BOLDTEK
寶特 HOLDINGS

ANNUAL REPORT 2022

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CORPORATE PROFILE

Listed on the Singapore Exchange Securities Trading Limited ("**SGX-ST**") Catalist on 18 January 2013, Boldtek Holdings Limited (the "**Company**" and together with its subsidiaries, the "**Group**") has business interests in general building, precast manufacturing, properties development and investment in Singapore and Malaysia.

GENERAL BUILDING

Logistics Construction Pte. Ltd., Boldtek Projects Pte. Ltd. (F.K.A Apex Projects Pte. Ltd.) and MSC Engineering Pte. Ltd., are principally engaged in providing building construction services and interior decoration/fitting out services in Singapore. We have a track record of more than 25 years in the construction business in Singapore, having undertaken numerous public and private projects as a main contractor.

PRECAST MANUFACTURING

CCL Precast Pte. Ltd. and CCL Precast (M) Sdn. Bhd., operate a precast manufacturing plant in Malaysia. The products from the precast plant will serve the Group's public and private residential, industrial or commercial projects in Singapore and also external customers in Singapore and Malaysia.

PROPERTIES DEVELOPMENT AND INVESTMENT

Le Premier Development Sdn. Bhd. ("Le Premier Malaysia") is engaged in property development and investment. Le Premier Malaysia industrial properties development and investment comprise of 20 units of freehold 3 storey terraced service industries for sale and a parcel of freehold industrial land to generate rental income and/or for capital appreciation. These properties are located in Senai industrial Park, Johor, Malaysia.

The Company has a 40% effective interest in NNB8 Development Pte. Ltd. ("NNB 8") through its joint venture company, NNB Global Development Pte. Ltd.. NNB 8 is engaged in property development and had, on 8 April 2021 completed the acquisition of a property located at 8 Lorong 25A Geylang, Singapore 388222. This property is currently being redeveloped into a 34-unit freehold residential property.

NNB8 is held by the Company through NNB Global Development Pte Ltd, a 50% joint venture company with Neo Group Limited.

SOIL INVESTIGATION AND TREATMENT

New Soil Technologies Pte. Ltd. ("New Soil") is 60% owned by the Group and together with our partners, New Soil undertakes soil investigation and treatment activities.

VISION

To be an admired well-diversified business group delivering superior building, design and maintenance solutions for our customers and community

MISSION

Customers
We will leverage our construction core expertise by diversifying into supporting segments of sustained new growth

Investors
We will deliver sustained risk-adjusted investor returns through our portfolio of core and supportive business activities

Team
We believe in nurturing future leaders to drive business continuity and high performance

VALUES

- Honourable
- Committed to Deliver
- United We Stand
- Persevering Forward

MESSAGE TO SHAREHOLDERS

DEAR SHAREHOLDERS,

On behalf of the Board of Directors (the "**Board**"), we are pleased to present the annual report of Boldtek Holdings Limited for the financial year ended 30 June 2022 ("**FY2022**").

OUTLOOK

Ministry of Trade and Industry (MTI) Singapore has on 11 August 2022[(1)] reported the construction sector has grew 3.3 per cent on a year-on-year basis from the 2.4 percent registered in the previous quarter. The sector's growth was on account of an expansion in both public and private sector construction output. On a quarter-on quarter seasonally adjusted basis, the sector grew by 0.9 percent, moderating from the 3.5 per cent growth in the preceding quarter.

The Singapore Government has also eased some restrictions since March 2022 as it moves towards living with Covid-19. This has help migrant inflows for the construction industry. Therefore, the Singapore economy is expected to see more recovery in the near future.

Barring unforeseen circumstances, going forward, the Group's construction activities are expected to recover further.

GENERAL BUILDING

The Group's general building business is principally undertaken by the Company's wholly-owned subsidiary, Logistics Construction Pte Ltd ("Logistics Construction"), which has a track record of more than 25 years in Singapore. Logistics Construction is approved by Building and Construction Authority ("BCA")'s workhead for General Building Works (CW01) to the highest grade, A1 where Logistics Construction can bid and execute large-scale projects of unlimited value. Logistics Construction has an established track record in delivering quality, value-added integrated solutions to its customers and has been able to maintain a healthy order book.

With the gradual relaxation of Covid 19 restrictions in Singapore and its neighbouring countries, the Group is cautiously optimistic that the construction industry will improve.

However, with the rise in raw material costs and labour, the industry is still faced with challenges and uncertainties.

The Group will continue to exercise prudence in tenders to build up book orders, optimise cost and operational efficiency to fortify the Group against challenges that lie ahead.

During mid December 2022, the Company's wholly-owned subsidiary, Logistics Construction Pte Ltd, has acquired 51% of M+LBMC57 Pte Ltd ("M+"). The other 49% is owned by Metrocon Pte Ltd. The Company believes by acquiring M+, the Company is able to leverage on the business network and resources of Metrocon Pte Ltd, and thus enhances the long term interests of the Group and shareholders' value.

PRECAST MANUFACTURING

The Group's precast manufacturing business faced stiff competition, tremendous price pressure and low productivity since FY2021 as a result of the Movement Control Order ("MCO") in Malaysia.

Malaysia has also eased it Covid-19 restrictions recently. The Group will continue to monitor the situation before deciding on the next course of action for the precast manufacturing business.

(1) Source: https://www.mti.gov.sg/Newsroom/Press-Releases/2022/08/MTI-Narrows-Singapore-GDP-Growth-Forecast-for-2022-to-3_0-to-4_0-Per-Cent

MESSAGE TO SHAREHOLDERS

PROPERTIES DEVELOPMENT AND INVESTMENT

The Group developed 20 units of freehold three storey terraced service industries ("**Malaysia Terraced Service Industrial**") for sale and an investment in a parcel of freehold industrial land to generate rental income and/or for capital appreciation. These properties are located in Senai Industrial Park, Johor, Malaysia.

As Malaysia has eased its Covid-19 restrictions, the Group will continue to promote and market the sales of the remaining 17 units of Terraced Service Industrial.

The Company and Neo Group Limited has a joint venture ("**JV**") in August 2020 to carry out the business of property development, investment and management. In December 2020, the Company and Neo Group incorporated NNB8 Development Pte Ltd to develop and sell a 34 unit freehold residential property located at No. 8 Lorong 25A Geylang Road, Singapore 388222. The JV has since developed and sell the property.

The JV has enable the Group to increase its involvement in the property development and investment segment and expand beyond its general building core business.

NOTE OF APPRECIATION

On behalf of the Board of Directors, we would like to thank the management and staff of the Group for their contributions and dedication. We also like to take this opportunity to thank our shareholders and stakeholders for their unwavering support through the years. With the support from our stakeholders, the Group will endure and rise above current challenging times.

Mr Pao Kiew Tee
Non-Executive Chairman and Independent Director

Mr Phua Lam Soon
Chief Executive Officer

BOARD OF DIRECTORS

PAO KIEW TEE

Non-Executive Chairman and Independent Director

Pao Kiew Tee ("**Mr. Pao**") is our Non-Executive Chairman and Independent Director. He was appointed as our Director on 24 December 2012 and was last re-elected on 29 October 2018. He is also the Chairman of the Audit Committee and a member of both the Nominating Committee and Remuneration Committee of our Company.

Mr. Pao was a senior government auditor. The last post he held before his retirement in July 2016, after serving the Civil Service for 37 years, was Senior Group Director. As a senior government auditor, he was the overall in charge of a group responsible for carrying out financial statements and operation audits of government ministries and statutory boards. Prior to joining the Singapore Government, he was with two accounting firms in New Zealand between October 1976 and September 1978. From March 1975 to September 1976, he worked as an analyst for the Commercial Bank of Australia in New Zealand.

He is an independent director of SGX-ST listed Wong Fong Industries Limited. He is also a Trustee of the Serangoon Gardens Country Club. He holds a Bachelor of Commerce (Accounting) degree from the University of Otago, Dunedin, New Zealand in 1974. He is a Life Member of the Institute of Singapore Chartered Accountants ("ISCA") and a member of the Singapore Institute of Directors.

PHUA LAM SOON

Chief Executive Officer

Phua Lam Soon ("**Mr. Phua**") is our CEO and one of our co-founders. He has been a director of Logistics Construction Pte. Ltd. and Boldtek Projects Pte. Ltd. (F.K.A Apex Projects Pte. Ltd.) since their incorporation on 25 April 1992 and 7 October 2008 respectively. Mr. Phua was appointed as the sole first Director of our Company on 5 October 2012 and is also a member of the Nominating Committee. Mr Phua was last re-elected as a Director of the Company on 24 October 2019.

Mr. Phua is in charge of setting the strategic plans and steering the business development of our Group as well as its overall management of our Group and day to day operations. He has more than 30 years of experience in the building construction industry in Singapore. Under Mr. Phua's direction, our Group has undertaken a wide range of building constructions services that it offers, from renovation and interior fitting-out works to upgrading works and main building works for public sector projects.

In addition to his involvement with our Group, Mr. Phua is currently the chairman of the Sembawang West Citizens' Consultative Committee. He was conferred the Public Service Medal (Pingat Bakti Masyarakat) and Public Service Star (Bintang Bakti Masyarakat) by the President of the Republic of Singapore in August 2010 and August 2016 respectively.

ONG SIEW ENG

Executive Director

Ong Siew Eng ("**Ms. Ong**") is our Executive Director and one of our co-founders. She has been a director of Logistics Construction Pte. Ltd. and Boldtek Projects Pte. Ltd. (F.K.A Apex Projects Pte. Ltd.) since their incorporation on 25 April 1992 and 7 October 2008 respectively. Ms. Ong was appointed as a Director of our Company on 31 October 2012 and was last re-elected on 27 October 2017.

Ms. Ong oversees our Group's human resource management and administrative functions. From the incorporation of Logistics Construction Pte. Ltd. until August 2012, she was in charge of the finance, budgeting, human resource and administrative functions of our Group.

BOARD OF DIRECTORS

NG KOK SENG

Executive Director

Ng Kok Seng ("**Mr. Ng**") is our Executive Director. Mr Ng was appointed as a Director of our Company on 31 October 2012 and was last re-elected on 24 October 2019.

Mr. Ng is in charge of our Group's project management and worksite operations and is also involved in our Group's business development. He has more than 25 years of experience in the building construction industry. Mr. Ng joined our Group in May 1996 as a project coordinator in charge of the daily coordination of worksite progress. From August 1998 to July 1999, he was appointed as Project Manager where he was in charge of managing our Group's projects as well as the management and coordination of site personnel, subcontractors and suppliers. From August 1999 until Mr. Ng appointment as an Executive Director, he was our Group's General Manager and was in charge of overseeing our Group's tender processes as well as its site operations.

Mr. Ng graduated with a Diploma in Building from the Singapore Polytechnic in 1992.

FOO SHIANG PING

Non-Executive Director

Foo Shiang Ping ("**Mr. Foo**") was appointed as our Non-Executive Director on 24 December 2012 and was last re-elected on 27 October 2017. He is also a member of both the Audit Committee and the Remuneration Committee of our Company.

Mr. Foo is the Founder and Principal Consultant of SP Corporate Advisory, a boutique corporate restructuring and merger and acquisition advisory firm based in Singapore. With 20 years of corporate advisory experience, Mr. Foo's primary dealings are in IPO, mergers and acquisitions, corporate restructuring transactions and fund-raising activities. At present, Mr. Foo is a member of the Singapore Institute of Directors.

Having earned his Bachelor's in Business Economics (with Distinction) from Brock University in Canada, Mr. Foo also serves as the President of Foo Clan Association and Board Member of Geylang East Home for the Aged currently.

SIM MONG KEANG KENNY

Independent Director

Sim Mong Keang Kenny ("**Mr. Sim**") was appointed as our Independent Director on 1 September 2022. He is also the Chairman of the Nominating Committee and Remuneration Committee, and a member of the Audit Committee.

Mr. Sim is the founder and Chief Executive Officer of both I2 Capital Pte Ltd and CESK Capital Pte Ltd specialising in investment and corporate advisory services, respectively.

Mr. Sim currently serves on the boards of telecommunication company Oden Technology Pte Ltd and property investment firms Maximus Fortune Pte Ltd and ZACD Group Ltd, which is listed on the Hong Kong Stock Exchange.

Mr. Sim is the Non-Executive Director of Global Invacom Group Limited, a satellite communication company listed on SGX Mainboard and London AIM. He earned his Bachelor of Commerce from Murdoch University, Western Australia, and a Diploma in Electronics Engineering from Ngee Ann Polytechnic, Singapore. He is awarded the Public Service Medal, (Pingat Bakti Masyarakat) by President of Singapore in 2020 for his contribution to public services.

EXECUTIVE OFFICERS

HENG FOOK CHANG

Financial Controller

Heng Fook Chang ("**Mr. Heng**") joined our Group in May 2022 and is responsible for the overall financial accounting and reporting function of our Group's business. He is also involved in our Group's treasury functions and financial operations including corporate compliance matters with regulatory bodies.

Prior to joining our Group, Mr. Heng had held positions in public-listed companies, where he handled financial, treasury, taxation, corporate secretarial and SGX-ST reporting matters.

Mr. Heng holds an Certified Practising Accountant (Australia) accounting qualification and is a Chartered Accountant of Singapore.

LOY YAN RU

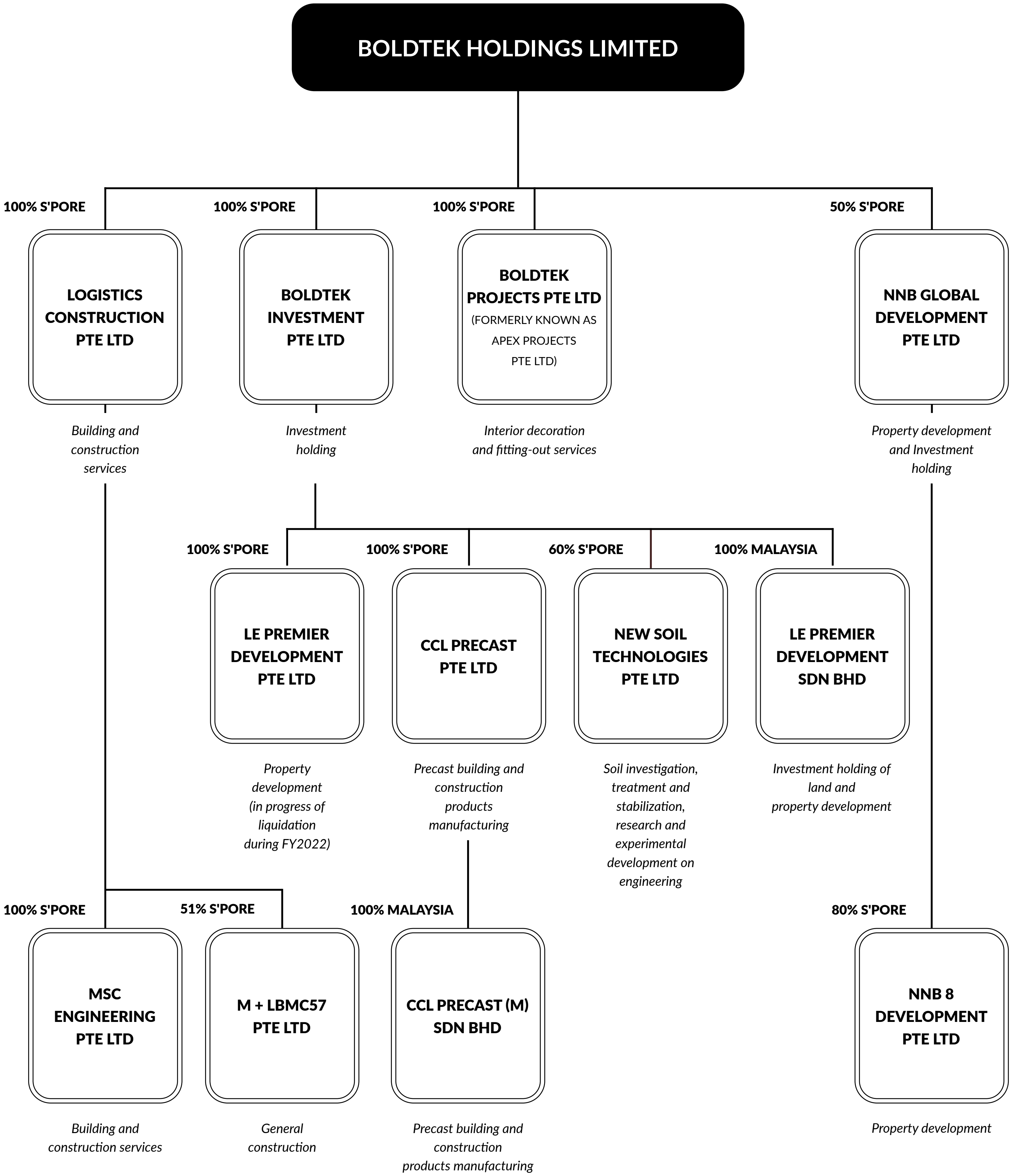
Administrative and Human Resources Manager

Loy Yan Ru ("**Ms. Loy**")" is our Administration and Human Resources Manager. She joined our Group in May 2009.

Ms. Loy has been the human resources manager of both our subsidiaries, namely Logistics Construction Pte. Ltd. and Boldtek Projects Pte. Ltd (formerly known as Apex Projects Pte. Ltd.) since May 2009. She oversees our Group's human resource management and administration matters, including recruitment, staff remuneration and staff insurance matters. In addition, Ms. Loy is also involved in the dealing with feedback from the public in relation to certain upgrading and home improvement projects undertaken by our Group.

Ms. Loy graduated with a Bachelor of Science (Real Estate) degree from National University of Singapore in 2008.

CORPORATE STRUCTURE



CORPORATE INFORMATION

BOARD OF DIRECTORS

PAO KIEW TEE
(Non-Executive Chairman and Independent Director)

PHUA LAM SOON
(Chief Executive Officer)

ONG SIEW ENG
(Executive Director)

NG KOK SENG
(Executive Director)

FOO SHIANG PING
(Non-Independent Non-Executive Director)

SIM MONG KEANG KENNY
(Independent Non-Executive Director)

AUDIT COMMITTEE

PAO KIEW TEE
(Chairman)

SIM MONG KEANG KENNY
(Member)

FOO SHIANG PING
(Member)

NOMINATING COMMITTEE

SIM MONG KEANG KENNY
(Chairman)

PAO KIEW TEE
(Member)

PHUA LAM SOON
(Member)

REMUNERATION COMMITTEE

SIM MONG KEANG KENNY
(Chairman)

PAO KIEW TEE
(Member)

FOO SHIANG PING
(Member)

JOINT COMPANY SECRETARIES

Ong Wei Jin (LL.B. (Hons))
Kennedy Chen (LL.B. (Hons))

REGISTERED OFFICE

72 Senoko Drive
Singapore 758240
Tel: +65 6891 0831
Fax: +65 6891 0835

SHARE REGISTRAR

Tricor Barbinder Share Registration Services
(A division of Tricor Singapore Pte. Ltd.)
80 Robinson Road
#11-02
Singapore 068898

SPONSOR

RHT Capital Pte. Ltd.
36 Robinson Road
#10-06 City House
Singapore 068877

INDEPENDENT AUDITOR

Foo Kon Tan LLP
Public Accountants
and Chartered Accountants
1 Raffles Place
#04-61 One Raffles Place Tower 2
Singapore 048616

Partner-in-charge
Chan Ser
(Appointed since the financial year ended 30 June 2019)

PRINCIPAL BANKERS

Oversea-Chinese Banking Corporation Limited
65 Chulia Street OCBC Centre Singapore 049513

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

Standard Chartered Bank
8 Marina Boulevard
Marina Bay Financial Centre
Level 27-01
Singapore 018981

DBS Bank Ltd
12 Marina Boulevard, Level 43
Marina Bay Financial Centre Tower 3
Singapore 018982

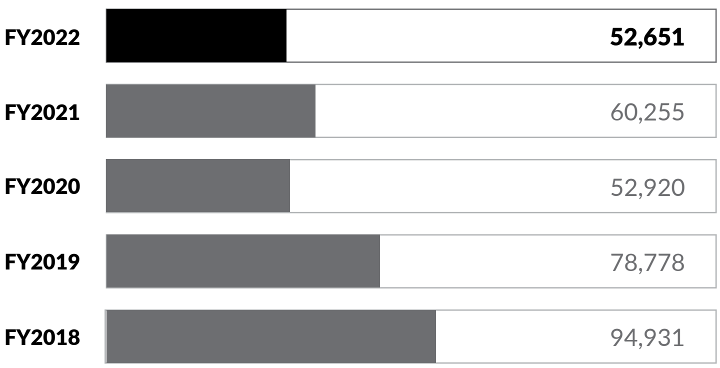
INTERNAL AUDITOR

KPMG Services Pte Ltd
12 Marina View
#15-01, Asia Square Tower 2
Singapore 018961

