entered against your name in the Depository Register and Shares registered in your name in the Register of Members, you should insert the aggregate number of Shares entered against your name in the Depository Register and registered in your name in the Register of Members. If no number is inserted, the instrument appointing a proxy or proxies shall be deemed to relate to all the Shares held by you.

2. A member of the Company entitled to attend and vote at a meeting of the Company is entitled to appoint not more than two proxies to attend and vote in his/her stead. A proxy need not be a member of the Company.

3. Where a member appoints two proxies, he/she shall specify the proportion of his/her shareholding (expressed as a percentage of the whole) to be represented by each proxy. If no such proportion is specified, the first named proxy shall be treated as representing 100% of the shareholding and any second named proxy as an alternate to the first named proxy.

4. A member who is a relevant intermediary entitled to attend the meeting and vote is entitled to appoint more than two proxies to attend and vote instead of the member, but each proxy must be appointed to exercise the rights attached to a different Share or Shares held by such member. Where such member appoints more than two proxies, the appointments shall be invalid unless the member specifies the number of Shares in relation to which each proxy has been appointed.

   "Relevant intermediary" means:

   (a) a banking corporation licensed under the Banking Act 1970 or a wholly-owned subsidiary of such a banking corporation, whose business includes the provision of nominee services and who holds shares in that capacity;

   (b) a person holding a capital markets services licence to provide custodial services for securities under the Securities and Futures Act 2001 and who holds shares in that capacity; or

   (c) the Central Provident Fund Board established by the Central Provident Fund Act 1953, in respect of shares purchased under the subsidiary legislation made under that Act providing for the making of investments from the contributions and interest standing to the credit of members of the Central Provident Fund, if the Board holds those shares in the capacity of an intermediary pursuant to or in accordance with that subsidiary legislation.

5. Completion and return of this instrument appointing a proxy shall not preclude a member from attending and voting at the Meeting. Any appointment of a proxy or proxies shall be deemed to be revoked if a member attends the meeting in person, and in such event, the Company reserves the right to refuse to admit any person or persons appointed under the instrument of proxy to the Meeting.

6. This Proxy Form may be accessed at the Company's website at the URL http://shsholdings.listedcompany.com and will also be made available on the SGX website at the URL https://www.sgx.com/securities/company-announcements.

7. A proxy need not be a member. The Chairman of the AGM, as proxy, need not be a member.

8. A member who wishes to submit a Proxy Form must do so in the following manner:

   (a) if in hard copy and by post, be lodged at the registered office of the Company at 19 Tuas Avenue 20, Singapore 638830; or

   (b) if by email, be received at proxyform@shsholdings.com.sg,

   in either case, no later than **2.00 p.m. on 25 April 2023**.

   A Member who wishes to submit the Proxy Form must first download, complete and sign the Proxy Form, before submitting it by post to the address provided above, or before scanning and sending it by email to the email address provided above.

   Members are strongly encouraged to submit completed Proxy Forms electronically via email.

9. The instrument appointing a proxy or proxies must be under the hand of the appointor or of his attorney duly authorised in writing. Where the instrument appointing a proxy or proxies is executed by a corporation, it must be executed either under its seal or under the hand of an officer or attorney duly authorised. Where the instrument appointing a proxy or proxies is executed by an attorney on behalf of the appointor, the letter or power of attorney or a duly certified copy thereof must be lodged with the instrument.

10. A corporation which is a member may authorise by resolution of its directors or other governing body such person as it thinks fit to act as its representative at the Meeting, in accordance with Section 179 of the Companies Act 1967.

General:

The Company shall be entitled to reject the instrument appointing a proxy or proxies if it is incomplete, improperly completed or illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified in the instrument appointing a proxy or proxies. In addition, in the case of Shares entered in the Depository Register, the Company may reject any instrument appointing a proxy or proxies lodged if the member, being the appointor, is not shown to have Shares entered against his name in the Depository Register as at 72 hours before the time appointed for holding the Meeting, as certified by The Central Depository (Pte) Limited to the Company.

PERSONAL DATA PRIVACY:

By submitting an instrument appointing a proxy(ies) and/or representative(s), the member accepts and agrees to the personal data privacy terms set out in the Notice of Annual General Meeting dated 11 April 2023.

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SHS HOLDINGS LTD.

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