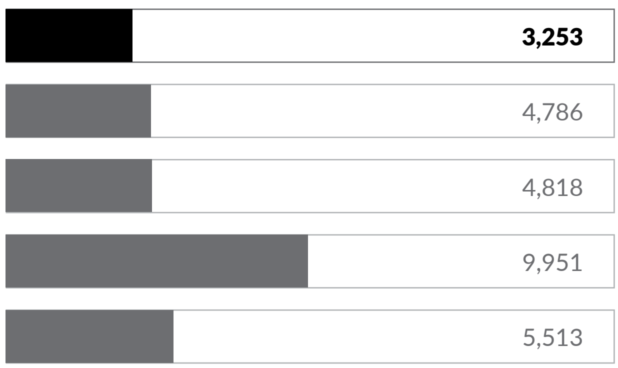
FINANCIAL HIGHLIGHTS

BOLDTEK HOLDINGS LIMITED & ITS SUBSIDIARY CORPORATIONS

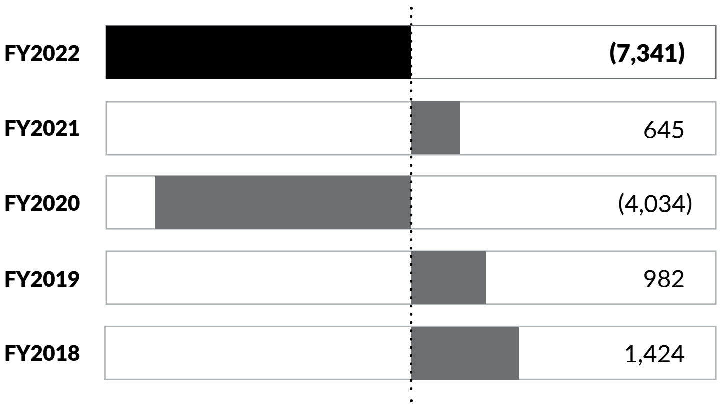
REVENUE (S$'000)



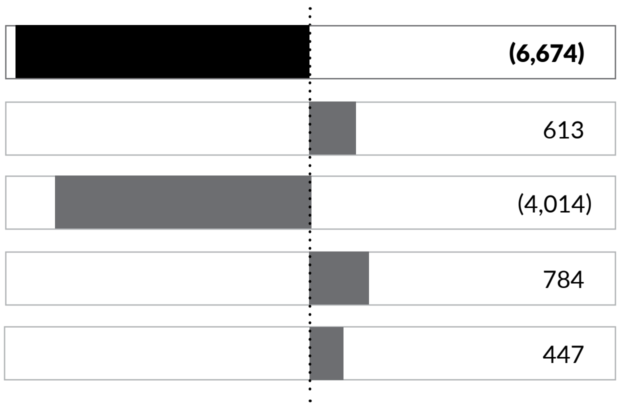
GROSS PROFIT (S$'000)



(LOSS)/PROFIT BEFORE TAXATION (S$'000)



(LOSS)/PROFIT AFTER TAXATION (S$'000)



S$'000	FY2018	FY2019	FY2020	FY2021	FY2022
Revenue	94,931	78,778	52,920	60,255	52,651
Gross profit	5,513	9,951	4,818	4,786	3,253
(Loss) / Profit before taxation	1,424	982	(4,034)	645	(7,341)
(Loss) / Profit after taxation	447	784	(4,014)	613	(6,674)
(Loss) / Profit attributable to owner of the parent	592	817	(3,948)	629	(6,542)
(Loss) / Earnings per share (Singapore cents) [1]	0.33	0.44	(2.13)	0.29	(2.08)
Total assets	81,502	86,335	86,016	104,135	97,323
Equity attributable to owner of the parent	27,551	28,415	24,609	25,353	27,701
Net asset value per share (Singapore cents) [2]	14.86	15.31	13.26	13.66	7.77

1 The (losses) / earnings per share was computed based on the (loss) / profit attributable to owner of the parent divided by the weighted average number of shares in issued during the financial year.

2 The net asset value per ordinary share for FY2018 to FY2021 and FY2022 is computed based on the share capital of the Company of 185,625,000 and 353,666,000 shares respectively.

OPERATING & FINANCIAL REVIEW

OPERATING REVIEW

General building
During FY2022, the Group had completed projects with contract sums amounting to S$52.7 million. These projects mainly comprised new building works, term contracts, as well as addition and alteration works.

The Group's existing order book from general building and precast manufacturing stood at approximately S$79.4 million as at 25 October 2022.

Precast manufacturing
As part of the improvement for construction productivity and quality control, the Building and Construction Authority ("**BCA**") encourages the built environment sector to embrace the concept of Design for Manufacturing and Assembly ("**DfMA**") where construction is designed such that most of the construction work is done off-site in a controlled factory environment.

With the Group included in BCA's list of suppliers manufacturers that meet the Prefabricated Prefinished Volumetric Construction ("**PPVC**") requirements, the Group will be able to ride on the strong demand for consultants and builders who are familiar with PPVC technology due to the increasing demand of projects using PPVC.

For FY2022, there was no revenue from Precast manufacturing as the Group had faced challenges in competing in an environment with tremendous price pressure and low productivity since FY2021 arising from the Movement Control Order brought in Malaysia.

Properties development and investment
Development of the 20 units of freehold three-storey terraced service industrial in the Senai Industrial Park in Malaysia ("**Malaysia Terraced Service Industria**l") for sales were completed and 17 units remained unsold as at the end of FY2022, due to the COVID-19 restrictions in Malaysia.

The parcel of freehold industrial land ("**Malaysia Land**") is held by the Group to generate rental income and/or for capital appreciation.

Malaysia Terraced Service Industrial and Malaysia Land are located at Senai Industrial Park, Johor, Malaysia.

In August 2020, the Company entered into a joint venture ("**JV**") with Neo Group Limited to carry out the business of property development, property investment and property management. The Group expects to further increase its involvement in the property development and investment segment going forward.

The JV company, NNB Global Development Pte Ltd, had entered into a JV with two other partners for the acquisition of a property located at 8 Lorong 25A Geylang, Singapore 388222 for the redevelopment of the property to comprise a block of 8-storey 34 freehold residential units with carparks. The acquisition was completed in April 2021.

OPERATING & FINANCIAL REVIEW

FINANCIAL REVIEW

STATEMENT OF PROFIT OR LOSS

Revenue and Cost of works
The Group's revenue and cost of works for FY2022 decreased by approximately S$7.6 million or 12.6% and S$6.0 million or 10.9% respectively, compared to FY2021.

The decrease in the Group's revenue was primarily attributable to lesser construction related works completed during the year. Precast manufacturing and property development and investment segments were still impacted by the economic uncertainty brought about by the COVID-19 pandemic and so there was no revenue contribution from them.

General building
Revenue from construction works relating to alteration and addition works, maintenance works and home improvement program works was approximately S$52.1 million (FY2021: S$60.0 million). Correspondingly, cost of works for general building also decreased to approximately S$49.4 million (FY2021: S$55.5 million).

Precast manufacturing
There was no revenue in FY2022 (FY2021: S$218,000) due to business supply chain was interrupted by the COVID-19 pandemic.

Properties development and investment
There was no sale of Malaysia Terraced Service Industrial (FY2021: S$Nil). Correspondingly, there was not any cost of works for properties development and investment segment was recorded in FY2022 as well (FY2021: S$Nil).

Fire door manufacturing
Revenue from fire door manufacturing was approximately S$555,000 in FY2022.

Other income
The Group's other income for FY2022 decreased by approximately S$2.0 million or 53% compared to FY2021, mainly due to lesser government grants from Jobs Support Scheme and BCA's COVID-safe project-based support.

Other expenses
The Group's other expenses for FY2022 increased by approximately S$3.0 million, compared to FY2021 mainly due to fair value changes of our investment properties of $2.4 million (FY2021: recognition of S$204,000) in relation to the Malaysia Land and currency translation loss of approximately S$489,000 due to depreciation of Ringgit.

Administrative expenses
The Group's administrative expenses for FY2022 increased by approximately S$0.8 million or 10.8%, compared to FY2021 mainly due to higher staff costs and fund raising costs.

Taxation
The Group reversed over provision of income and deferred tax in prior years of approximately S$0.7 million.

Loss for the financial year
As a result, the Group reported a loss after tax of approximately S$6.7 million (FY2021: profit after tax of S$0.6 million).

OPERATING & FINANCIAL REVIEW

STATEMENT OF FINANCIAL POSITION

Current assets
The Group's current assets decreased by approximately S$2.3 million which is mainly due to the decrease in trade and other receivables and current assets such as deposits and prepayment of approximately S$3.6 million, and decrease in completed properties for sale of approximately S$0.5 million, partially offset by the increase in contract assets of S$2 million.

Non-current assets
The Group's non-current assets decreased by approximately S$4.5 million which is mainly due to changes in fair value approximately S$2.4 million for the Malaysia and Singapore investment properties, translation loss of S$0.4 million for the Malaysia investment properties and disposal of S$0.5 million investment properties in Singapore. Property, plant and machinery decreased by approximately S$0.9 million due to depreciation.

Current liabilities
The Group's current liabilities decreased by approximately S$3.4 million mainly due to the decrease in trade and other payables of S$4.0 million and contract liabilities of S$0.9 million resulted from a decrease in operating activities, partially offset by the increase in borrowings of approximately S$1.9 million.

Non-current liabilities
The Group's non-current liabilities decreased by approximately S$5.6 million mainly due to repayments of bank borrowings. Deferred tax liabilities was reversed out due to the changes in fair value arising from the Malaysia Land.

STATEMENT OF CASH FLOWS

Operating activities
Net cash used in operating activities was approximately S$5.3 million mainly due to negative operating cash flow before movements in working capital of S$3.0 million and negative working capital of S$2.3 million.

Investment activities
Net cash used in investing activities was approximately S$0.1 million mainly due to proceeds from disposal of invesment properties and used to purchase property plant and equipment, and advances made to a joint venture company during the year.

Financing activities
Net cash generated from financing activities was approximately S$4.8 million mainly due to proceeds from right issue and issuance of ordinary shares, advances from directors, partially offset by repayment of loans, lease liabilities and interest expenses.

As a result of the above, the Group recorded a cash and bank balances of approximately S$0.8 million as at 30 June 2022.

FINANCIAL CONTENTS

CORPORATE GOVERNANCE

The Board of Directors (the "**Board**") of Boldtek Holdings Limited (the "**Company**", and together with its subsidiaries, the "**Group**") is committed to maintaining good corporate governance to enhance and safeguard the interest of its shareholders.

This report below describes the corporate governance framework and practices of the Company for the financial year ended 30 June 2022 ("**FY2022**") with reference to the Code of Corporate Governance 2018 (the "**Code**").

The Company has complied with the principles and guidelines as set out in the Code and the Guide, where applicable. Appropriate explanations have been provided in the relevant sections below where there are deviations from the Code and/or the accompanying Practice Guidance to the Code (the "**Guide**").

PRINCIPLE 1: THE BOARD'S CONDUCT OF AFFAIRS

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

Guidelines	Corporate Governance Practices
1.1	The Board is primarily responsible for directing the affairs of the Company in order to achieve the goals set for the Group. The responsibility includes setting the strategic direction and long-term goals, internal controls and risk management, corporate governance and financial performance of the Group. The Board works closely with Management to ensure that their duties and responsibilities stipulated under the Companies Act and applicable rules and regulations are complied with and their obligations towards shareholders and other stakeholders are met. The Board holds Management accountable for performance. Directors who are interested in any matter being considered would recuse themselves from discussion and decision-making involving the issue of conflict.
1.2	With assistance from the Company Secretaries, the Board and the Management are continually apprised of their compliance obligations and responsibilities arising from changes in regulatory requirements and the SGX- Listing Manual Section B: Rules of Catalist ("**Catalist Rules**"). The Company also has in place a budget for the Directors' training programmes on an annual basis and the Directors are encouraged to participate in industry conferences, seminars, courses or training programmes in connection with their duties and responsibilities as the Directors of the Board and Board Committees, in order to keep abreast of the latest rules, regulations and accounting standards in Singapore. The Directors have been keeping themselves abreast with the latest rules, regulations and accounting standards applicable to the Group during the course of their principal commitments, in addition to the regular updates provided by the Company Secretaries and external auditors. As disclosed by the Company on 1 September 2022, Mr Sim Mong Keang Kenny was appointed as Non-Executive and Independent Director.

1.3 As at date of this report, the Board comprises the following members:

Composition of the Board

Name of Director	**Designation**
Mr Pao Kiew Tee	Non-Executive Chairman and Independent Director
Mr Phua Lam Soon	Chief Executive Officer ("**CEO**")
Ms Ong Siew Eng	Executive Director
Mr Ng Kok Seng	Executive Director
Mr Foo Shiang Ping	Non-Executive Director
Mr Sim Mong Keang Kenny(1)	Non-Executive and Independent Director
Name of Former Director	**Designation**
Mr Chen Timothy Teck-Leng @ Chen Teck Leng(2)	Independent Non-Executive Director

Note:

(1) Mr Sim Mong Keang Kenny was appointed as Non-Executive and Independent Director with effect from 1 September 2022
(2) Mr Chen Timothy Teck-Leng @ Chen Teck Leng resigned with effect from 29 June 2022.

The matters specifically reserved for the Board's decision include but are not limited to:

(1) Approving the Group's goals, strategies and objectives;
(2) Monitoring the performance of Management;
(3) Overseeing the processes for evaluating the adequacy and effectiveness of internal controls, risk management systems, financial reporting and compliance of the Group;
(4) Approving the appointment of Directors of the Company and Key Management Personnel of the Group;
(5) Approving the announcement of unaudited financial results and audited financial statements;
(6) Endorsing remuneration framework and key human resource matters of the Group;
(7) Convening of general meetings;
(8) Approving annual budgets, major funding proposals, significant transactions and interested person transactions as defined in the Catalist Rules; and
(9) Assuming responsibility for corporate governance and compliance with the Companies Act, Chapter 50 and the rules and regulations applicable to a public listed company.

1.4 To facilitate effective management, certain functions have been delegated to various Board Committees, namely Audit Committee ("**AC**"), Nominating Committee ("**NC**") and Remuneration Committee ("**RC**"), each of which has its own clear written terms of reference ("**TOR**"). The TORs are reviewed on a regular basis to ensure their continued relevance with the Code.

The Management together with the Board Committees support the Board in discharging its duties and responsibilities. The roles and powers of the Board Committees are set out in this report.

1.5 The Board meets at least half-yearly and more frequently as and when required, to review and evaluate the Group's operations and performance and to address key policy matters of the Group, where necessary.

The Constitution of the Company allows Board and Board Committees meetings to be conducted by way of teleconferencing to facilitate Board participation.

In the absence of Board and Board Committees meetings, the Board and the Board Committees discuss, deliberate and approve the matters specially reserved to them by way of resolutions in writing in accordance with the Company's Constitution and Board Committees' term of references where applicable.

CORPORATE GOVERNANCE

The number of Board and Board Committee meetings held during FY2022 and the attendance of each Director, where relevant, are set out as follows:

Directors	Board Meetings	AC Meetings	RC Meetings	NC Meetings
No. of Meetings held in FY2022	**2**	**2**	**1**	**1**
Mr Pao Kiew Tee	2	2	1	1
Mr Phua Lam Soon	2	2(1)	1(1)	1
Ms Ong Siew Eng	2	2(1)	1(1)	1(1)
Mr Ng Kok Seng	2	2(1)	1(1)	1(1)
Mr Foo Shiang Ping	2	2	1	1(1)
Mr Chen Timothy Teck-Leng @ Chen Teck Leng (2)	2	2	1	1
Mr Sim Mong Keang Kenny (3)	0	0	0	0

Note:

(1) Attendance by invitation.

(2) Mr Chen Timothy Teck-Leng @ Chen Teck Leng has resigned as an Independent Non-Executive Director of the Company on 29 June 2022. He has also ceased as a member of the Audit Committee and Chairman of the Nominating and Remuneration Committees.

(3) Mr Sim Mong Keang is appointed as an Independent Non-Executive Director of the Company on 1 September 2022. He is also appointed as a member of the Audit Committee and Chairman of the Nominating and Remuneration Committees.

Directors with multiple board representations are to disclose such board representations and ensure that sufficient time and attention are given to the affairs of the Company.

1.6 Board papers for Board and Board Committee meetings are provided to the Directors prior to meetings in order for the Directors to be adequately prepared for meetings, including all relevant documents, materials, background or explanatory information relating to matters to be brought before the Board and Board Committees.

1.7 The Board, the Board Committees and the Directors have separate and independent access to Management, the Company Secretary and external advisors (where necessary) at the Company's expense and are entitled to request from Management such information or clarification as required.

Professional advisors may be invited to advise the Board, or any of its members, if the Board or any individual member thereof needs independent professional advice.

The Company Secretary attends all Board and Board Committees meetings and is responsible for ensuring that Board procedures are followed and the minutes of all Board and Board Committees meetings are recorded and circulated to the Board and Board Committees.

The appointment and the removal of each Company Secretary is subject to the approval of the Board pursuant to the Constitution of the Company.

PRINCIPLE 2: BOARD COMPOSITION AND GUIDANCE

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

Guidelines **Corporate Governance Practices**

2.1 The Board comprises two (2) Non-Executive and Independent Directors, one (1) Non-Executive Director and three (3) Executive Directors in FY2022.

Following the resignation of Mr Chen Timothy Teck-Leng @ Chen Teck Leng with effect from 29 June 2022, the directors in the office at the date of the Annual Report are:

Name of Director	Role Undertaken	Board Committee Membership
Pao Kiew Tee	Non-Executive Chairman and Independent Director	AC NC RC
Phua Lam Soon	Chief Executive Officer	NC
Ong Siew Eng	Executive Director	NIL
Ng Kok Seng	Executive Director	NIL
Foo Shiang Ping	Non-Executive Director	AC RC
Sim Mong Keang Kenny[1]	Non-Executive and Independent Director	AC NC RC

Note:

(1) Mr Sim Mong Keang Kenny was appointed on 1 September 2022

As of the date of the Annual Report, the Company has not appointed any Alternate Director.

As set out under the Code, an independent director is one who is independent in conduct, character and judgement, and has no relationship with the company, its related corporations, its substantial shareholders or its officers that could interfere, or be reasonably perceived to interfere, with the exercise of the director's independent business judgement in the best interests of the company. The Nominating Committee assesses and reviews annually the independence of a Director bearing in mind the salient factors as set out under the Code as well as all other relevant circumstances and facts.

Each Independent Director is required to complete a Confirmation of Independence Form annually to confirm his independence based on the Code. Based on the confirmation of independence submitted by the Independent Directors for FY2022, the Nominating Committee is of the view that each Independent Director is independent on the following basis:

(a) The Independent Directors: (i) are not employed by the Company or any of its related corporations for the current or any of the past three (3) financial years; and (ii) do not have an immediate family member who is employed or has been employed by the Company or any of its related corporations for the past three (3) financial years, and whose remuneration is determined by the Remuneration Committee.

(b) None of the Independent Directors and their immediate family member had in the current or immediate past financial year (i) provided or received payments from the Group aggregated over any financial year in excess of S$50,000/- for services other than compensation for board service; or (ii) was a substantial shareholder, partner, executive officer or a director of any organisation which provided or received payments from the Group aggregated over any financial year in excess of S$200,000/- for services rendered.

(c) None of the Independent Directors are directly associated with any substantial shareholder of the Company in the current or immediate past financial year.

2.2 The current Board as at the date of this Annual Report comprises six directors, two of whom are Independent Directors. The Chairman is a Non-Executive and Independent Director. As the Independent Directors make up at least one-third of the Board, the Company is in compliance with Guideline 2.1 of the Code and Rule 406(3)(c) of the Catalist Rules. The Chairman of the Board, Mr Pao Kiew Tee is an Independent Director of the Company and not part of the Management team. The Chairman and the CEO are also not immediate family members as defined in the Catalist Rules.

Although the Company has deviated from Provision 2.3 of the Code, with Non-Executive Directors making up half of the Board instead of majority, the Board believes that the two Independent Directors have many years of experience and are able to serve the present needs of the Group, having served on other listed companies. In addition, the Board Committees are chaired and/or comprises Independent Directors. The Board has taken into account the scope and nature of the operations of the Company as well as the corporate transactions undertaken and considers its current size to be adequate for effective decision making. In addition, the Chairman of the Board is also an Independent Director. The composition of the Board will be reviewed regularly and changes will be made as and when appropriate. Post FY2022, Mr Sim Mong Keang Kenny was appointed as Non-Executive and Independent Director with effect from 1 September 2022. Key information regarding the Directors are set out below:

	Directorships in other listed companies	
Name of Director	**Current**	**Past 3 Years[1]**
Pao Kiew Tee	Wong Fong Industries Limited	New Silkroutes Group Limited Mary Chia Holdings Limited
Phua Lam Soon	Nil	Nil
Ong Siew Eng	Nil	Nil
Ng Kok Seng	Nil	Nil
Foo Shiang Ping	Nil	800 Super Holdings Limited
Sim Mong Keang Kenny	Global Invacom Group Limited ZACD Limitd	WE Holdings Limited Trans-Cab Holdings Limited

Note:

(1) Refers to directorships in other listed companies held in the past 3 years but no longer holding.

Although the Non-Executive Directors do not make up a majority of the Board, the Board has always discussed important issues robustly and is able to reach a consensus without relying on any majority votes to decide nor having an individual or small group of individuals dominate the Board's decision-making process. The mix of Directors as a group provide an appropriate balance and diversity. As mentioned above, the Board has also considered the current size, scope, nature of operations of the Group, the requirements of the business and the need to avoid undue disruptions from changes to the composition of the Board and Board Committees, especially where cost considerations and agility of the Board in decision-making are critical to the Company. In view of the foregoing, the Board is of the view that the Board's composition has an appropriate level of independence and diversity of thought and background to enable it to make decisions in the best interests of the Company, consistent with the intent of Principle 2 of the Code.

2.4 The composition of the Board is reviewed annually by the Board and the NC to ensure that there is an appropriate mix of expertise and experience to enable the Management to benefit from a diverse perspective regarding issues that are brought before the Board. With the introduction of Catalist Rule 710A effective from 1 January 2022, the Board is in the process of formulating a board diversity policy that addresses gender, skills and experience and other relevant aspects of diversity.

Given the diverse qualifications, experience, background, gender and profile of the Directors, the NC is of the view that the current Board members as a group provides an appropriate balance and diversity of relevant skills, experience and expertise required for effective management of the Group.

The Board is of the view that the current size, composition, range of experience and the varied expertise of the current Board members provides core competencies in accounting or finance, business management, legal or corporate governance, relevant industry knowledge or experience, strategic planning, and customer based experience or knowledge which are necessary to meet the requirements of the Group.

Non-Executive and Independent Directors contribute to the Board by monitoring and reviewing the Group's performance against goals and objectives in a timely manner. Their views and opinions provide alternative perspectives to the Group's businesses and bring independent judgement on business activities and transactions involving conflicts of interest and other complexities.

2.5 The Non-Executive and Independent Directors have met in the absence of Management. The chairman of such meetings provides feedback to the Board and/or Chairman as appropriate.

PRINCIPLE 3: CHAIRMAN AND CHIEF EXECUTIVE OFFICER

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

Guidelines **Corporate Governance Practices**

3.1 The roles of the Chairman and CEO are separate to ensure an appropriate balance of power, increased accountability and greater capacity of the Board for independent decision making. The division of responsibilities between them is clearly established, and they are not related to each other.

Mr Pao Kiew Tee is the Non-Executive Chairman (the "**Chairman**") and an Independent Director of the Company, and is responsible for the effectiveness and integrity of the Board and its governance process.

Mr Phua Lam Soon is the CEO of the Company, and is responsible for the business and operational decisions of the Group.

3.2 The CEO works with the Board to determine the strategy for the Group and is responsible for the Group's business performance. The CEO also works with the Management of the Group to ensure that the Management operates in accordance with the strategic and operational objectives of the Group.

The Chairman leads the Board to ensure its effectiveness on all aspects of its role. He approves the agenda for the Board and the agenda for Board Committees are approved by the Chairman together with the respective chairpersons of the Board Committees. The Chairman also exercises control over the quality, quantity and timeliness of information flow between the Board, the Management and shareholders of the Company. He encourages interactions between the Board and Management, as well as between the Executive and Non-Executive Directors. The Chairman also takes a leading role in ensuring the Company's compliance with corporate governance guidelines.

3.3 Provision 3.3 provides that the Board should have a lead independent director to provide leadership in situations where the Chairman is conflicted, and especially when the Chairman is not independent.

As our Chairman is an independent director, the Board has determined that it is not necessary to appoint a Lead Independent Director having taken into account that amongst others, majority of the Independent Directors comprises the Board Committees and the current Board Committees are chaired by Independent Directors. As such, there exists sufficient and strong independent element in the Board which enables the exercise of judgement regarding the corporate affairs of the Group as of the date of this report.

PRINCIPLE 4: BOARD MEMBERSHIP

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

Guidelines **Corporate Governance Practices**

4.1 The NC is responsible for reviewing the composition and effectiveness of the Board and determining whether the Directors possess the requisite qualifications and expertise and whether the independence of the Directors is compromised pursuant to the guidelines set out in the Code.

The key duties of the NC include but not limited to the following:

(1) To review annually the independence of each Director with reference to the guidelines set out in the Code;
(2) To review all nominations for new appointments and re-election of Directors, put forth their recommendations for approval by the Board and ensure the new directors are aware of their duties and obligation;
(3) To determine whether a Director is able to and has been adequately carrying out his duties as a Director of the Company, particularly, when a Director has multiple Board representations;
(4) To review Board succession plans, in particular, the Chairman and CEO;
(5) To assess the effectiveness of the Board as a whole; and
(6) To review training and professional development programmes for the Board.

Each member of the NC abstains from voting on any resolution and making any recommendation or participating in any deliberations of the NC in respect of matters concerning him, if any.

4.2 The current members of the NC as at date of this report are:

Mr Sim Mong Keang Kenny (Chairman)
Mr Pao Kiew Tee
Mr Phua Lam Soon

The majority of the NC members, including the Chairman of the NC, are Non-Executive and Independent Directors.

4.3 The Company has adopted a formal search and nomination process for new directors. Where a vacancy arises under any circumstances, or where it is considered that the Board would benefit from the services of a new director with particular skills set, the NC, in consultation with the Management and the Board as appropriate, determines the selection criteria such as qualification, skill set, competence and expertise required or expected of a new Board member taking into account the size, structure, composition and progressive renewal of the Board.

The NC will assess the suitability of the potential candidate before he or she is appointed to the Board. The NC could tap on the directors' recommendations of potential candidates or external resources. The potential candidates will go through a shortlisting process and thereafter, interviews are set up with the shortlisted candidates for the NC to assess them before a decision is made. Recommendations of the NC are then put to the Board for its consideration. The Board will review the recommendation and approve the appointment as appropriate. In accordance with the Constitution of the Company, one-third of Directors for the time being, or, if their number is not a multiple of three, the number nearest to but not less than one-third, shall retire from office by rotation at the annual general meeting of the Company ("**AGM**"), and a Director appointed during the year shall hold office until the next AGM. The retiring Directors may offer themselves for re-election.

Set out below are the names, designations, dates of appointment and last re-election of each Director of the Company:

Name	Designation	Date of First Appointment	Date of Last Re-Election
Mr Pao Kiew Tee	Non-Executive Chairman and Independent Director	24 December 2012	20 October 2018
Mr Phua Lam Soon	Chief Executive Officer	5 October 2012	24 October 2019
Ms Ong Siew Eng	Executive Director	31 October 2012	26 November 2020
Mr Ng Kok Seng	Executive Director	31 October 2012	24 October 2019
Mr Foo Shiang Ping	Non-Executive Director	24 December 2012	26 November 2020
Mr Sim Mong Keang Kenny	Non-Executive and Independent Director	1 September 2022	–

4.4 The Board and the NC review on an annual basis whether or not a Director is independent, taking into account the definition of independence under the Code, *inter alia*, one who is independent in conduct, character and judgement, and has no relationship with the Company, its related corporations, its substantial shareholders or its officers that could interfere, or be reasonably perceived to interfere, with the exercise of the director's independent business judgement with a view to the best interests of the Company.

After its assessment, the NC and the Board are of the view that none of the Non-Executive and Independent Directors have any relationship with the Company, its related corporations, its substantial shareholders or its officers that could interfere, or be reasonably perceived to interfere, with the exercise of the director's independent business judgement with a view to the best interests of the Company.

The Board and the NC also reviewed each individual Director's judgement and conduct in carrying out his duties during FY2022. Together with the NC, the Board affirmed that Mr Pao Kiew Tee continue to be independent pursuant to the definition of Independence under the Code.

The Board and the NC have assessed the independence of each Director, including Directors whose tenure had exceeded nine years from the date of his first appointment. The independency has been subjected to a vigorous review by the NC.

The Company has tabled the resolution to re-elect Mr Pao Kiew Tee to continue to serve as a Non-Executive and Independent Director of the Company pursuant to the Two-Tier voting at the Company's AGM held on 30 November 2021. The Board is of the view that the length of service of both Mr Pao Kiew Tee does not interfere with their exercise of his independent judgment. He continues to remain objective with his vast and diverse experiences, which facilitate and provide sound decision making. Notwithstanding, the Company is aware that it will be required to adhere to the new rules regarding independent directors whose tenures exceeds the nine-year limit prescribed by the SGX Regulation Pte. Ltd., namely, Mr Pao Kiew Tee and the Company has plans to refresh and reorganize its Board to align with the Catalist Rules.

CORPORATE GOVERNANCE

The NC had reviewed the independence of long tenured independent directors and having considered the provisions set out in the Code, the Practice Guidance and certain other salient factors, is of the view that although Mr Pao Kiew Tee will be serving beyond nine years as Independent Director since 24 December 2012, he continues to express his individual viewpoints, debate issues objectively and constructively challenge Management's proposals and decisions on business activities and transactions that may involve conflicts of interests and other complexities. His vast experience enables him to provide the Board and the various Board Committees on which he serves, with pertinent experience and competence to facilitate sound decision-making and that his length of service does not in any way interfere with his exercise of independent judgment nor hinder his ability to act in the best interest of the Company. His tenure has not affected his independence and ability to bring independent and considered judgment to bear in his discharge of duties as a member of the Board and Board Committees. The Board concurred with the NC's view and was satisfied that he continued to be considered independent even though he has served the Board for more than nine (9) years. He had also abstained from voting on resolutions, making recommendations and/or participating in matters in which he is interested. He was also not involved in the deliberation in respect of their own independence. The Board is of the view that the NC was effective at discharging its duties.

The NC takes the view that a director's independence cannot be determined solely and arbitrarily on the basis on the length of time. A director's contribution in terms of experience, expertise, professionalism, integrity, objectivity and independent judgment in engaging and challenging Management in the best interest of the Group as he performs his duties in good faith, are more critical measures in ascertaining his independence than the number of years served on the Board. Hence, the Board does not impose a limit on the length of service of the independent directors.

Notwithstanding the foregoing, the Board and NC will continue to exercise due and careful review, taking into consideration other factors, in assessing the independence of a director. These factors include, inter alia, whether the directors have any interest, business, relationship and/or any other material contractual relationships with the Group which could reasonably be perceived to compromise their independence and interfere with the exercise of their independent business judgment with a view to the best interest of the Group.

4.5 New directors will undergo an orientation programme whereby they are briefed by Management on the Group's industry and business operations.

The NC is of the view that the effectiveness of each Director is best assessed by a qualitative assessment of the Director's contribution and his ability to devote sufficient time and attention to the Company's affairs. The NC has set the maximum number of listed company board representation at 8. Having assessed the capacity of the Directors based on factors including expected and/or competing time commitment of directors, size and composition of the Board and nature and scope of the Group's operations and size, the NC is of the view that this number would allow Directors to have increased exposure to different Boards and broaden their experience and knowledge in relation to Board matters, hence ultimately benefitting the Company.

The NC is satisfied that sufficient time and attention are being given by the Directors to the affairs of the Group, notwithstanding multiple listed company board representations and principal commitments of some Directors of the Company, as the Board and the Board Committees experienced minimal competing time commitments among its Board and Board Committees meetings in FY2022, which are planned and scheduled in advance.

Please refer to Annual Report page 18 for listed company directorships and principal commitments of each director.

CORPORATE GOVERNANCE

PRINCIPLE 5: BOARD PERFORMANCE

The Board undertakes a formal annual assessment of its effectiveness as a whole, and that of each of its Board Committees and individual directors.

Guidelines	Corporate Governance Practices
5.1	The NC has in place a performance evaluation process where the effectiveness of the Board as a whole and each Board Committee and individual directors is carried out on an annual basis following the conclusion of each financial year.
5.2	The annual evaluation exercise provides an opportunity to obtain constructive feedback from each Director regarding changes which may be made to enhance the performance and functions of the Board and Board Committees including its procedures and processes. The annual evaluation process is undertaken as an internal exercise and involves Board members completing a questionnaire covering areas relating to but not limiting to: (1) Board/Board Committees composition (2) Information to the Board/Board Committees (3) Board/Board Committees procedures (4) Board accountability (5) Interactions with CEO (6) Standards of conduct by the Board/Board Committees The collective assessment is conducted by means of a confidential questionnaire to be completed by each Director before such assessment results are collated, analysed and reported to the respective Board Committees for their deliberation prior to the report to the Board. Individual evaluation of each Director is also conducted on an annual basis. The aim of the assessment is to assess whether each Director is able to and continues to contribute effectively and demonstrate commitment to his/her role. Recommendations to further enhance the effectiveness of the Board and Board Committees are implemented as and when appropriate, if any. The performance evaluation exercise for the Board, Board Committees and individual directors for FY2022 had been conducted. It was noted that all Directors individually and severally contributed effectively and demonstrated full commitment to their roles, and accordingly, the performance of the Board and the Board Committees for FY2022 were satisfactory. No external facilitator had been engaged for this purpose.

CORPORATE GOVERNANCE

PRINCIPLE 6: PROCEDURES FOR DEVELOPING REMUNERATION POLICIES

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

Guidelines	Corporate Governance Practices
6.1	In consultation with the Chairman of the Board, the key responsibilities of the RC include but not limited to the following: (1) To recommend to the Board a framework of remuneration for Executive Directors and Key Management Personnel of the Group that is aligned with the interests of shareholders and ensure that such remuneration is appropriate to attract, motivate and retain the right talents for the Group; (2) To review and recommend to the Board for their endorsement on the annual remuneration packages for Executive Directors, Key Management Personnel and employees related to Directors or controlling shareholder of the Group, if any, which may include a performance-related variable bonus component; (3) To review and recommend to the Board the benefits under any long-term incentive schemes, if any, for Executive Directors and Key Management Personnel of the Group; (4) To review and recommend the remuneration package of employees related to Directors or controlling shareholder of the Group, if any; and (5) To review the contracts of service of the Executive Directors and Key Management Personnel of the Group. Each member of the RC will abstain from voting on any resolution and making any recommendation or participating in any deliberations of the RC in respect of matters concerning him, if any.
6.2	The current members of the RC as at date of this report are: Mr Sim Mong Keang Kenny (Chairman) Mr Pao Kiew Tee Mr Foo Shiang Ping The RC comprises entirely Non-Executive Directors.
6.3	In reviewing the remuneration packages for Executive Directors and Key Management Personnel of the Group, as well as employees related to the Directors and controlling shareholders of the Group, if any, the RC will consider their contributions as well as the financial performance and the commercial needs of the Group and ensure that they are adequately but not excessively remunerated by the Group. Further, the RC will take into consideration remuneration packages and employment conditions within the industry and within similar organisation structure as well as the Group's relative performance and the performance of individual employee. The RC ensures that the remuneration packages of employees relating to the Directors and controlling shareholders of the Group, if any, are in line with the Group's staff remuneration guidelines and commensurate with their respective job scopes and levels of responsibilities. The RC aims to be fair and avoid rewarding poor performance during the course of RC's duties. In relation to termination, termination clauses should be fair and not overly generously in respect of contract services entered into with Executive Directors and Key Management Personnel of the Group.

6.4 If necessary, the RC can seek appropriate expert advice inside and/or outside the Company on remuneration matters of the Directors and Key Management Personnel of the Group. No remuneration consultant was engaged by the Company for FY2022.

PRINCIPLE 7: LEVEL AND MIX OF REMUNERATION

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

Guidelines **Corporate Governance Practices**

7.1 The Company adopts a remuneration policy for Executive Directors and Key Management Personnel of the Group taking into consideration his or her individual performance contribution towards the overall performance of the Group for FY2022. Their remuneration comprised fixed and variable components.

Even though there are no contractual provisions allowing the Company to reclaim incentive components of remuneration from Executive Directors or Key Management Personnel of the Group in exceptional circumstances of misstatement of financial results or of misconduct resulting in financial loss to the Group, the Group will not hesitate to take legal actions against the personnel responsible in the event of such exceptional circumstances or misconduct resulting in financial loss to the Group.

7.2 Directors' fees payable/paid to the Non-Executive and Independent Directors are set in accordance with a remuneration framework comprising a basic fee and increment fixed fee, taking into account of the level of responsibilities such as taking the roles of chairman and member of Board Committees.

The Board, after the recommendation of the RC, has recommended an aggregate Directors' fees of S$138,600 to Non-Executive Director and Independent Directors of the Company for financial year ending 30 June 2023, to be paid quarterly in arrears, for shareholders' approval at the forthcoming AGM.

7.3 The Board is of the view that the current remuneration structure is appropriate to attract, retain and motivate Directors to provide good stewardship of the Company and key management personnel to successfully manage the Company for the long term.

CORPORATE GOVERNANCE

PRINCIPLE 8: DISCLOSURE ON REMUNERATION

The Company is transparent on its remuneration policies, level and mix of remuneration, the procedure for setting remuneration, and the relationship between remuneration, performance and value creation.

Guidelines **Corporate Governance Practices**

8.1 The following information relates to the remuneration received or to be received by the Directors from the Company and its subsidiaries for FY2022:

Directors/CEO	Fees %	Salaries[1] %	Bonus[2] %	Other Benefits[3] %	Total %
S$500,001 to below S$750,000					
Mr Phua Lam Soon	–	88.99	–	11.01	100
S$250,000 to below S$500,000					
Ms Ong Siew Eng	–	85.91	–	14.09	100
Below S$250,000					
Mr Ng Kok Seng	–	77.45	–	22.55	100
Mr Pao Kiew Tee	100	–	–	–	100
Mr Chen Timothy Teck-Leng @ Chen Teck Leng [4]	100	–	–	–	100
Mr Foo Shiang Ping	100	–	–	–	100

Notes:

(1) Employer Central Provident Fund contributions are included as part of salaries.
(2) Annual wage supplement and profit sharing, if any, are included as part of bonus. There was no profit sharing for Mr Phua Lam Soon in FY2022.
(3) Transportation allowances are included as part of other benefits.
(4) Mr Chen Timothy Teck-Leng @ Chen Teck Leng resigned on 29 June 2022.

After consideration, the Board is of the view that disclosing the exact remuneration details of each individual director and the CEO is not in the best interest of the Company given the competitive business environment.

There are no termination and retirement benefits that will be granted to Directors, the CEO and the top key management personnel.

As disclosed in this Annual Report, the Company has two (2) Key Management Personnel. In view of the confidentiality and sensitivity attached to remuneration matters, the Board is of the opinion that it is in the best interests of the Company not to disclose the exact remuneration and breakdown of total remuneration received by the Key Management Personnel for FY2022. Accordingly, the aggregate remuneration paid to the Key Management Personnel for FY2022 is also not provided in this Annual Report.

Details of remuneration paid to key management personnel of the Group for FY2022 are as follows:

Key Management Personnel	Salaries[1] %	Bonus[2] %	Other Benefits[3] %	Total %
Below S$250,000				
Ms Tan Hong Ean[5]	100	–	–	100
Mr Heng Fook Chang[5]	100	–	–	100
Ms Loy Yan Ru [4]	100	–	–	100

Notes:

(1) Employer Central Provident Fund contributions are included as part of salaries.
(2) Annual wage supplement is included as part of bonus.
(3) Transportation allowances are included as part of other benefits.
(4) Ms Loy Yan Ru is the niece of the CEO, Mr Phua Lam Soon, and Executive Director, Ms Ong Siew Eng.
(5) Ms Tan Hong Ean left on 17 May 2022 and Mr Heng Fook Chang joined on 4 May 2022.

8.2 There were no employees who were immediate family members of a Director and/or the CEO, and whose remuneration exceeds S$100,000 during FY2022.

8.3 The Company has adopted the Boldtek Employee Share Option Scheme ("**Scheme**"), on 26 November 2018. The Scheme enables the Company to structure a competitive remuneration package, which is designed as an additional incentive tool to reward and retain employees and Directors (including those who are controlling shareholders or their associates).

PRINCIPLE 9: RISK MANAGEMENT AND INTERNAL CONTROLS

The Board is responsible for the governance of risk and ensures that Management maintains a sound system of risk management and internal controls, to safeguard the interests of the Company and its shareholders.

Guidelines **Corporate Governance Practices**

9.1 The Board acknowledges the ultimate responsibility for the governance of risk and sets the tone and direction for the Group in the way risks are managed in the Group's businesses. The Board approves the strategy of the Group in a manner that stakeholders' expectations are addressed and does not expose the Group to an unacceptable level of risks.

The Board after the recommendation of the AC approves the key risk management policies and ensures a sound system of risk management and internal controls and monitors performance against them. In addition to determining the approach to risk governance, the Board sets and instills the right risk-focused culture throughout the Group for effective risk governance.

The Board together with the AC oversee the Group's risk management framework and policies, pursuant to which, their roles and responsibilities include but not limited to the following:

(1) To propose the risk governance approach and risk policies for the Group;
(2) To review the risk management methodology adopted by the Group;
(3) To review the strategic, financial, operational, regulatory compliance, information technology and other emerging risks relevant to the Group identified by Management; and
(4) To review Management's risk assessment and Management's action plans to mitigate such risks.

In FY2022, the Management carried out an annual review of the Group's key risks and the effectiveness of the key internal controls of the Group.

9.2 The Board has received assurance from the CEO and the Financial Controller that, as at 30 June 2022, the Group's financial records have been properly maintained, and the financial statements give a true and fair view of Group's operations and finances.

The Board has also received assurance from the CEO and the key management personnel responsible for risk management and internal control systems that, as at 30 June 2022, the Group's risk management and internal control systems were adequate and effective to address financial, operational, compliance and information technology risks which the Group considers relevant and material to its operations.

Based on the internal controls established and maintained by the Group, work performed by internal and external auditors, reviews performed by management and various Board Committees as well as the said assurances received, the Board, with the concurrence of the AC, is of the opinion that the Group's internal controls and risk management systems were adequate and effective as at 30 June 2022 to address financial, operational, compliance risks and information technology risks which the Group considers relevant and material to its operations.

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

PRINCIPLE 10: AUDIT COMMITTEE

The Board has an Audit Committee ("AC") which discharges its duties objectively.

Guidelines **Corporate Governance Practices**

10.1 The AC is empowered to investigate any matter relating to the Group's accounting, auditing, internal controls and financial practices brought to its attention, with full access to records, resources and personnel of the Group, to enable them to discharge its functions properly.

The AC has full access to Management and full discretion to invite any Director and officer to attend AC meetings held from time to time.

The key responsibilities of the AC include but not limited to the following:

(1) review the scope and results of the audit and its cost effectiveness;
(2) review the independence and objectivity of the external auditor annually;
(3) review the significant financial reporting issues and judgments so as to ensure the integrity of the financial statements of the Group and any formal announcements relating to the Group's financial performance;
(4) review the half year and full year financial results before submission to the Board for approval;
(5) review and reporting to the Board the adequacy of the Group's internal controls, as set out in the Code;
(6) review the effectiveness of the Group's internal audit function;
(7) meet periodically with the Company's external auditor; plan and discuss the results of the audit examination without the presence of the Management;
(8) meet periodically with the Company's internal auditor; plan and discuss the results of the evaluation of the Group's systems of internal controls without the presence of the Management;
(9) consider and recommend to the Board on the appointment, re-appointment and removal of the external and internal auditors, and approving the remuneration and terms of engagement of the external and internal auditors;

(10) review arrangements by which staff of the Group and external parties may, in confidentiality, raise concerns about possible improprieties in matters of financial reporting or other matters;
(11) review the external and internal auditors' reports;
(12) review the co-operation given by Management to the external auditor;
(13) review and approve interested persons transactions, if any, falling within the scope of Chapter 9 of Catalist Rules;
(14) review the adequacy of the business risk management process;
(15) review potential conflicts of interest, if any, and ensuring procedures for resolving such conflicts are strictly adhered to;
(16) undertake such other reviews and projects as may be requested by the Board and report to the Board its findings from time to time on matters arising and requiring the attention of the AC;
(17) review and establish procedures for receipt, retention and treatment of complaints received by the Group regarding, inter alia, criminal offences involving the Group or its employees, questionable accounting, auditing, business, safety or other matters that impact negatively on the Group; and
(18) generally undertake such other functions and duties as may be required by statute or the Catalist Rules, or by such amendments made thereto from time to time.

Each member of the AC will abstain from voting on any resolution and making any recommendation or participating in any deliberations of the AC in respect of matters concerning him, if any.

The AC has reviewed the non-audit services provided by the external auditor, Foo Kon Tan LLP ("FKT") for FY2022 and is satisfied that the non-audit services were insignificant and will not affect the independence and objectivity of FKT as external auditor of the Company. The aggregate fees paid to external auditor, as well as its fees for non-audit services is disclosed in page 100 of the Annual Report.

The AC has also considered the performance of FKT based on factors such as performance, adequacy of resources and experience of the audit engagement partner and audit team assigned to the Company's and the Group's audit as well as the size and complexity of the Company and of the Group. Accordingly, the AC has recommended the re-appointment of FKT as external auditor of the Company for the ensuing year.

The Group has established a whistle-blowing policy that seeks to provide a channel for the Group's employees and external parties to raise concerns in good faith and in confidentiality about possible improprieties in matters of financial reporting or other matters such as possible corruption, suspected fraud and other non-compliance issues. The AC will address the issues and/or concerns raised and ensure that necessary arrangements are in place for the independent investigation of issues and/or concerns raised by the employees and external parties and for appropriate follow-up actions. Details of the whistleblowing policies and arrangements have been made available to the Group's employees and external parties. The Group's employees and external parties may, in confidentiality, raise concerns about possible improprieties in matters of financial reporting or other matters by submitting a whistle blowing report to the email address: spfoo@spadvisory.com.sg. There were no whistleblowing reports received in FY2022.

CORPORATE GOVERNANCE

10.2 The current members of the AC as at date of this report are:

Mr Pao Tiew Kee (Chairman)
Mr Foo Shiang Ping
Mr Sim Mong Keang Kenny

The AC consists of three members, all of whom are non-executive and the majority of whom, including the AC Chairman, are independent.

The Board is of the view that the AC members are appropriately qualified in discharging their duties and responsibilities and are capable of exercising sound and independent judgement in view of their requisite expertise and experience.

10.3 None of the members of the AC is a former partner or director of the Group's auditing firms or auditing corporations, and none of them has any financial interest in the Group's auditing firms or auditing corporations.

10.4 The Company has outsourced its internal audit function to KPMG Services Pte Ltd (”**KPMG**”) (“**Internal Auditors**”). KPMG is a corporate member of the Institute of Internal Auditors Singapore and is staffed with professionals with relevant qualifications and experience.

The Internal Auditors report directly to the Chairman of the AC on internal audit matters. The AC approves the appointment, termination, evaluation and compensation of the internal auditors. The Internal Auditors carry out their audit work in accordance with the Standards for the Professional Practice of Internal Auditing set by the Institute of Internal Auditors.

The Internal Auditors plan their audit schedules in consultation with but independent of Management. The internal audit plan is submitted to the AC for approval prior to implementation. The AC reviews the activities of the Internal Auditors and meets with the Internal Auditors at least once a year to approve their audit plans and to review their report for the current reporting period. The AC ensures that the Internal Auditors have the necessary resources to perform its functions adequately.

The AC has reviewed the adequacy, effectiveness and independence of the internal audit function at least annually and is satisfied that the internal audit function is effective and independent, and the internal auditors are adequately resourced, staffed with persons with the relevant qualifications and experience as well as having the appropriate standing and independence from the Group to fulfil their mandate. The AC ensures that the Internal Auditors have unfettered access to all the Group's documents, records, properties and personnel including access to the AC.

10.5 In performing its duties, the AC reviews the overall scope of both internal audit and external audit, and the assistance and resources given by Management to the Internal Auditor and the external auditor.

The AC also meets with the Internal Auditor and the external auditor annually after the conclusion of each financial year, without the presence of Management, to discuss the results of their respective audit findings and their evaluation of the Group's system of accounting and internal controls.

CORPORATE GOVERNANCE

PRINCIPLE 11: SHAREHOLDER RIGHTS AND CONDUCT OF GENERAL MEETINGS

The Company treats all shareholders fairly and equitably in order to enable them to exercise shareholders' rights and have the opportunity to communicate their views on matters affecting the Company. The Company gives shareholders a balanced and understandable assessment of its performance, position and prospects.

Guidelines	Corporate Governance Practices
11.1	Shareholders of the Company are entitled to receive, among others, notice of general meetings, annual report, offer information statement or circulars, whichever is applicable, via mail. Such documents are also made available on SGXNet. To facilitate shareholders to exercise their ownership rights, the Board ensures that adequate and material information concerning to the Group's business development are provided to shareholders in a timely and fair manner. All resolutions put forth at general meetings to be voted by way of poll and the result of each resolution is announced at general meetings and released subsequently on SGXNet. In view of the current COVID-19 situation, 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 from time to time ("**Alternative Arrangements Order**") came into force to provide for alternative arrangements for, amongst others, listed companies in Singapore to hold their general meetings. Accordingly, the Annual Report, Notice of AGM and Proxy Form will be made available to shareholders solely by electronic means via publication on SGXNet. The upcoming AGM will also be held by way of electronic means. Shareholders may submit questions in advance of the AGM and must appoint the Chairman of the Meeting as proxy to attend, speak and vote on their behalf at the AGM.
11.2	Resolutions on each distinct issue are tabled separately at general meetings. For resolutions tabled under special business, a descriptive explanation of the effects of such resolution will be disclosed in the notice of general meeting.
11.3	The Directors and the external auditors of the Company will be present at the general meetings. The Management will also be present to facilitate the proceedings. All the Directors were present at the last AGM held on 30 November 2021 via electronic means. The procedures for the forthcoming AGM to be held on 29 January 2023 can be found on pages 124 to 126 of this Annual Report. Such procedures will continue to be in place until the Alternative Arrangements Order or other alternative measures are no longer effective or necessary.
11.4	Individual shareholders and corporate shareholders, who are unable to attend general meetings of the Company, are entitled to appoint not more than two proxies to vote on their behalf at the general meetings of the Company. Shareholders who wish to vote at the AGM can only do so by appointing the Chairman of the Meeting to act as his/her proxy to vote on his/her behalf in respect of all the Shares held by him/her. With effect from 3 January 2016, those shareholders whose shares held under the names of relevant intermediaries as defined under Section 181 of the Companies Act, Chapter 50 of Singapore, such as nominees or custodial institutions, are allowed to attend the general meetings of the Company personally as the relevant intermediaries are allowed to appoint more than two proxies i.e. individual shareholders, corporate shareholders or their representatives to attend and vote at the general meetings of the Company.

CORPORATE GOVERNANCE

11.5 The proceedings of general meetings, including questions and answers exchanged among the Board, the Management and the shareholders, will be recorded in minutes and made available to the shareholders of the Company upon their request. The detailed minutes will be publicly available on the Company's website and SGXNet within one month after the general meetings.

11.6 The Company currently does not have a fixed dividend policy. The dividend that the Directors may recommend or declare in respect of any particular financial year or period will be subject to the factors outlined below as well as any other factors deemed relevant by the Directors:

(1) the level of the earnings of the Group;
(2) the financial position of the Group;
(3) the projected levels of the Group's capital expenditure and other investment plans;
(4) the restrictions on payment of dividends imposed on the Group by the Group's financing arrangements (if any); and
(5) other factors as the Directors may consider appropriate.

The Board is not recommending any dividend for FY2022 at the forthcoming AGM due to the cash requirements for the Group's operations.

PRINCIPLE 12: ENGAGEMENT WITH SHAREHOLDERS

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

Guidelines **Corporate Governance Practices**

12.1 to 12.3 The Board is committed to maintain a high standard of corporate governance by disclosing to its stakeholders, including its shareholders and investors, adequate and material information concerning the Group's business in accordance with disclosure requirements of the Catalist Rules in a timely and fair manner.

The Board is mindful of its obligation to provide adequate and timely disclosure of all material and price- sensitive information through SGXNet.

The corporate profile and announcements of the Company are also available at http://www.boldtekholdings.com.

The Company does not practice selective disclosure as all relevant material and price-sensitive information are released on SGXNet in a timely and fair manner.

The shareholders of the Company, including institutional investors and retail investors, are encouraged to attend general meetings, which serves as the primary channel to express their views and raise questions regarding the Group's businesses and prospects.

In addition, the Management will address shareholders' questions and concerns in respect of the Group's businesses should they approach the Company through emails or calls.

The Company currently does not have an investor relations policy in place, but will consider having one as the Company is able to expand its business. In the meantime, information on the Company can be found on the Company's website where shareholders are able to access freely and shareholders can submit their feedback and raise any questions to the Company at the email address provided on the Company's website.

CORPORATE GOVERNANCE

PRINCIPLE 13: ENGAGEMENT WITH STAKEHOLDERS

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

Guidelines	Corporate Governance Practices
13.1	Details of the Company's engagement with its material stakeholders will be set out in the Sustainability Report which will be issued by 28 February 2023.
13.2	The Company's efforts on sustainability are focused on creating sustainable value for key stakeholders, which include communities, customers, employees, regulators, shareholders and vendors.
13.3	The Company maintains a corporate website at http://www.boldtekholdings.com to communicate and engage stakeholders. All material information on the performance and development of the Group and of the Company is also disclosed in a timely, accurate and comprehensive manner on SGXNET as well.

Dealings in Securities – Catalist Rule 1204(19)

The Company has adopted an internal code of conduct and policy on dealings in the Company's securities in accordance with Rule 1204(19) of the Catalist Rules. The Company, Directors and officers are prohibited from trading in the Company's securities, during the period commencing one (1) month before the announcement of the Company's half year and full year financial results, and ending on the date of the announcement of the relevant results (**"Prohibited Period**").

In addition, Directors and officers of the Company are reminded:

(i) not to deal with the Company's securities on short term considerations or if in possession of unpublished material price-sensitive information;
(ii) to report their dealings in shares of the Company; and
(iii) to comply with and observe the laws on insider trading even if they trade in the Company's securities outside the Prohibited Period.

The Company confirms its compliance with Rule 1204(19) of the Catalist Rules.

Interested Person Transactions – Catalist Rule 1204(17)

The Group has established procedures to ensure that all transactions with interested persons ("**IPTs**") are reported in a timely manner to the AC and that such transactions are conducted on an arm's length basis that are not prejudicial to the interests of the shareholders. When a potential conflict of interest occurs, the Director concerned will recuse himself from discussions and refrain from exercising any influence over other members of the Board.

There were no IPTs of S$100,000 and above for FY2022.

The Group does not have a general mandate obtained from shareholders for IPTs.

Material Contracts – Catalist Rule 1204(8)

There was no material contract entered into by the Company and its subsidiaries involving the interests of the CEO, each Director, or controlling shareholder, which are either still subsisting at the end of FY2022 or if not then subsisting, entered into since the end of the previous financial year.

Appointment of Auditors – Catalist Rules 712, 715 and 716

The Company confirms its compliance with Rules 712, 715 and 716 of the Catalist Rules.

Confirmation of adequacy of internal controls – Catalist Rule 1204(10)

Based on the internal controls established and maintained by the Group, work performed by the external and internal auditors, assurance from the CEO and the financial controller, and reviews by the Management and the Board Committees, the AC and the Board are of the opinion that the Group's internal controls, including financial, operational, compliance and information technology controls, and risk management systems, are adequate and effective.

Non-Sponsor Fees – Catalist Rule 1204(21)

No non-sponsor fees were paid to the Company's sponsor, RHT Capital Pte. Ltd., in FY2022.

Utilisation of Proceeds – Catalist Rule 1204(22)

The Company has completed the allotment of the rights shares on 20 October 2021 ("**Rights Issue**") and placement of 56,666,000 new ordinary shares on 11 January 2022 ("**Placement**") respectively. The status in terms of the utilisation of the respective net proceeds from both the Rights Issue and Placement as at the date of this Annual report are as follows:

(A) Rights Issue

The Company received net proceeds of approximately S$1.83 million ("**Rights Proceeds**") raised from the renounceable non-underwritten rights issue as announced by the Company on 27 August 2021 and completed on the 20 October 2021. As at 30 June 2022, the Right Proceeds has been utilised as follows:

Purpose	Amount allocated (S$'000)	Amount utilised (S$'000)	Balance (S$'000)
Staff costs	455	455	–
Repayment of bank borrowings	443	443	–
Payment to suppliers	939	939	–
Total	**1,837**	**1,837**	**–**

(B) Placement

The Company received net proceeds of approximately S$3.4 million raised from the placement of 56,666,000 new ordinary shares of the Company ("**Placement Proceeds**") as announced by the Company on 21 December 2021 and completed on 11 January 2022. As at 30 June 2022, the Placement Proceeds has been utilised as follows:

Purpose	Amount allocated (S$'000)	Amount utilised (S$'000)	Balance (S$'000)
Payment to supplier	3,400	3,400	–
Total	**3,400**	**3,400**	**–**

DIRECTORS' STATEMENT

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2022

The directors present their statement to the members together with the audited consolidated financial statements of Boldtek Holdings Limited (the "Company") and its subsidiaries (collectively the "Group") for the financial year ended 30 June 2022 and the statement of financial position of the Company as at 30 June 2022.

In the opinion of the directors,

(a) the financial statements are drawn up so as to give a true and fair view of the financial position of the Group and of the Company as at 30 June 2022 and the financial performance, changes in equity and cash flows of the Group for the financial year then ended in accordance with the provisions of the Singapore Companies Act 1967 (the "Act") and Singapore Financial Reporting Standards (International); and

(b) at the date of this statement, as disclosed in Note 1.1 to the financial statements, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

DIRECTORS

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

Phua Lam Soon
Ong Siew Eng
Ng Kok Seng
Pao Kiew Tee
Sim Mong Keang Kenny (appointed on 1 September 2022)
Foo Shiang Ping

ARRANGEMENTS TO ENABLE DIRECTORS TO ACQUIRE SHARES AND 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 body corporate, other than as disclosed in this statement.

DIRECTORS' INTEREST IN SHARES OR DEBENTURES

According to the Register of Directors' Shareholdings kept by the Company under Section 164 of the Act, none of the directors who held office at the end of the financial year had any interest in the shares or debentures of the Company or its related corporations, except as follows:

	Holdings registered in the name of director		Holdings in which director is deemed to have an interest	
	As at 1.7.2021	**As at 30.6.2022**	**As at 1.7.2021**	**As at 30.6.2022**
The Company	**Number of ordinary shares**			
Phua Lam Soon [(1)]	14,701,600	23,522,560	105,454,900	168,727,840
Ong Siew Eng [(1)]	14,873,600	23,797,760	105,282,900	168,452,640
Ng Kok Seng	1,490,000	810,000	–	–
Foo Shiang Ping	130,000	208,000	–	–

	Holdings registered in the name of director		Holdings in which director is deemed to have an interest	
	As at 1.7.2021	**As at 30.6.2022**	**As at 1.7.2021**	**As at 30.6.2022**
Immediate and ultimate holding corporation Yi Investment Pte. Ltd.	**Number of ordinary shares**			
Phua Lam Soon [(1)]	25,000	25,000	25,000	25,000
Ong Siew Eng [(1)]	25,000	25,000	25,000	25,000

Notes:

(1) Mr Phua Lam Soon is deemed to have an interest in the shareholding of Ms Ong Siew Eng and vice versa by virtue of their relationship as husband and wife.

The directors' interests in the shares of the Company at 21 July 2022 were the same at 30 June 2022.

By virtue of Section 7 of the Act, Phua Lam Soon and Ong Siew Eng are deemed to have interests in the immediate and ultimate holding company, the Company and its subsidiaries.

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

SHARE OPTIONS SCHEME

At an Extraordinary General Meeting of the Company held on 29 October 2018, the shareholders of the Company approved the Boldtek Employee Share Option Scheme (the "Scheme").

Under the Scheme, the Company may grant options to employees of the Group who have contributed to the success and development of the Company and its subsidiaries, directors of the Company and its subsidiaries, whether holding office in an executive or non-executive capacity, or who are also controlling shareholders (as defined in the SGX listing manual) to subscribe for ordinary shares in the Company provided that the number of shares in respect of which options may be granted to:

(i) The aggregate number of shares which the Employee Share Option Scheme Committee may grant options on any date, when added to the number of shares issued and/or issuable in respect of (a) all options granted under the Scheme; and (b) all options or awards granted under any other incentive schemes or share plan adopted by the Company and for the time being in force shall not exceed 15% of the total number of issued shares of the Company (excluding treasury shares and subsidiary holdings) on the day immediately preceding the relevant date of grant of options; and

(ii) The aggregate number of shares available to controlling shareholders and their associates must not exceed 25% of the total number of shares available under the Scheme, and the number of shares available to each controlling shareholder or his associate must not exceed 10% of the total number of shares available under the Scheme.

The Scheme is administered by a Remuneration Committee which comprises of Sim Mong Keang Kenny (Chairman), Pao Kiew Tee and Foo Shiang Ping, all whom are directors of the Company.

SHARE OPTIONS GRANTED

Name of directors	Options granted during the financial year ended 30.06.2022	Aggregate options granted since commencement of Scheme to 30.06.2022	Aggregate options exercised since commencement Scheme to 30.06.2022	Aggregate options outstanding as at 30.06.2022
Phua Lam Soon	–	2,784,375	–	2,784,375
Ong Siew Eng	–	2,784,375	–	2,784,375

No options to take up unissued shares of the subsidiaries have been granted during the financial year.

SHARE OPTIONS EXERCISED

No shares were issued during the financial year to which this report relates by virtue of the exercise of the options to take up unissued shares of the Company or any of its subsidiaries.

DIRECTORS' STATEMENT

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2022

UNISSUED SHARES UNDER OPTION

Date options granted	Balance at 1.7.2021	Granted during the financial year	Exercised during the financial year	Balance at 30.6.2022	Number of option holders at 30.6.2022
26.11.2018	5,568,750	–	–	5,568,750	2

There were no unissued shares of subsidiaries under option at 30 June 2022.

Phua Lam Soon and Ong Siew Eng, both directors, are interested in 2,784,375 options each at the end of the financial year and at 21 July 2022.

AUDIT COMMITTEE

The Audit Committee at the date of this statement comprises the following members, all of whom are independent and /or non-executive directors of the Company:

Pao Kiew Tee	Independent Director (Chairman)
Sim Mong Keang Kenny	Independent Director
Foo Shiang Ping	Non-executive Director

The Audit Committee ("AC") performs the functions in accordance with Section 201B(5) of the Act, the Listing Manual – Section B: Rules of Catalist (the "Catalist Rules") of the Singapore Exchange Securities Trading Limited ("SGX-ST") and the Code of Corporate Governance.

The AC has held two meetings since the beginning of this financial year and has reviewed the following, where relevant, with the executive directors, independent auditor and internal auditors of the Company:

(a) the scope and the results of the audit with independent auditor and internal auditors;

(b) the audit plans of the independent auditor and internal auditors and the results of the evaluation of the Group's systems of internal accounting controls;

(c) the Group's financial and operating results and accounting policies;

(d) the statement of financial position of the Company and the consolidated financial statements of the Group before their submission to the Board of Directors and the independent auditor's report on those financial statements;

(e) the half-yearly and annual announcements and press releases on the results and financial positions of the Company and the Group;

(f) interested person transactions (if any) falling within the scope of the Rules of Catalist of SGX-ST (the "Catalist Rule"), Chapter 9 of the Catalist Rules;

DIRECTORS' STATEMENT

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2022

AUDIT COMMITTEE (CONT'D)

(g) the co-operation and assistance given by the management to the independent auditor and internal auditors; and

(h) the re-appointments of the independent auditor and internal auditors of the Group.

The AC has full access to and has the co-operation of the management and has been given the resources required for it to discharge its function properly. It also has full discretion to invite any director and executive officer to attend its meetings. The independent auditor and internal auditors have unrestricted access to the AC.

The AC has recommended to the Board that the independent auditor, Foo Kon Tan LLP, be nominated for re-appointment at the forthcoming Annual General Meeting of the Company.

INDEPENDENT AUDITOR

The independent auditor, Foo Kon Tan LLP, Public Accountants and Chartered Accountants, has expressed its willingness to accept re-appointment.

On behalf of the Directors

....
PHUA LAM SOON

....
NG KOK SENG

Dated: 13 January 2023

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF BOLDTEK HOLDINGS LIMITED

Report on the Audit of the Financial Statements

Qualified Opinion

We have audited the financial statements of Boldtek Holdings Limited (the "Company") and its subsidiaries (the "Group"), which comprise the consolidated statement of financial position of the Group and the statement of financial position of the Company as at 30 June 2022, and the consolidated statement of profit or loss and other 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, except for the effects of the matters described in the *Basis for Qualified Opinion* section of our report, the accompanying consolidated financial statements of the Group and the statement of financial position of the Company are properly drawn up in accordance with the provisions of the Singapore 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 30 June 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 Qualified Opinion

Contract assets and revenue recognition

The Group's contract assets were carried at $59,334,000 in the consolidated statement of financial position as at 30 June 2022 and the Group's revenue for the financial year ended 30 June 2022 amounted to $52,651,000.

(a) Construction works

Based on the final payment certificates issued by the customers for certain construction projects, we noted that the contract sum amount stated in these final payment certificates were lower than the original contract sums. Consequently, contract assets balances relating to these projects of $8,577,000 as at 30 June 2022 were recorded in excess of the revised contract sum stated in the final payment certificates. Out of the total balances of $8,577,000, final payment certificates were received in prior years in respect of construction projects with contract assets balances of $7,392,000, which were only made known to us during the course of our audit for the financial year ended 30 June 2022. For the remaining construction project with contract asset balance of $1,185,000, the final payment certificate is only received in the current financial period.

Management is still in the process of negotiation with the customers to claim for these contract assets balances of $8,577,000. However, management did not perform an impairment assessment to determine the recoverability of these balances as at 30 June 2021 and 30 June 2022 despite receipt of these final payment certificates in the relevant periods. As such, we were unable to obtain sufficient appropriate audit evidence as to the recoverability of these contract assets aggregating to $8,577,000 as at 30 June 2022. Consequently, we were unable to determine whether any adjustments to these amounts were necessary in the current and prior financial periods.

Basis for Qualified Opinion (Cont'd)

Contract assets and revenue recognition (Cont'd)

(b) Building and maintenance

The Group had been applying percentage of completion method (cost-based input approach) to recognise revenue for its Term Contracts with customers. In these Term Contracts, the Group was engaged by the customers to perform work scope involving maintenance work, addition & alteration to existing structure, general repairs and redecoration, fit-out work, turfing, planting & fertilising etc which are generally short term in nature.

For these Term Contracts, the measure of the progress of work was determined based on the input method i.e. proportion of actual contract costs incurred to date to the estimated total costs for each Term Contract. This percentage of completion ("POC") is then applied to the total contract sum stated under the contract. The contract sum includes provisional sums for additional works and services that may be expended either in whole or in part or to be omitted at the discretion of the customer and may not be appropriate to be applied in full when computing the contract revenue to be recognised under the POC using the input method. In addition, the budgeted cost for each Term Contract is computed based on a certain percentage of the total contract sum (with a pre-determined gross profit margin) without any supporting documents made available to us.

For significant projects identified by management, contract assets amounting to $17,518,000 and revenue of $18,806,000 were recognised under building and maintenance services in the consolidated statement of financial position as at 30 June 2022 and the consolidated statement of profit or loss and other comprehensive income for the financial year ended 30 June 2022 respectively in relation to work services carried out under these Term Contracts.

Based on the comparison between the contract revenue recognised under the input method in the financial statements and the actual billings information provided by management, which coincides with the amount of work performed certified by the customers' quantity surveyors (based on payment certificates as at 30 June 2022), during the financial periods ended 30 June 2021 and before, the above-mentioned POC method is expected to result in over-recognition of revenue of $10,809,000 in respect of the prior years, and an over-recognition of revenue of $1,116,000 during the current financial year. Consequently, the contract assets were also expected to be overstated by $11,925,000 as at 30 June 2022.

In view of the above, we were unable to obtain sufficient appropriate audit evidence to satisfy ourselves as to accuracy of the carrying amount of the Group's contract assets as at 30 June 2022 and the Group's revenue for the current and prior financial periods. Consequently, we were unable to determine whether any further adjustments to these amounts were necessary or would have a consequential significant effect on the Group's financial statements for the year ended 30 June 2022 and the related disclosures. Our opinion on the current year's financial statements is also modified because of the possible effects of the above matters on the comparability of the current year's figures and corresponding figures.

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

Material Uncertainty Related to Going Concern

We draw attention to Note 1.1 in the financial statements, which indicates that the Group has sustained net cash outflow from operations of $5,304,000 and incurred a net loss of $6,674,000 during the year ended 30 June 2022. In addition, if the misstatements on the Group's contract assets were corrected as discussed in the *Basis for Qualified Opinion* section of our report, the Group's current liabilities would have exceeded its current assets by $7,630,000. As of 30 June 2022, the Group had also breached its loan covenant under certain bank loan agreements by failing to maintain a minimum tangible net worth balance or gearing ratio after considering these adjustments. As a result of this loan covenant breach, bank loan balances of $5,259,000 had been classified within current liabilities. These events or conditions, along with other matters as set forth in Note 1.1, indicate the existence of a material uncertainty that may cast significant doubt on the Group's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

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. As described in the *Basis for Qualified Opinion* section above, the carrying amount of the Group's contract assets as at 30 June 2022; and the Group's revenue for the year ended 30 June 2022 and the relevant corresponding prior periods were materially misstated. Accordingly, we are unable to conclude whether or not the other information is materially misstated with respect to this matter.

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF BOLDTEK HOLDINGS LIMITED

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. In addition to the matter described in the *Basis for Qualified Opinion* section, we have determined the matters below to be the key audit matters to be communicated in our report.

Key audit matter	How our audit addressed the matter
Revenue recognition of construction contracts	
For the financial year ended 30 June 2022, the Group recognised revenue from construction contracts of $30,433,000 (2021 - $32,683,000). The Group uses estimates in accounting for its revenue from construction contracts. Revenue from construction contracts is recognised using the cost based input method that reflects the over time transfer of control to its customer. This is measured by reference to the Group's progress towards completing the performance obligations in the contract. The measure of the progress is determined based on the proportion of contract costs incurred to date to the estimated total costs. We focused on this area because of the significant judgement required in preparing reasonable estimates of the initial budgeted costs and periodic review of the budgeted costs subsequently which could result in material variance in the amount recognised in profit or loss to date and therefore also in the current period.	We assessed the revenue recognition policies adopted to ensure compliance with SFRS(I). We carried out testing of key controls over revenue recognition. We also performed substantive testing including test of details of transactions. Our audit procedures over revenue recognition include: i. Obtained an understanding and tested key controls over the recognition of contract revenue and evaluated the design and implementation of key controls over the budgeting process recognition of contract costs and tested the effectiveness of these key controls, on a sample basis, and determined that these controls were operating effectively throughout the financial year; and ii. For significant projects identified, we agreed revenue recognised to contract sums and obtained supporting documentation for the variation orders from the customers during the year. We also verified the actual costs incurred against the underlying documents such as suppliers' invoices and progress claims from subcontractors. We have performed a re-computation to ascertain whether the revenue was recognised according to the progress towards completing the performance obligation in the contract of each identified significant project. We have also assessed the key assumptions used by management in estimating the total budgeted costs for the new projects by inspection of supporting documents such as quotations from the suppliers and subcontractors.

KEY AUDIT MATTERS (CONT'D)

Key audit matter	How our audit addressed the matter
Lower of cost and net realisable value of completed properties for sale	
As at 30 June 2022, the Group has completed properties for sale carried at $5,206,000 (2021 - $5,702,000) located in Malaysia. These properties are stated at the lower of cost and net realisable value. Net realisable value represents the estimated selling price less estimated costs of completion and selling expenses. The determination of the estimated net realisable value of these properties is mainly dependent upon the management's expectations of future selling prices, which are affected by, among other things, demand supply factors, interest rates, government policies and economic conditions. There is a risk that the estimate of net realisable values exceeds future selling prices, resulting in a loss when these properties are sold.	We have performed the following: i. Evaluated the objectivity and independence of the external valuer, and also considered the qualifications and competency of the external valuer engaged by the management; ii. Discussed with the external valuer on the results of the work and checked to recent transacted prices and latest market prices of comparable properties located in the vicinity of these properties; iii. Engaged an auditor's expert to review the adequacy of the work performed and evaluated and ascertained that the auditor's expert has the competence, capabilities and objectivity for our purpose; and iv. Assessed the adequacy of allowance for write down to net realisable value, if any.

KEY AUDIT MATTERS (CONT'D)

Key audit matter	How our audit addressed the matter
Impairment testing of non-financial assets (the Group's property, plant and equipment and right-of-use assets and the Company's investments in subsidiaries)	
In view of the losses incurred by the subsidiaries for the current financial year (after excluding government grants which are non-recurring in nature), management has assessed that there are indications of impairment of the property, plant and equipment and right-of-use assets of the Group and the investments in subsidiaries of the Company. Accordingly, these assets are tested for impairment. The impairment testing of the Group's property, plant and equipment and right-of-use assets and the investments in subsidiaries of the Company is considered to be a significant risk area due to the judgemental nature of key assumptions and the significance of the carrying amounts of these assets in the consolidated statement of financial position of the Group. An impairment loss is recognised for the amount by which an asset's or cash-generating unit's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of value in use and fair value less costs of disposal. Fair value less costs of disposal encompass estimating the expected selling prices of the underlying assets by identifying the comparable assets and determining the current market prices of these assets. Input inaccuracies or inappropriate assumptions used to determine the level of impairment, including the comparables used in the fair value measurements, could result in material misstatement in the financial statements. The valuation techniques and inputs to the impairment tests based on fair value less costs of disposal are disclosed in Note 5 to the financial statements.	Our procedures in relation to management's testing of impairment and determination of the recoverable amount of the Group's property, plant and equipment and right-of-use assets and the Company's investments in subsidiaries based on fair value less costs of disposal included: i. Assessed the methodologies and appropriateness of the key assumptions used by the management's experts; ii. Obtained an understanding and reviewed the key assumptions in the input data from management and the management's experts through discussions, comparisons to independent external data sources, and agreed to supporting documentation and historical trends; and iii. Evaluated the competence, capabilities and objectivity of the management's experts. We involved auditor's expert to assist us in the above. We evaluated the competence, capabilities and objectivity of the auditor's expert, and the adequacy of the work performed by the experts. We also considered the adequacy of disclosures in the financial statements, describing the methodologies used, degree of subjectivity and key assumptions used in the estimates.

KEY AUDIT MATTERS (CONT'D)

Key audit matter	How our audit addressed the matter
Valuation of investment properties	
As at 30 June 2022, the Group has investment properties carried at $14,215,000 (2021 - $17,541,000). Investment properties are stated at their fair values based on independent external valuations as at 30 June 2022. The valuation process involves significant judgement in determining the appropriate valuation methodology to be used, and in estimating the underlying assumptions to be applied. These estimates include adjustments made for differences between the subject properties and comparables, taking into consideration differences such as timing of transactions, location, size, tenure, accessibility, infrastructure availability, property use and conditions.	We have performed the following procedures in response to the risk over the valuation of investment properties: i. Evaluated the competence, capabilities and objectivity of the external valuers engaged by management; ii. Discussed the key assumptions and critical judgemental areas with the external valuers and understood the approaches taken by the valuers in determining the valuation of the investment properties; iii. Engaged an auditor's expert to review the adequacy of the work performed, including significant judgement, estimates and assumptions used by the external valuers in arriving at the valuation amounts; and iv. Reviewed the classification and disclosures of investment properties in the financial statements, including disclosure of significant judgements, estimates and assumptions and fair value hierarchy.

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF BOLDTEK HOLDINGS LIMITED

Responsibilities of Management and Directors for the Financial Statements

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

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

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

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

- 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, actions taken to eliminate threats or safeguards applied.

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.

Report on Other Legal and Regulatory Requirements

In our opinion, except for the matters described in the *Basis for Qualified Opinion* section of the report, 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 Chan Ser.

Foo Kon Tan LLP
Public Accountants and
Chartered Accountants

Singapore,
13 January 2023

STATEMENTS OF FINANCIAL POSITION

AS AT 30 JUNE 2022

		The Group		The Company	
	Note	30 June 2022 $'000	30 June 2021 $'000	30 June 2022 $'000	30 June 2021 $'000
ASSETS					
Non-Current Assets					
Investments in subsidiaries	3	–	–	–	16,972
Investment in a joint venture company	4	301	496	500	500
Property, plant and equipment	5	7,811	8,657	-	1
Investment properties	6	14,215	17,541	-	-
Deferred tax assets	7	-	132	-	-
		22,327	26,826	500	17,473
Current Assets					
Inventories	8	5	35	-	-
Contract assets	9	59,334	57,279	-	-
Completed properties for sale	10	5,206	5,702	-	-
Trade and other receivables	11	8,737	12,516	4,917	5,321
Other current assets	12	940	808	14	3
Grant receivables	13	-	71	-	-
Cash and bank balances	14	774	898	10	25
		74,996	77,309	4,941	5,349
Total Assets		97,323	104,135	5,441	22,822
EQUITY AND LIABILITIES					
Capital and Reserves					
Share capital	15	26,518	17,676	26,518	17,676
(Accumulated losses)/retained profits		3,264	9,806	(24,945)	(467)
Currency translation reserve	16	(11)	(59)	–	–
Merger reserve	17	(2,014)	(2,014)	–	–
Capital reserve	18	(876)	(876)	–	–
Property revaluation reserve	19	424	424	–	–
Share option reserve	20	396	396	396	396
Equity attributable to owners of the Company		27,701	25,353	1,969	17,605
Non-controlling interests		(211)	(79)	-	-
Total Equity		27,490	25,274	1,969	17,605
Non-Current Liabilities					
Borrowings	21	5,930	10,666	–	–
Lease liabilities	22	1,779	1,954	–	–
Deferred tax liabilities	7	–	721	–	–
		7,709	13,341	–	–
Current Liabilities					
Trade and other payables	23	38,228	42,279	2,372	3,917
Contract liabilities	24	381	1,265	–	–
Current tax payable		–	78	–	–
Deferred grants	13	–	210	–	–
Borrowings	21	23,341	21,463	1,100	1,300
Lease liabilities	22	174	225	-	-
		62,124	65,520	3,472	5,217
Total Liabilities		69,833	78,861	3,472	5,217
Total Equity and liabilities		97,323	104,135	5,441	22,822

The annexed notes form an integral part of and should be read in conjunction with these financial statements.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2022

	Note	Year ended 30 June 2022 $'000	Year ended 30 June 2021 $'000
Revenue	25	52,651	60,255
Cost of works		(49,398)	(55,469)
Gross profit		3,253	4,786
Other income	26	1,829	3,913
Other expenses	27	(3,292)	(337)
Distribution and marketing costs		(75)	(128)
Administrative expenses		(7,804)	(7,044)
Reversal impairment of financial assets and contract assets		95	454
Bad debts written off		(210)	–
Finance costs	28	(942)	(995)
Share of result of a joint venture company	4	(195)	(4)
(Loss)/profit before taxation		(7,341)	645
Taxation	29	667	(32)
Total (loss)/profit for the financial year	30	(6,674)	613
Other comprehensive (loss)/income after tax:			
Items that may be reclassified subsequently to profit or loss			
Exchange differences on translation of foreign operations		48	1
Other comprehensive income for the financial year, net of nil tax		48	1
Total comprehensive (loss)/income for the financial year		(6,626)	614
(Loss)/profit attributable to:			
Owners of the parent		(6,542)	629
Non-controlling interests		(132)	(16)
		(6,674)	613
Total comprehensive (loss)/income attributable to:			
Owners of the parent		(6,494)	630
Non-controlling interests		(132)	(16)
		(6,626)	614
(Losses)/earnings per share attributable to owner of the parent (cents)			
- Basic and diluted	31	(2.08)	0.29

The annexed notes form an integral part of and should be read in conjunction with these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2022

		Attributable to equity holders of the Company									
	Note	Share capital $'000	Retained profits/ (losses) $'000	Currency translation reserve $'000	Merger reserve $'000	Capital reserve $'000	Property revaluation reserve $'000	Share option reserve $'000	Equity attributable to owners of the Company $'000	Non-controlling interests $'000	Total equity $'000
Balance at 1 July 2021		17,676	9,177	(60)	(2,014)	(876)	424	282	24,609	(63)	24,546
Profit for the financial year		-	629	-	-	-	-	-	629	(16)	613
Other comprehensive income		-	-	1	-	-	-	-	1	-	1
Total comprehensive income for the financial year		-	629	1	-	-	-	-	630	(16)	614
Recognition of share-based payments, representing transactions with owners, recognised directly in equity		-	-	-	-	-	-	114	114	-	114
Balance at 30 June 2021		17,676	9,806	(59)	(2,014)	(876)	424	396	25,353	(79)	25,274
Loss for the financial year		-	(6,542)	-	-	-	-	-	(6,542)	(132)	(6,674)
Other comprehensive income		-	-	48	-	-	-	-	48	-	48
Total comprehensive loss for the financial year		-	(6,542)	48	-	-	-	-	(6,494)	(132)	(6,626)
Transactions with owners, recognised directly in equity											
Contribution by and distribution to owners											
Issue of shares, net of share issue costs	15	8,842	-	-	-	-	-	-	8,842	-	8,842
Balance at 30 June 2022		26,518	3,264	(11)	(2,014)	(876)	424	396	27,701	(211)	27,490

The annexed notes form an integral part of and should be read in conjunction with these financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2022

	Note	Year ended 30 June 2022 $'000	Year ended 30 June 2021 $'000
Cash Flows from Operating Activities			
(Loss)/profit before taxation		(7,341)	645
Adjustments for:			
Depreciation of property, plant and equipment	5	987	892
Gain on disposal of property, plant and equipment	26	(23)	–
Impairment allowance on completed properties for sale	27	364	–
Interest expense	28	942	995
Changes in fair value of investment properties	27	2,439	204
Share-based payment expense		–	114
Reversal of impairment loss on financial assets and contract assets	30	(95)	(454)
Share of results of a joint venture company	4	195	4
Bad debts written off	30	210	–
Government grants	26	(1,168)	(3,147)
Unrealised currency translation differences		452	136
Operating loss before working capital changes		(3,038)	(611)
Inventories		30	90
Trade and other receivables		4,006	(2,624)
Contract assets		(1,789)	(15,414)
Other current assets		(132)	39
Trade and other payables		(4,526)	8,543
Contract liabilities		(884)	(162)
Cash used in operations		(6,333)	(10,139)
Government grants received		1,029	3,292
Income taxes paid		–	(201)
Net cash used in operating activities		(5,304)	(7,048)
Cash Flows from Investing Activities			
Acquisition of property, plant and equipment (Note a)		(51)	(486)
Investment in a joint venture company		–	(500)
Advances for working capital to joint venture company		(621)	(2,658)
Proceeds from disposal of investment properties	6	520	–
Proceeds from disposal of property, plant and equipment		23	–
Net cash used in investing activities		(129)	(3,644)
Cash Flows from Financing Activities			
Advances from directors	23	7,644	8,790
Repayment to directors	23	(3,498)	–
Proceeds from rights issue	15	1,964	–
Proceeds from issuance of ordinary shares	15	3,400	–
Payment of share issue expenses	15	(127)	–
Repayment of lease liabilities	21.2	(324)	(241)
Proceeds from borrowings	21.2	43,093	23,773
Repayment of borrowings	21.2	(46,429)	(23,566)
Interest paid	21.2	(942)	(995)
Net cash generated from financing activities		4,781	7,761
Net decrease in cash and bank balances		(652)	(2,931)
Cash and bank balances at beginning of the financial year		404	3,336
Exchange differences on translation of cash and bank balances		(9)	(1)
Cash and bank balances at end of the financial year	14	(257)	404

Note a:
For the financial year ended 30 June 2022, the Group acquired property, plant and equipment ("PPE") with an aggregate cost of $85,000 (2021 – $690,000) of which $51,000 (2021 – $486,000) was paid in cash and the remaining amount of $34,000 (2021 – $204,000) was acquired as leases (right-of-use assets).

The annexed notes form an integral part of and should be read in conjunction with these financial statements.

1 GENERAL INFORMATION

The consolidated financial statements of the Group for the financial year ended 30 June 2022 and the statement of financial position of the Company as at 30 June 2022 were authorised for issue in accordance with a resolution of the directors on the date of the Directors' Statement.

The Company is listed on the Catalist, the sponsor-supervised listing platform of The Singapore Exchange Securities Trading Limited ("SGX-ST"), and incorporated and domiciled in Singapore.

The registered office is located at 72 Senoko Drive Singapore 758240.

The principal activities of the Company are investment holding. The principal activities of the subsidiaries are disclosed in Note 3 to the financial statements.

The Company's immediate and ultimate holding corporation is Yi Investment Pte. Ltd., which is incorporated in Singapore.

1.1 Going concern

As at 30 June 2022, the Group incurred net cash outflow from operations of $5,304,000 (2021 - $7,048,000). In addition, for the financial year ended 30 June 2022, the Group had generated a net loss of $6,674,000 (2021 – net loss of $2,534,000 after excluding government grants of $3,147,000 which are non-recurring in nature). Nonetheless, the directors are of the view that the going concern assumption is appropriate for the preparation of the financial statements, due to the following:

(i) As at 30 June 2022, the Group had net current assets and net assets of $12,872,000 (2021 - $11,789,000) and $27,490,000 (2021 - $25,274,000), respectively.

(ii) One of the directors has undertaken to provide necessary financial support to the Group and would not demand repayment on the advances made by the director within the next 12 months from the reporting date if the need arises, so as to enable the Group to continue operations and meet its liabilities as and when they fall due.

(iii) At the end of the reporting period, the Group's unfulfilled order book based on secured contracts stood at $34.7 million. As disclosed in Note 40 to the financial statements, the Company's wholly owned subsidiary, Logistics Construction Pte. Ltd., was awarded a few contracts totalling $3.7 million by third party customers for construction works.

(iv) In respect of its bank borrowings, the Group has not defaulted on any interest or principal repayment and is confident of reaching an agreement with the banks to waive the covenant breach since its investment property in Malaysia could be mortgaged to the banks and the market valuation of the asset is in excess of the outstanding loan amount.

(v) Subsequent to the financial year ended 30 June 2022, the Group had also appointed its marketing and estate agents to assist in the sourcing of potential buyers to liaise on behalf of the Group in negotiating the sales options in respect of its properties in Malaysia.

In assessing whether the Group can meet their debt obligations for at least 12 months from the end of the reporting period, management has prepared cash flow forecast for the financial year ending 30 June 2023. Based on the forecast and having regard to the above, the directors believe that the Group has sufficient working capital and financial resources to enable them to meet their liabilities as and when they fall due and continue as going concern for at least 12 months from the end of the reporting period.

1 GENERAL INFORMATION (CONT'D)

1.1 Going concern (Cont'd)

In analysing the going concern position and cash flow forecast of the Group, the management of the Group is also confident in realising its investment properties and completed properties in Malaysia for cash proceeds at their prevailing market value as determined by an independent external valuer at the reporting date to generate the necessary financial resources to the Group to meet its obligations and liquidity needs, notwithstanding the potential adjustments to contract assets for the following:

(i) Based on the final payment certificates issued by the customers for certain construction projects, the contract sum amount stated in these final payment certificates were lower than the original contract sums. Consequently, contract assets balances relating to these projects of $8,577,000 as at 30 June 2022 were recorded in excess of the revised contract sum stated in the final payment certificates.

(ii) In respect of the term contracts, based on the comparison between the contract revenue recognised under the input method in the financial statements and the actual billings information provided by management, which coincides with the amount of work performed certified by the customers' quantity surveyors (based on payment certificates as at 30 June 2022), during the financial periods ended 30 June 2021 and before, the POC method is expected to result in over-recognition of revenue of $10,809,000 in respect of the prior years, and an over-recognition of revenue of $1,116,000 during the current financial year. Consequently, the contract assets were also expected to be overstated by $11,925,000 as at 30 June 2022.

If the Group is unsuccessful in disposing its investment properties and completed properties or realise these assets at prices significantly below their market values, the Group would be unable to meet its payment obligations for its existing liabilities when they fall due. This is a material uncertainty which may cast significant doubt on the Group's ability to continue as a going concern, and, therefore, the Group may be unable to realise its assets and discharge its liabilities in the normal course of business.

2(A) BASIS OF PREPARATION

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

The financial statements are presented in Singapore dollar which is the Company's functional currency. All financial information are disclosed and presented in Singapore dollar and rounded to the nearest thousand ($'000), unless otherwise stated.

2(B) INTERPRETATIONS AND AMENDMENTS TO PUBLISHED STANDARDS EFFECTIVE FOR THE CURRENT FINANCIAL YEAR

On 1 July 2021, the Group and the Company have the following SFRS(I) that are mandatory or relevant for application from that date. Changes to the Group's and the Company's accounting policies have been made as required, in accordance with the transitional provisions in the respective SFRS(I).

Reference	Description	Effective date (Annual periods beginning on or after)
Amendments to SFRS(I) 9, SFRS(I) 1-39, SFRS(I) 7, SFRS (I) 4 and SFRS(I) 16	*Interest Rate Benchmark Reform – Phase 2*	1 January 2021
Amendments to SFRS(I) 16	*COVID-19 Related Rent Concessions beyond 30 June 2021*	1 April 2021

The adoption of the above amendments to SFRS(I) did not result in any significant impact on these financial statements.

2(C) NEW STANDARDS AND INTERPRETATIONS IN ISSUE BUT NOT YET EFFECTIVE

The following are new or amended SFRS(I) and SFRS(I) INT that are not yet effective but may be early adopted for the current financial year. However, the Group has not early adopted the new or amended SFRS(I) and SFRS(I) INT in preparing these financial statements.

Reference	Description	Effective date (Annual periods beginning on or after)
Amendments to SFRS(I) 3	*Reference to the Conceptual Framework*	1 January 2022
Amendments to SFRS(I) 1-16	*Property, Plant and Equipment - Proceeds before Intended Use*	1 January 2022
Amendments to SFRS(I) 1-37	*Onerous Contracts – Cost of Fulfilling a Contract*	1 January 2022
Annual Improvements to SFRS(I)s 2018–2020:		
- Amendments to SFRS(I) 1	*Subsidiary as a First-time Adopter*	1 January 2022
- Amendments to SFRS(I) 9	*Fees in the '10 per cent' Test for Derecognition of Financial Liabilities*	1 January 2022
- Amendments to SFRS(I) 16	*Lease Incentives*	1 January 2022
- Amendments to SFRS(I) 1-41	*Taxation in Fair Value Measurements*	1 January 2022
Amendments to SFRS(I) 1-1	*Classification of Liabilities as Current or Non-current*	1 January 2024
Amendments to SFRS(I) 1-1 and SFRS(I) Practice Statement 2	*Disclosure of Accounting Policies*	1 January 2023
Amendments to SFRS(I) 1-8	*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) 17	*Initial Application of SFRS(I) 17 and SFRS(I) 9- Comparative Information*	1 January 2023
Amendments to SFRS(I) 1-1	*Non-current Liabilities with Covenants*	1 January 2024
Amendments to SFRS(I) 10 and SFRS(I) 1-28	*Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*	Yet to be determined

Management does not anticipate that the adoption of the above amended SFRS(I) in future periods will have a material impact on the financial statements of the Group and the Company in the period of their initial application except as discussed below.

Amendments to SFRS(I) 1-37 *Onerous Contracts - Cost of Fulfilling a Contract*

The amendments specify that the "cost of fulfilling" a contract comprises the "costs that relate directly to the contract". Cost that relate directly to a contract consist of both the incremental costs of fulfilling that contract (e.g. direct labour or materials) and an allocation of other costs that relate directly to fulfilling contracts (e.g. depreciation charge for an item of property, plant and equipment used in fulfilling the contract).

The amendments are effective for annual periods beginning on or after 1 January 2022, with early application permitted. The amendments apply to contracts for which the entity has not yet fulfilled all its obligations at the beginning of the annual reporting period in which the entity first applies the amendments. Comparatives are not restated. Instead, the entity shall recognise the cumulative effect of initially applying the amendments as an adjustment to the opening balance of retained earnings (or other component of equity, as appropriate) at the date of initial application.

It is currently impracticable to disclose any further information on the known or reasonably estimable impact to the Group's and the Company's financial statements in the period of initial application.

2(C) NEW STANDARDS AND INTERPRETATIONS IN ISSUE BUT NOT YET EFFECTIVE (CONT'D)

Amendments to SFRS(I) 1-1 *Classification of Liabilities as Current or Non-current*

The amendments affect only the presentation of liabilities as current or non-current in the statement of financial position and not the amount or timing of recognition of any asset, liability, income or expenses, or the information disclosed about those items.

The amendments clarify that the classification of liabilities as current or non-current is based on the rights that are in existence at the end of the reporting period, specify that classification is unaffected by expectations about whether an entity will exercise the right to defer settlement of a liability, explain that rights are in existence if covenants are complied with at the end of the reporting period, and introduce a definition of 'settlement' to make clear that settlement refers to the transfer of cash, equity instruments, other assets or services to the counterparty.

The amendments are applied retrospectively for annual periods beginning on or after 1 January 2024, with early application permitted.

There is no material impact expected to the Group's and Company's financial statements on initial application.

Amendments to SFRS(I) 1-12 *Deferred Tax related to Assets and Liabilities arising from a Single Transaction*

The amendments specify how companies should account for deferred tax on transactions such as leases and decommissioning obligations.

SFRS(I) 1-12 *Income Taxes* specifies how a company accounts for income tax, including deferred tax, which represents tax payable or recoverable in the future.

In specified circumstances, companies are exempted from recognising deferred tax when they recognise assets or liabilities for the first time. Previously, there had been some uncertainty about whether the exemption applied to transactions such as leases and decommissioning obligations – transactions for which companies recognise both an asset and a liability.

The amendments clarify that the exemption does not apply and that companies are required to recognise deferred tax on such transactions. The aim of the amendments is to reduce diversity in the reporting of deferred tax on leases and decommissioning obligations.

The amendments are effective for annual reporting periods beginning on or after 1 January 2023, with early application permitted.

There is no material impact expected to the Group's and the Company's financial statements on initial application.

2(D) SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of the financial statements in conformity with SFRS(I) requires the use of judgements, estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the financial year. Although these estimates are based on management's best knowledge of current events and actions, actual results may differ from those estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the reporting period in which the estimate is revised and in any future reporting periods affected.

Significant judgements made and assumptions used in applying accounting policies

The following are the critical judgements, apart from those involving estimations (which are presented separately below), that have been made in the process of applying the Group's accounting policies and that have the most significant effect on the amounts recognised in financial statements.

Income taxes

The Group has exposure to income taxes in Singapore and Malaysia. Significant judgement is involved in determining the group-wide provision for income taxes. There are certain transactions and computations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises liabilities for expected tax issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recognised, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

Deferred taxation on investment properties

For the purposes of measuring deferred tax liabilities or assets arising from investment properties that are measured using the fair value model, management has reviewed the Group's investment property portfolio and concluded that they are not held under a business model whose objective is to consume substantially all of the economic benefits embodied in the investment properties over time, rather than through sale. Therefore, in determining the Group's deferred taxation on investment properties, management has determined that the presumption that investment properties measured using the fair value model are recovered through sale is not rebutted.

Critical accounting estimates and assumptions used in applying accounting policies

Construction contracts

The Group has significant ongoing construction contracts that are non-cancellable. For these contracts, revenue is recognised over time by reference to the Group's progress towards completion of the contract. The measure of progress is determined based on the proportion of contract costs incurred to date to the estimated total contract costs ("input method").

Management has to estimate the total contract costs to complete, which are used in the input method to determine the Group's recognition of construction revenue. When it is probable that the total contract costs will exceed the total construction revenue, a provision for onerous contracts is recognised immediately.

Significant assumptions are used to estimate the total contract sum and the total contract costs which affect the accuracy of revenue recognition based on the percentage-of-completion and completeness of provision for onerous contracts recognised. In making these estimates, management has relied on past experience and the work of specialists.

2(D) SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS (CONT'D)

Critical accounting estimates and assumptions used in applying accounting policies (Cont'd)

Impairment of investments in subsidiaries

The Company assesses at the end of each reporting period whether there is any indication that the investments in subsidiaries may be impaired or that impairment losses recognised in prior periods may no longer exist or may have decreased. If any indication exists, the investment in subsidiary is tested for impairment. The determination of the recoverable amount requires an estimation of the fair value less costs of disposal of the underlying assets or the value in use of the cash-generating units. Estimating the fair value less costs of disposal requires the Company to make an estimate of the expected selling prices or realisable amounts of the underlying assets and the estimated cash outflows to settle the obligations in respect of the underlying liabilities. Estimating the value in use requires the Company to make an estimate of the expected future cash flows from the cash-generating units, a suitable growth rate to extrapolate the future cash flows, and an appropriate discount rate in order to calculate the present value of the future cash flows. The carrying amount of the Company's investments in subsidiaries at the end of the reporting period, and the basis used to determine fair value less costs of disposal as the recoverable amount, are disclosed in Note 3 to the financial statements. The impairment loss on investments in subsidiaries is disclosed in Note 3.

Management has evaluated the recoverability of these investments and had recognised an additional impairment loss of $17,472,000 (2021 - $100,000) in its subsidiaries. The recoverable amount is determined based on fair value less cost to sell as disclosed in Note 3.

Impairment of amounts due from subsidiaries

The Company held non-trade receivables due from its subsidiaries of $11,029,000 (2021 - $5,662,000) as at the end of the reporting period. The impairment of the amounts due from its subsidiaries are based on the expected loss model using general approach which considers the availability of highly accessible liquid assets of the subsidiaries to repay these amounts if demanded repayment at the end of the reporting period. As a result of management's assessment, an additional expected credit losses of $6,392,000 (2021 - $1,377,000) was recognised.

The carrying amount of the Company's amounts due from subsidiaries is disclosed in Note 11.

Impairment of property, plant and equipment and right-of-use assets

Property, plant and equipment and right-of-use assets are evaluated at the end of each reporting period to assess whether there is any indication of impairment or that an impairment loss recognised in prior periods no longer exists or may have decreased. If any such indication exists, the recoverable amounts of the assets are estimated to determine the extent of the impairment loss, if any. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. Such impairment loss is recognised in profit or loss.

Significant judgement and estimates by management are required in the area of asset impairment, particularly in assessing: (i) whether an event has occurred that may indicate that the related asset values may not be recoverable; (ii) whether the carrying value of an asset can be supported by its market value based on comparable assets or the net present value of future cash flows which are estimated based on the continued use of the asset in the business; and (iii) the appropriate valuation techniques and inputs used in fair value measurement and the key assumptions to be applied in preparing cash flow projections including whether these cash flow projections are extrapolated using a suitable growth rate and then discounted using an appropriate discount rate. Changing the assumptions selected by management to determine the level of impairment could materially affect the recoverable amount determined in the impairment test and as a result may potentially affect the Group's results.

2(D) SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS (CONT'D)

Critical accounting estimates and assumptions used in applying accounting policies (Cont'd)

Impairment of property, plant and equipment and right-of-use assets (Cont'd)
A 5% (2021 - 5%) reduction in the recoverable amount of the assets would not result in any impairment since the estimated recoverable amount is still higher than its carrying value. The carrying amount of the Group's property, plant and equipment and right-of-use assets at the end of the reporting period and the basis used to determine fair value less costs of disposal are disclosed in Note 5 to the financial statements.

Valuation of investment properties
The Group carries its investment properties at fair value based on independent professional valuations. In determining fair values, the valuers have used valuation techniques (including direct comparison method) which involve certain estimates and significant unobservable inputs. The direct comparison method involves the analysis of comparable sales of similar properties and adjusting prices to those reflective of the investment properties. In relying on valuation reports, the management has exercised its judgement and is satisfied that the valuation methods and estimates are reflective of current market conditions. The carrying amount of the Group's investment properties and the information relating to the valuation techniques and inputs used in determining their fair value are disclosed in Note 6 and Note 39.

A 5% (2021: 5%) change in the fair value of the investment properties from management's estimates would result in approximately an increase/decrease of $710,000 (2021: $877,000) to the Group's profit or loss for the financial year.

Valuation technique	Input factor	Increase or decrease in estimate	Increase or decrease in fair value
Direct comparison method	Transacted prices of comparable properties	+/- 5%	+/- $0.7 million (2021: +/- $0.9 million)

Completed properties for sale
Completed properties for sale are stated at lower of cost and estimated net realisable value. When it is probable that the total development costs will exceed the total projected revenue, the amount in excess of net realisable value is recognised as an expense immediately.

The process of evaluating the net realisable value of the properties is subject to assumptions in respect of development plans, timing of sale and the prevailing market conditions. The Group estimated selling prices by comparing these with transacted prices of comparable properties in the vicinity or against valuation performed by independent professional valuers.

A 5% (2021 – 5%) reduction in the estimated selling prices of the properties from management's estimated selling prices would result in approximately a decrease of $260,000 (2021 - $312,000) to the estimated net realisable value of the Group's completed properties for sale.

The carrying amount of the Group's completed properties for sale is disclosed in Note 10.

2(D) SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS (CONT'D)

Critical accounting estimates and assumptions used in applying accounting policies (Cont'd)

Impairment of contract assets and trade receivables

The Group uses a provision matrix to calculate expected credit loss ("ECLs") for trade receivables and contract assets. The provision rates are based on days past due for groupings of customer with similar credit risk pattern. The provision matrix is initially based on the Group's historical observed default rates. The Group will calibrate the matrix to adjust historical credit loss experience with forward-looking information. For instance, if forecast of economic conditions are expected to deteriorate over the next year which can lead to an increased number of defaults in the construction sector, the historical default rates are adjusted. At the end of each reporting period, 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 of economic conditions and ECLs is an estimate. The amount of ECLs is sensitive to changes in circumstances and forecast of 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 36.3.

At the reporting date, the Group has recognised a reversal of allowance for ECL on contract assets and additional loss allowances on trade receivables of $266,000 (2021 - $247,000) and $171,000 (2021 – reversal of loss allowance of $207,000), respectively.

If the loss allowance provision increase/decrease by 5% from management's estimates, the Group's allowance for ECL on contract assets and trade receivables will increase/decrease by $21,000 (2021 - $26,000). The carrying amount of the Group's and the Company's contract assets and trade receivables are disclosed in Notes 9 and 11, respectively.

2(E) SIGNIFICANT ACCOUNTING POLICIES

Consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at the end of the reporting period. The financial statements of the subsidiaries used in the preparation of the consolidated financial statements are prepared for the same reporting period as the Company. Consistent accounting policies are applied to like transactions and events in similar circumstances.

All intra-group balances, income and expenses and unrealised gains and losses resulting from intra-group transactions and dividends are eliminated in full.

Subsidiaries are consolidated from the date of acquisition, being the date on which the Group obtains control and continue to be consolidated until the date that such control ceases.

Losses and other comprehensive income are attributable to the non-controlling interest even if that results in a deficit balance.

2(E) SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Consolidation (Cont'd)

A change in the ownership interest of a subsidiary without a loss of control is accounted for as an equity transaction. If the Group loses control over a subsidiary, it:

- de-recognises the assets (including goodwill) and liabilities of the subsidiary at their carrying amounts as at that date when control is lost;
- de-recognises the carrying amount of any non-controlling interest;
- de-recognises the cumulative translation differences recorded in equity;
- recognises the fair value of the consideration received;
- recognises the fair value of any investment retained;
- recognises any surplus or deficit in profit or loss;
- re-classifies the Group's share of components previously recognised in other comprehensive income to profit or loss or retained profits, as appropriate.

A subsidiary is an investee that is controlled by the Group. The Group controls an investee when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

Thus, the Group controls an investee if, and only if, the Group has all of the following:

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

The Group 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 Group 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. The Group considers all relevant facts and circumstances in assessing whether or not the Group's voting rights in an investee are sufficient to give it power, including:

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

Disposal

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

2(E) SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Consolidation (Cont'd)

Transactions with non-controlling interest
Non-controlling interest represents the equity in subsidiary not attributable, directly or indirectly, to owners of the Company, and are presented separately in the consolidated statement of profit or loss and other comprehensive income and within equity in the consolidated statement of financial position, separately from equity attributable to owners of the Company. Changes in the Group's ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. In such circumstances, the carrying amounts of the Group's interests and non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiary. Any difference between the amount by which the non-controlling interest is adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company.

Acquisitions
The acquisition method of accounting is used to account for business combinations entered into by the Group. The consideration transferred for the acquisition of a subsidiary or business comprises the fair value of the assets transferred, the liabilities incurred, and the equity interests issued by the Group.

The consideration transferred also includes any contingent consideration arrangement and any pre-existing equity interest in the subsidiary measured at the fair values at the acquisition date. Acquisition-related costs are expensed as incurred.

Identifiable assets acquired, and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date.

On an acquisition-by-acquisition basis, the Group recognises any non-controlling interest in the acquiree at the date of acquisition either at fair value or at the non-controlling interest's proportionate share of the acquiree's identifiable net assets.

The excess of (a) the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition date fair value of any previous equity interest in the acquiree over the (b) fair value of the identifiable net assets acquired is recorded as goodwill. When the excess is negative, a bargain purchase gain is recognised directly in profit or loss.

Investment in subsidiaries

In the Company's separate financial statements, investments in subsidiaries are stated at cost less allowance for any impairment losses on an individual subsidiary basis.

Joint venture

A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint arrangement.

The results and assets and liabilities of joint venture are incorporated in these consolidated financial statements using the equity method of accounting, except when the investment, or a portion thereof, is classified as held for sale, in which case it is accounted for in accordance with SFRS(I) 5. Under the equity method, an investment in a joint venture is initially recognised in the consolidated statement of financial position at cost and adjusted thereafter to recognise the Group's share of the profit or loss and other comprehensive income of the joint venture. When the Group's share of losses of a joint venture exceeds the Group's interest in that joint venture (which includes any long-term interests that, in substance, form part of the Group's net investment in the joint venture), the Group discontinues recognising its share of further losses. Additional losses are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the joint venture.

2(E) SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Joint venture (Cont'd)

An investment in a joint venture is accounted for using the equity method from the date on which the investee becomes a joint venture. On acquisition of the investment in a joint venture, any excess of the cost of the investment over the Group's share of the net fair value of the identifiable assets and liabilities of the investee is recognised as goodwill, which is included within the carrying amount of the investment. Any excess of the Group's share of the net fair value of the identifiable assets and liabilities over the cost of the investment, after reassessment, is recognised immediately in profit or loss in the period in which the investment is acquired.

The requirements of SFRS(I) 1-28 are applied to determine whether it is necessary to recognise any impairment loss with respect to the Group's investment in a joint venture. When necessary, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with SFRS(I) 1-36 *Impairment of Assets* as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs to sell) with its carrying amount. Any impairment loss recognised decreases the carrying amount of the investment. Any reversal of that impairment loss is recognised in accordance with SFRS(I) 1-36 to the extent that the recoverable amount of the investment subsequently increases.

When a group entity transacts with a joint venture of the Group, profits and losses resulting from the transactions with the joint venture are recognised in the Group's consolidated financial statements only to the extent of interests in the joint venture that are not related to the Group.

In the Company's separate financial statements, investments in joint ventures are carried at cost less any impairment in net recoverable value that has been recognised in profit or loss. On disposal of such investments, the difference between disposal proceeds and the carrying amounts of the investments are recognised in profit or loss.

Property, plant and equipment and depreciation

Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses, if any. Depreciation is calculated using the straight-line method to allocate their depreciable amount over their useful lives as follows:

Leasehold buildings	Over remaining lease period
Plant and machinery	5 years
Office equipment, furniture and fittings and computers	1 - 5 years
Motor vehicles	5-10 years
Renovation	5 years

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

The cost of property, plant and equipment includes expenditure that is directly attributable to the acquisition of the items. Dismantlement, removal or restoration costs are included as part of the cost of property, plant and equipment if the obligation for dismantlement, removal or restoration is incurred as a consequence of acquiring or using the asset.

Subsequent expenditure relating to property, plant and equipment that have been recognised is added to the carrying amount of the asset when it is probable that future economic benefits in excess of the standard of performance of the asset before the expenditure was made will flow to the Group and the cost can be reliably measured. Other subsequent expenditure is recognised as an expense during the financial year in which it is incurred.

Depreciation methods, useful lives and residual values are reviewed, and adjusted as appropriate, at each reporting period as a change in estimates.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2022

2(E) SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Investment properties

Investment properties are properties held to earn rental and/or for capital appreciation.

Investment properties are initially recognised at cost and subsequently carried at fair value. Gains or losses arising from changes in the fair value of investment properties are included in profit or loss for the period in which they arise.

Investment properties are subject to renovations or improvements at regular intervals. The cost of major renovations and improvements are capitalised as addition and the carrying amounts of the replaced components are written off to profit or loss. The cost of maintenance, repairs and minor improvements are charged to profit or loss when incurred.

Investment properties are derecognised when either they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. On disposal or retirement of an investment property, the difference between any disposal proceeds and the carrying amount is recognised in profit or loss.

Transfers are made to investment property when, and only when, there is a change in use, evidenced by ending of owner-occupation or commencement of an operating lease to another party. Transfers are made from investment property when, and only when, there is a change in use, evidenced by the commencement of owner occupation or commencement of development with a view to sell.

Completed properties for sale

Completed properties for sale but remaining unsold at the end of the reporting period are stated at lower of cost and net realisable value. Cost is determined by apportionment of the total land cost, development costs and borrowing costs capitalised attributable to unsold properties. Net realisable value takes into account the price ultimately expected to be realised, less costs to be incurred in marketing and selling, where appropriate.

Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Financial assets

Initial recognition and measurement
Trade receivables are initially recognised when they are originated. All other financial assets are recognised only when the Group becomes a party to the contractual provisions of the instruments.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient, the Group initially measures a financial asset at its fair value plus, in the case of financial asset not at fair value through profit or loss, transaction costs. Trade receivables are measured at the amount of consideration to which the Group expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third party if the trade receivables do not contain a significant financing component at initial recognition.

In order for a financial asset to be classified and measured at amortised cost, it needs to give rise to cash flows that are solely payments of principal and interest ("SPPI") on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level.

2(E) SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Financial instruments (Cont'd)

Financial assets (Cont'd)

Initial recognition and measurement (Cont'd)
The Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

Purchase or sale of financial assets that required delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e. the date that the Group commits to purchase or sell the asset.

Subsequent measurement
The Group classifies its financial assets in the following measurement category:
- amortised cost

Financial assets at amortised cost (debt instruments)
Financial assets that are held for the collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Financial assets are measured at amortised cost using the effective interest method, less impairment. Gains and losses are recognised in profit or loss when the assets are derecognised or impaired, and through amortisation process.

Subsequent measurement of debt instruments depends on the Group's business model with the objective to hold financial assets in order to collect contractual cash flows and the contractual cash terms of the financial asset give rise on specific dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

The Group's financial assets at amortised cost includes trade and other receivables, deposits, cash and bank balances.

Derecognition
A financial asset (or, where applicable, part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e. removed from the Group's consolidated statement of financial position) when:

- The rights to receive cash flows from the asset have expired; or
- The Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a "pass-through" arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Group continues to recognise the transferred asset to the extent of its continuing involvement. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

2(E) SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Financial instruments (Cont'd)

Financial assets (Cont'd)

Impairment of financial assets and contract assets
The Group assesses on a forward-looking basis the ECLs associated with its financial assets carried at amortised cost and contract assets. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12 months (a 12-month ECLs). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECLs).

For contract assets and trade receivables, the Group measures the loss allowance at an amount equal to the lifetime expected credit losses. Therefore, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at the end of each reporting period. The Group has established an allowance matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

The Group considers a financial asset in default when contractual payments are 90 days due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

Financial liabilities

Initial recognition and measurement
Financial liabilities are initially recognised when the Group becomes a party to the contractual provisions of the financial instrument. All financial liabilities are initially measured at fair value less directly attributable transaction costs.

The Group's financial liabilities include trade and other payables, accrued operating expenses, lease liabilities and borrowings.

Subsequent measurement for financial liabilities that are not carried at fair value through profit or loss
After initial recognition, financial liabilities that are not carried at fair value through profit or loss are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in profit or loss.

Derecognition
The Group derecognises a financial liability when its contractual obligations are discharged or cancelled or expire. The Group also derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognised at fair value.

On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognised in profit or loss.

2(E) SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Financial instruments (Cont'd)

Financial liabilities (Cont'd)

Financial guarantee
A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the terms of a debt instrument. Financial guarantees are recognised initially as a liability at fair value, adjusted for transaction costs that are directly attributable to the issuance of the guarantee.

Subsequent to initial recognition, financial guarantees are measured at the higher of the amount of the loss allowance determined in accordance with the impairment model under SFRS(I)9 *Financial Instruments* and the amount initially recognised less, when appropriate, the cumulative amount of income recognised.

Offsetting of financial instruments
Financial assets and financial liabilities are offset and the net amount is reported in the consolidated statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

Contract assets and liabilities

Contract assets primarily relate to the Group's rights to consideration for work completed but not billed at the end of the reporting period on construction contracts. Contract assets are transferred to trade receivables when the rights become unconditional. This usually occurs when the Group invoices the customer.

Contract liabilities primarily relate to:
- advance consideration received from customers; and
- progress billings issued in excess of the Group's rights to the consideration.

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined on a first-in, first-out basis, and includes all costs in bringing the inventories to their present location and condition.

Allowance is made for obsolete, slow-moving and defective inventories in arriving at the net realisable value.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs necessary to make the sale.

Cash and bank balances

Cash and bank balances in the consolidated statement of cash flows comprise cash balances and bank deposits. Bank overdrafts are included within borrowings in current liabilities in the statement of financial position. For the purposes of the consolidated statement of cash flows, bank overdrafts that are repayable on demand and that form an integral part of the Group's cash management are included in cash and cash equivalents.

Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issuance of new ordinary shares are deducted against the share capital account.

2(E) SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Dividends

Final dividends proposed by the directors are not accounted for in shareholders' equity as an appropriation of retained profits, until they have been approved by the shareholders in a general meeting. When these dividends have been approved by the shareholders and declared, they are recognised as a liability.

Interim dividends are simultaneously proposed and declared, because the articles of association of the Company grant the directors the authority to declare interim dividend. Consequently, interim dividends are recognised directly as a liability when they are proposed and declared.

Provision

A provision is recognised when the Company and the Group have a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Present obligations arising from onerous contracts are recognised as provisions.

The directors review the provision annually and where in their opinion, the provision is inadequate or excessive, due adjustment is made.

If the effect of the time value of money is material, provision is discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of the time is recognised as finance costs.

Leases

(i) the Group as lessee

The Group assesses whether a contract is or contains a lease at inception of the contract. The Group recognises a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for short-term leases (defined as leases with a lease term of twelve months or less) and leases of low value assets. For these leases, the Group recognises the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

(a) Lease liability

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Group uses the incremental borrowing rate specific to the lessee. The incremental borrowing rate is defined as the rate of interest that the lessee would have to pay to borrow over a similar term and with a similar security the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment.

2(E) SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Leases (Cont'd)

(i) <u>the Group as lessee (Cont'd)</u>

(a) Lease liability (Cont'd)

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

- fixed lease payments (including in-substance fixed payments), less any lease incentives;
- variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;
- the amount expected to be payable by the lessee under residual value guarantees;
- exercise price of purchase options, if the lessee is reasonably certain to exercise the options; and
- payments of penalties for terminating the lease, if the lease term reflects the exercise of an option to terminate the lease.

Variable lease payments that are not based on an index or a rate are not included as part of the measurement and initial recognition of the lease liability. The Group shall recognise those lease payments in profit or loss in the periods that trigger those lease payments.

For all contracts that contain both lease and non-lease components, the Group has elected to not separate lease and non-lease components and account these as one single lease component.

The lease liabilities are presented as a separate line item in the consolidated statement of financial position.

The lease liability is subsequently measured at amortised cost, by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made.

The Group remeasures the lease liability (with a corresponding adjustment to the related right-of-use asset or to profit or loss if the carrying amount of the right-of-use asset has already been reduced to nil) whenever:

- the lease term has changed or there is a significant event or change in circumstances resulting in a change in the assessment of exercise of a purchase option, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate;
- the lease payments change due to changes in an index or rate or a change in expected payment under a guaranteed residual value, in which case the lease liability is remeasured by discounting the revised lease payments using the initial discount rate (unless the lease payments change is due to a change in a floating interest rate, in which case a revised discount rate is used); or
- a lease contract is modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate at the effective date of the modification.

2(E) SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Leases (Cont'd)

(i) the Group as lessee (Cont'd)

(b) Right-of-use asset

The right-of-use asset comprises the initial measurement of the corresponding lease liability, lease payments made at or before the commencement day, less any lease incentives received and any initial direct costs. They are subsequently measured at cost less accumulated depreciation and impairment losses.

Whenever the Group incurs an obligation for costs to dismantle and remove a leased asset, restore the site on which it is located or restore the underlying asset to the condition required by the terms and conditions of the lease, a provision is recognised and measured under SFRS(I) 1-37. To the extent that the costs relate to a right-of-use asset, the costs are included in the related right-of-use asset, unless those costs are incurred to produce inventories.

Depreciation on right-of-use assets is calculated using the straight-line method to allocate their depreciable amounts over the shorter period of lease term and useful life of the underlying asset, as follows:

Land use for leasehold properties	Over remaining lease period
Motor vehicles	10 years

If a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the Group expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. The depreciation starts at the commencement date of the lease.

The right-of-use assets are presented within "property, plant and equipment" in the statement of financial position.

The Group applies SFRS(I) 1-36 to determine whether a right-of-use asset is impaired and accounts for any identified impairment loss.

(ii) the Group as lessor

When the Group acts as a lessor, it determines at lease inception whether each lease is a finance lease or an operating lease.

To classify each lease, the Group makes an overall assessment of whether the lease transfers substantially all of the risks and rewards incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then it is an operating lease. As part of this assessment, the Group considers certain indicators such as whether the lease is for the major part of the economic life of the asset.

At inception or on modification of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease component on the basis of their relative stand-alone prices. If an arrangement contains lease and non-lease components, then the Group applies SFRS(I) 15 to allocate the consideration in the contract.

The Group recognises lease payments received from investment property, premise and equipment under operating leases as income on a straight-line basis over the lease term within "other income" in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2022

2(E) SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Income taxes

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 the end of reporting period.

Deferred tax is recognised for all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements except when the deferred income tax arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and affects neither accounting nor taxable profit or loss at the time of the transaction.

A deferred tax liability is recognised on temporary differences arising on investments in subsidiaries and joint arrangement, except where the Group is able to control the timing of the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

A deferred tax asset is recognised to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences and tax losses can be utilised.

Deferred income tax is measured:

(i) at the tax rates that are expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period; and

(ii) based on the tax consequence that will follow from the manner in which the Group expects, at the date of the financial position, to recover or settle the carrying amounts of its assets and liabilities except for investment properties measured using the fair value model. For the purposes of measuring deferred tax liabilities and deferred tax assets for investment properties that are measured using the fair value model, the carrying amounts of such properties are presumed to be recovered through sale, unless the presumption is rebutted. The presumption is rebutted when the investment property is depreciable and is held within a business model of the Group whose business objective is to consume substantially all of the economic benefits embodied in the investment property over time, rather than through sale. The Group has not rebutted the presumption that the carrying amount of the investment properties will be recovered entirely through sale.

Current and deferred taxes are recognised as income or expense in the profit or loss, except to the extent that the tax arises from a business combination or a transaction which is recognised either in other comprehensive income or directly in equity. Deferred tax arising from a business combination is adjusted against goodwill on acquisition.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets and they relate to income taxes levied by the same tax authorities on the same taxable entity, or on different tax entities, provided they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

2(E) SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Employee benefits

Short-term employee benefits

Short-term benefit obligations, including accumulated compensated absences, are measured on an undiscounted basis and are expensed as the related service is provided. A provision is recognised for the amount expected to be paid under short-term cash bonuses if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

Defined contribution plans

The Company and the Group participate in the defined contribution national pension schemes as provided by the laws of the countries in which it has operations. In particular, the Singapore incorporated companies in the Group contribute to the Central Provident Fund, a defined contribution plan regulated and managed by the Government of Singapore, which applies to the majority of the employees. The contributions to national pension schemes are charged to the profit or loss in the period to which the contributions relate.

Employee leave entitlements

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

Employee Share Option Scheme

The Group issues equity-settled share-based payments to certain employees. Equity settled share- based payments are measured at fair value of the equity instruments at the date of grant. The fair value of the employee services received in exchange for the grant of options is recognised as an expense in profit or loss with a corresponding increase in the share option reserve over the vesting period. The total amount to be recognised over the vesting period is determined by reference to the fair value of the options granted on the date of the grant.

When the options are exercised, the proceeds received (net of transaction costs) and the related balance previously recognised in the share option reserve are credited to share capital account, when new ordinary shares are issued, or to the 'treasury shares' account, when treasury shares are re-issued to the employees.

Key management personnel

Key management personnel are those persons having the authority and responsibility for planning, directing and controlling the activities of the entity. Directors are considered key management personnel.

2(E) SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Related parties

A related party is defined as follows:

(a) A person or a close member of that person's family is related to the Company and the Group if that person:

- (i) has control or joint control over the Company;
- (ii) has significant influence over the Company; or
- (iii) is a member of the key management personnel of the Company or the Group or of a parent of the Company.

(b) An entity is related to the Company and the Group if any of the following conditions applies:

- (i) the entity and the Company are members of the same group (which means that each parent, subsidiary corporation and fellow subsidiary corporation is related to the others);
- (ii) one entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member);
- (iii) both entities are joint ventures of the same third party;
- (iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity;
- (v) the entity is a post-employment benefit plan for the benefit of employees of either the Company or an entity related to the Company. If the Company is itself such a plan, the sponsoring employers are also related to the Company;
- (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 which is a part, provides key management personnel services to the reporting entity or to the parent of the reporting entity.

Impairment of non-financial assets

The carrying amounts of the Company's and the Group's non-financial assets subject to impairment are reviewed at the end of each reporting period to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated.

If it is not possible to estimate the recoverable amount of the individual asset, then the recoverable amount of the cash-generating unit to which the assets belong will be identified.

For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). As a result, some assets are tested individually for impairment and some are tested at cash-generating unit level. Goodwill is allocated to those cash-generating units that are expected to benefit from synergies of the related business combination and represent the lowest level within the Group at which management controls the related cash flows.

Individual assets or cash-generating units that include goodwill and other intangible assets with an indefinite useful life or those not available for use are tested for impairment at least annually. All other individual assets or cash-generating units are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

2(E) SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Impairment of non-financial assets (Cont'd)

An impairment loss is recognised for the amount by which the asset's or cash-generating unit's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of fair value, reflecting market conditions less costs to sell and value-in-use, based on an internal discounted cash flow evaluation. Impairment losses recognised for cash-generating units, to which goodwill has been allocated, are credited initially to the carrying amount of goodwill. Any remaining impairment loss is charged pro-rata to the other assets in the cash-generating unit. With the exception of goodwill, all assets are subsequently reassessed for indications that an impairment loss previously recognised may no longer exist.

Any impairment loss is charged to profit or loss unless it reverses a previous revaluation in which case it is charged to equity.

With the exception of goodwill,

- An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount or when there is an indication that the impairment loss recognised for the asset no longer exists or decreases.
- An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined if no impairment loss had been recognised.
- A reversal of an impairment loss on a revalued asset is credited directly to equity under the heading revaluation surplus. However, to the extent that an impairment loss on the same revalued asset was previously recognised as an expense in the profit or loss, a reversal of that impairment loss is recognised as income in the profit or loss.

An impairment loss in respect of goodwill is not reversed, even if it relates to impairment loss recognised in an interim period that would have been reduced or avoided had the impairment assessment been made at a subsequent reporting or end of reporting period.

Functional currencies

Functional and presentation currency
Items included in the financial statements of each entity in the Group are measured using the currency of the primary economic environment in which the entity operates ("functional currency"). The financial statements of the Company and the Group are presented in Singapore Dollars ("SGD"), which is also the functional currency of the Company.

Conversion of foreign currencies

Transactions and balances
Transactions in a currency other than the functional currency ("foreign currency") are translated into the functional currency using the exchange rates at the dates of the transactions. Currency 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 end of the reporting period are recognised in profit or loss. However, in the consolidated financial statements, currency translation differences arising from borrowings in foreign currencies and other currency instruments designated and qualifying as net investment hedges and net investment in foreign operations, are recognised in other comprehensive income and accumulated in the currency translation reserve.

When a foreign operation is disposed of or any borrowings forming part of the net investment of the foreign operation are repaid, a proportionate share of the accumulated translation differences is reclassified to profit or loss, as part of the gain or loss on disposal.

Foreign currency gains and losses are reported on a net basis as either other income or other expenses depending on whether foreign currency movements are in a net gain or net loss position.

2(E) SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Conversion of foreign currencies (Cont'd)

Transactions and balances (Cont'd)
Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the transactions. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined.

Group entities
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:

(i) assets and liabilities are translated at the closing exchange rates at the end of reporting period of that statement of financial position;
(ii) income and expenses for each statement presenting profit or loss and other comprehensive income (i.e. including comparatives) shall be translated at exchange rates at the dates of the transactions; and
(iii) all resulting currency translation differences are recognised in other comprehensive income and accumulated in the currency translation reserve.

Revenue from contracts with customers for construction works, building and maintenance, precast manufacturing, fire door manufacturing and sales of completed properties for sale

The Group recognises revenue from contracts with customers based on a five-step model as set out in SFRS(I) 15 *Revenue from Contracts with Customers*:

Step 1: Identify contract(s) with a customer: A contract is defined as an agreement between two or more parties which creates enforceable rights and obligations and sets out the criteria for every contract that must be met.

Step 2: Identify performance obligations in the contract: A performance obligation is a promise in a contract with a customer to transfer a good or service to the customer.

Step 3: Determine the transaction price: The transaction price is the amount of the consideration to which the Group expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties.

Step 4: Allocate the transaction price to the performance obligations in the contract: The transaction price is allocated to each performance obligation on the basis of the relative stand-alone selling prices of each distinct good or service promised in the contract.

Step 5: Recognise revenue when (or as) the Group satisfies a performance obligation.

The Group satisfies a performance obligation and recognised revenue over time, if one of the following criteria is met:

(a) The Group's performance obligation does not create an asset with an alternate use to the Group and the Group has an enforceable right to payment for performance completed to date.

(b) The Group's performance creates or enhances an asset that the customer controls as the asset is created or enhanced.

(c) The customer simultaneously receives and consumes the benefits provided by the Group's performance as the Group performs.

2(E) SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Revenue from contracts with customers for construction works, building and maintenance, precast manufacturing, fire door manufacturing and sales of completed properties for sale (Cont'd)

For performance obligations where one of the above conditions are not met, revenue is recognised at the point in time at which the performance obligation is satisfied.

When the Group satisfies a performance obligation by delivering the promised goods or services, it creates a contract-based asset on the amount of consideration earned by the performance. Where the amount of consideration received from a customer exceeds the amount of revenue recognised, this gives rise to a contract liability.

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

Nature of goods and services

The following is a description of principal activities - separated by reportable segments - from which the Group generates its revenue.

Revenue from construction works

Revenue from construction works is recognised over time as the Group's performance enhances a customer-controlled asset (i.e. asset constructed on premise that is owned by the customer and the Group has an enforceable right to payment for performance completed to date). The stage of completion is assessed by reference to the contract costs incurred to date in proportion to the total estimated contract costs of each contract.

Revenue from building and maintenance

Revenue from building and maintenance is recognised over time as these services are continuously transferred to the customers over the duration of the contracts.

Revenue from precast manufacturing and fire door manufacturing

Revenue from sales of goods is recognised when control of the goods has been transferred to the customer, being when the goods have been delivered to the customer and all criteria for acceptance has been satisfied.

Rental income

The Group's policy for recognition of income from operating leases is recognised on a straight-line basis over the lease term.

Revenue from sales of completed properties for sale

Revenue from sales of completed properties for sale is recognised when control of the asset is transferred to the buyer, which may be:

(a) over time; or
(b) at a point in time.

Under (a), whereby the Group has an enforceable right to payment for performance completed to date and the Group's performance does not create an asset with alternative use to the Group, revenue is recognised over time based on the percentage of completion of construction. The percentage of completion is measured by reference to the construction costs incurred to date to the estimated total construction costs.

Under (b), whereby the Group has no enforceable right to payment until control has passed to the customer, revenue is recognised when the legal title has been transferred to the customer.

In determining whether revenue should be recognised over time or at a point in time, the Group evaluates and considers the terms and conditions of the sale of the properties.

2(E) SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Government grants

Grants from the government are recognised as a receivable at their fair value when there is reasonable assurance that the grant will be received and the Group will comply with all the attached conditions.

Government grants received are recognised as income over the periods necessary to match them with the related costs which they are intended to compensate, on a systematic basis. Government grants relating to expenses are shown separately as other income.

Government grants relating to assets are deducted against the carrying amount of the assets.

Borrowing costs

Borrowing costs are recognised in profit or loss using the effective interest method except for those costs that are directly attributable to the construction or development of properties and assets under construction. This includes those costs on borrowings acquired specifically for the construction or development of properties and assets under construction, as well as those in relation to general borrowings used to finance the construction or development of properties and assets under construction.

The actual borrowing costs incurred during the period up to the issuance of the temporary occupation permit less any investment income on temporary investment of these borrowings, are capitalised in the cost of the property under development. Borrowing costs on general borrowings are capitalised by applying a capitalisation rate to construction or development expenditures that are financed by general borrowings.

Operating segments

For management purposes, operating segments are organised based on their products and services which are independently managed by the respective segment managers responsible for the performance of the respective segments under their charge. The segment managers are directly accountable to the Chief Executive Officer who regularly reviews the segment results in order to allocate resources to the segments and to assess segment performance.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2022

3 INVESTMENTS IN SUBSIDIARIES

The Company	30 June 2022 $'000	30 June 2021 $'000
Equity investments at cost		
At beginning	27,868	27,868
Addition	500	–
At end of financial year	28,368	27,868
Impairment losses		
At beginning of financial year	(10,896)	(10,796)
Addition (Note a)	(17,472)	(100)
At end of financial year	(28,368)	(10,896)
Net carrying amount		
At end of financial year	–	16,972

Note a:
As at 30 June 2022 and 30 June 2021, impairment test on the investments in subsidiaries were triggered due to the poor financial performance of the subsidiaries. Each subsidiary is identified as a specific cash-generating unit ("CGU"). Based on the recoverable amount of the investments in subsidiaries, determined based on the higher of fair value less costs to sell and value-in-use, the Company recognised an impairment loss of $17,472,000 (2021 - $100,000) on the investments in subsidiaries.

The recoverable amount is determined based on fair value less costs to sell, which is based on the revalued net assets of the subsidiaries. In deriving the revalued net assets of the subsidiaries, the fair values of the underlying assets are estimated based on their expected selling prices or realisable amounts, and the fair values of the underlying liabilities are based on the estimated cash outflows to settle the obligations. Management had considered the underlying assets and liabilities of the investees held by the subsidiaries, including the engagement of independent valuers to determine the fair values of the investment property and completed properties for sale located in Malaysia; and the fair values of leasehold buildings located in Singapore.

A discount for lack of marketability ("DLOM") of 20.6% is then applied to the revalued net assets of each CGU since these subsidiaries are not publicly traded. The DLOM was extracted from the 2021 Edition of Stout Restricted Stock Companion Guide, which is an independent research study report.

The fair value of the completed properties for sale has been estimated using the direct comparison method based on the recent selling prices of similar properties. The significant unobservable inputs used in the valuation included the transacted prices, timing of the transactions, location & accessibility, visibility & exposure, and age & condition of the comparable properties. Accordingly, the fair value measurement of the completed properties for sale is categorised as an unobservable level 3 input.

3 INVESTMENTS IN SUBSIDIARIES (CONT'D)

Details of the fair value measurement of the leasehold building and investment properties are disclosed in Note 5 and Note 6 respectively.

The subsidiaries are:

Name	Country of incorporation/ Place of business	Proportion of ownership interest/ voting power		Principal activities
		30 June 2022 %	30 June 2021 %	
Held by the Company				
Logistics Construction Pte. Ltd. [1]	Singapore	100	100	General contractors (Building construction including major upgrading works)
Boldtek Projects Pte. Ltd. [1]	Singapore	100	100	General contractors (Building construction including major upgrading works) and landscape care and maintenance service activities
Boldtek Investment Pte. Ltd. [1]	Singapore	100	100	Investment holding
Held by Boldtek Investment Pte. Ltd.				
Le Premier Development Pte. Ltd. [3]	Singapore	-	100	Real estate developers
CCL Precast Pte. Ltd. [1]	Singapore	100	100	Manufacture of articles of cement, concrete and plaster
New Soil Technologies Pte. Ltd. [1]	Singapore	60	60	Soil investigation, treatment and stabilisation, research and experimental development on engineering
Le Premier Development Sdn. Bhd.[2]	Malaysia	100	100	Investment holding of land and property development
Held by CCL Precast Pte. Ltd.				
CCL Precast (M) Sdn. Bhd. [2]	Malaysia	100	100	Manufacture of articles of cement, concrete and plaster
Held by Logistics Construction Pte. Ltd.				
MSC Engineering Pte. Ltd. [1]	Singapore	100	100	General Contractors (Building construction including major upgrading works)

(1) Audited by Foo Kon Tan LLP, principal member firm of HLB International in Singapore.
(2) Audited by HLB Ler Lum, Malaysia
(3) Liquidated during the year

In accordance with Rule 715 of the Catalist Rule, the Audit Committee and directors of the Company, having reviewed the appointment of different auditors for the Group's subsidiaries, have assessed that it would not compromise the standard and effectiveness of the audit of the Company.

4 INVESTMENT IN A JOINT VENTURE COMPANY

The Group's and Company's investment in a joint venture company comprises:

The Group	**30 June 2022 $'000**	**30 June 2021 $'000**
Unquoted equity shares, at cost	496	500
Share of results of joint venture company	(195)	(4)
At end of financial year	301	496

The Company	**30 June 2022 $'000**	**30 June 2021 $'000**
Unquoted equity shares, at cost		
Beginning and end of financial year	500	500

Details of the joint venture company is as follows:

Name	**Country of incorporation/ Place of business**	**Proportion of ownership interest/ voting power**		**Principal activities**
		30 June 2022 %	**30 June 2021 %**	
Held by the Company				
NNB Global Development Pte. Ltd. (1)	Singapore	50	50	Investment holding and property development
Held by Joint venture company				
NNB 8 Development Pte. Ltd. (1)	Singapore	80(2)	80(2)	Property development

(1) Audited by PKF-CAP LLP.

(2) NNB Global Development Pte. Ltd. holds direct equity interest of 80% in NNB 8 Development Pte. Ltd.

The joint venture company was incorporated on 30 October 2020, jointly controlled by the Company and Neo Group Limited. On 28 December 2020, the joint venture company incorporated a subsidiary, NNB 8 Development Pte. Ltd. ("NNB8"), principally engaged in the business of property development. On 8 April 2021, NNB8 acquired a property in Singapore using a cash consideration of $26.5 million, for the purposes of a future redevelopment project.

NNB Global Development Pte. Ltd. and its subsidiary are structured as separate vehicles and the Group has a residual interest in their net assets. Accordingly, the Group has classified its interest in NNB Global Development Pte. Ltd. and its subsidiary as joint ventures, which is equity accounted.

4 INVESTMENT IN A JOINT VENTURE COMPANY (CONT'D)

Summarised financial information in respect of the Group's investment in a joint venture company is set out below. The summarised financial information below represents amounts shown in the joint venture's financial statements prepared in accordance with SFRS(I), adjusted by the Group for equity accounting purposes.

The joint venture company has a financial year end of 31 March. The reporting date follows the financial year end of the other joint venture shareholder, Neo Group Limited. Appropriate adjustments have been made for the effects of any significant transactions that occurred between the financial year end of the Group and its joint venture.

Summarised balance sheet

	30 June 2022 $'000	30 June 2021 $'000
Current assets*	35,318	29,259
Current liabilities**	(2,675)	(6,868)
Non-current assets	82	–
Non-current liabilities***	(32,018)	(21,200)
Net assets	707	1,191
Less: Non-controlling interest	(105)	(199)
Net assets attributable to joint venture's shareholders	602	992

* Includes cash and cash equivalents of $1,927,000 (2021: $85,000) and development properties of S$33,356,000 (2021: $29,174,000)

** Includes current financial liabilities (excluding trade and other payables and provisions) of $2,299,000 (2021: $6,810,000).

*** Includes non-current financial liabilities (excluding trade and other payables and provisions) of $32,000,000 (2021: $21,200,000).

Summarised statement of comprehensive income

	30 June 2022 $'000	30 June 2021 $'000
Revenue	–	–
Other income	14	–
Expenses		
Includes:		
- Depreciation and amortisation	(70)	–
- Interest expense	(2)	–
- Other operating expenses	(425)	(9)
Loss before tax	(483)	(9)
Income tax expense	–	–
Non-controlling interest	93	–
Loss after tax, representing total comprehensive loss	(390)	(9)

Reconciliation of the summarised financial information presented to the carrying amount of the Group's interest in a joint venture company, is as follows:

The Group	30 June 2022	30 June 2021
Net assets of the joint venture company attributable to owners of the joint venture company ($'000)	602	992
Proportion of the Group's ownership interest in a joint venture company	50%	50%
Group's share of net assets ($'000)	301	496

5 PROPERTY, PLANT AND EQUIPMENT

The Group	Leasehold buildings $'000	Plant and machinery $'000	Office equipment, furniture and fittings and computers $'000	Motor vehicles $'000	Renovation $'000	Total $'000
Cost						
At 1 July 2020	10,389	5,195	644	1,586	750	18,564
Exchange difference on translation	–	(14)	*	*	*	(14)
Additions	128	249	64	249	–	690
Lease modification	58	–	–	–	–	58
At 30 June 2021	10,575	5,430	708	1,835	750	19,298
Exchange difference on translation	(3)	(69)	(2)	–	–	(74)
Additions	–	24	27	34	–	85
Disposal	–	(74)	–	–	–	(74)
Lease modification	64	–	–	–	–	64
At 30 June 2022	10,636	5,311	733	1,869	750	19,299
Accumulated depreciation						
At 1 July 2020	2,678	4,529	621	868	732	9,428
Exchange difference on translation	–	(14)	*	*	*	(14)
Depreciation charge	537	137	39	169	10	892
At 30 June 2021	3,215	4,652	660	1,037	742	10,306
Exchange difference on translation	(2)	(62)	(2)	–	–	(66)
Depreciation charge	551	151	68	211	6	987
Disposal	–	(74)	–	–	–	(74)
At 30 June 2022	3,764	4,667	726	1,248	748	11,153
Accumulated impairment loss						
At 1 July 2020, at 30 June 2021 and at **30 June 2022**	–	335	–	–	–	335
Net book value						
At 30 June 2022	6,872	309	7	621	2	7,811
At 30 June 2021	7,360	443	48	798	8	8,657

* Denotes amount less than $1,000

5 PROPERTY, PLANT AND EQUIPMENT (CONT'D)

The Company	Office equipment, furniture and fittings and computers $'000	Renovation $'000	Total $'000
Cost			
At 1 July 2020, 30 June 2021 and at **30 June 2022**	24	5	29
Accumulated depreciation			
At 1 July 2020	24	3	27
Depreciation charge	–	1	1
At 30 June 2021	24	4	28
Depreciation charge	–	1	1
At 30 June 2022	–	5	29
Net book value			
At 30 June 2022	–	–	–
At 30 June 2021	–	1	1

(a) As at 30 June 2022, the carrying amounts of right-of-use assets related to land rent for leased properties and motor vehicles amounted to $1,642,000 and $387,000 (2021 - $1,819,000 and $439,000) respectively.

(b) At the end of the reporting period, the details of the Group's leasehold buildings are as follows:

Location	Description	Existing use	Tenure/lease term
24 Kranji Road, Singapore 739465	Building	Workshop/office/storage of construction equipment	Leasehold/ 30 years expiring 30 June 2022 (1)
72 Senoko Drive Singapore 758240 (2)	Building	Workshop/office/storage of construction equipment	Leasehold/ 20 years expiring 30 April 2039

(1) The lease has been extended during the year from 31 December 2021 (previous expiring lease term) to 30 June 2022.
(2) The leasehold building has been pledged as security for borrowings (Note 21.1).

Information about the Group's leasing activities are disclosed in Note 34.

5 PROPERTY, PLANT AND EQUIPMENT (CONT'D)

Impairment testing of property, plant and equipment and right-of-use assets

In view of the losses incurred by the subsidiaries for the financial year ended 30 June 2022 and 30 June 2021 (after excluding government grants which are non-recurring in nature), management has assessed that there are indications of impairment of the Group's property, plant and equipment and right-of-use assets. Accordingly, the assets are tested for impairment.

Management has engaged independent professional valuers to carry out valuations on the property, plant and equipment and right-of-use assets to determine their recoverable amount based on fair value less costs of disposal, having considered the appropriate professional qualifications and recent experience of the valuers in the location and category of the property, plant and equipment and right-of-use assets being valued. In determining the fair value of the leasehold building which constituted the majority of the Group's property, plant and equipment, the valuer used the direct comparison approach. Accordingly, no impairment loss was recognised for property, plant and equipment and right-of-use assets for the current financial year.

Valuation techniques and significant unobservable inputs

The following table shows the valuation techniques used in measuring the Level 3 fair value hierarchy, as well as the significant unobservable inputs used:

Valuation method	Key unobservable inputs	Inter-relationship between key unobservable inputs and fair value measuremen
Leasehold building		
Direct comparison approach		*The estimated fair value would increase/(decrease) if:*
	30/6/2022 - $184 to $247 psf *(30/6/2021 - $184 to $247 psf)*	*Transacted price per square feet ("psf") of comparable properties was higher (lower):*
		Tenure was longer (shorter); *Size was smaller (larger);* *Property use was superior (inferior);* *Timing of transaction was superior (inferior)*

6 INVESTMENT PROPERTIES

The Group	30 June 2022 $'000	3030 June 2021 $'000
At fair value		
At beginning of financial year	17,541	17,837
Changes in fair value included in profit or loss (Note 27)	(2,439)	(204)
Disposal	(520)	–
Exchange difference on translation	(367)	(92)
At end of financial year	14,215	17,541

6 INVESTMENT PROPERTIES (CONT'D)

The following amounts are recognised in profit or loss:

The Group	30 June 2022 $'000	3030 June 2021 $'000
Rental income	9	127
Direct operating expenses arising from:		
- Investment properties that generate rental income	(9)	(9)

Investment properties are leased to non-related parties under operating leases (see Note 34).

Fair value measurement of the Group's investment properties
The fair values of the Group's investment properties at 30 June 2022 and 2021 have been determined on the basis of valuations carried out at the respective financial year end by independent valuers having an appropriate recognised professional qualification and recent experience in the location and category of the properties being valued, and not related to the Group. In estimating the fair value of the properties, the highest and best use of the properties is their current use.

The details of the Group's investment properties and the fair value hierarchy are as follows:

Location	Description/ existing use	Tenure/ lease term	Gross floor area/ land area (square metres)	The Group's interest (%)
19 Woodland Industrial Park E1 #02-02, Singapore 757719 [1]	Office unit/ for providing rental	Leasehold/60 years expiring 8 January 2055	93	100
19 Woodland Industrial Park E1 #02-03, Singapore 757719 [1]	Office unit/ for providing rental	Leasehold/60 years expiring 8 January 2055	92	100
Lot No. PTD 109193 to 109212, 109217 to 109224, 109226 to 109233, 109236 to 109244 and 109246 to 109272 Mukim of Senai, District of Kulaijaya, Johor, Malaysia	Industrial land/ for providing rental	Freehold	107,164	100

Note
(1) Sold and disposed off during the financial year

The Group	Level 1 $'000	Level 2 $'000	Level 3 $'000	Fair value as at 30 June 2022 $'000
Investment properties:				
Located at Singapore	–	–	–	–
Located at Malaysia	–	–	14,215	14,215
	–	–	14,215	14,215

6 INVESTMENT PROPERTIES (CONT'D)

Fair value measurement of the Group's investment properties (Cont'd)

The Group	**Level 1**	**Level 2**	**Level 3**	**Fair value as at 30 June 2021**
	$'000	**$'000**	**$'000**	**$'000**
Investment properties:				
Located at Singapore	–	–	700	700
Located at Malaysia	–	–	16,841	16,841
	–	–	17,541	17,541

For the Group's investment properties categorised into Level 3 of the fair value hierarchy, the following information is relevant:

Valuation method	**Key unobservable inputs**	**Inter-relationship between key unobservable inputs and fair value measurement**
Investment properties Direct comparison approach		*The estimated fair value would increase/(decrease) if:*
Office units in Singapore		
	30/6/2022 – Not applicable since units were sold and disposed off during the year; (30/6/2021 - $319 to $406 psf)	*Transacted price per square feet ("psf") of comparable properties was higher (lower):* *Floor level was lower (higher);* *Timing of transaction was superior (inferior)*
Industrial land in Malaysia	*30/6/2022 - $20 to $23 psf; (30/6/2021 - $21 to $33 psf)*	*Transacted price per square feet ("psf") of comparable properties was higher (lower):* *Size was smaller (larger);* *Location was superior (inferior);* *Timing of transaction was superior (inferior);* *Property use was superior (inferior);* *Availability of infrastructure was present (absent).*

7 DEFERRED TAX ASSETS AND LIABILITIES

Certain deferred tax assets and liabilities have been offset in accordance with the Group's accounting policy. The following is the analysis of the deferred tax balances (after offset) for statement of financial position purposes:

The Group	30 June 2022 $'000	30 June 2021 $'000
Deferred tax assets	–	(132)
Deferred tax liabilities	–	721
	–	589

The balance comprises tax on the following temporary differences:

The Group	Accelerated tax depreciation $'000	Fair value gain $'000	Tax losses $'000	ROU assets and lease liabilities $'000	Total $'000
At 1 July 2020	114	649	(149)	15	629
Credited to profit or loss (Note 29)	44	(78)	18	(24)	(40)
At 30 June 2021	158	571	(131)	(9)	589
Credited to profit or loss (Note 29)	(158)	(571)	131	9	(589)
At 30 June 2022	–	–	–	–	–

Subject to agreement with the relevant authorities, the Group has unabsorbed capital allowances, tax losses and deductible temporary differences of $2,943,000 (2021 - $2,943,000), $6,930,000 (2021 - $3,445,000) and $756,000 (2021 - Nil) respectively, available for offset against future taxable profits provided that the provisions of relevant tax legislations are complied with. The unabsorbed capital allowance and tax losses may be carried forward indefinitely subject to conditions imposed by law including the retention of majority shareholders as defined.

No deferred income tax liabilities has been recognised for withholding taxes and other taxes that will be payable on unremitted earnings of the Group's subsidiaries (established in Malaysia) as the Group is in a position to control the timing of the remittance of earning and it is not probable that these subsidiaries will distribute such earnings in the foreseeable future.

Unrecognised deferred tax assets

The Group	30 June 2022 $'000	30 June 2021 $'000
Capital allowances	702	702
Tax losses	1,367	706
Deductible temporary differences	154	–
	2,223	1,408

8 INVENTORIES

The Group	30 June 2022 $'000	30 June 2021 $'000
Raw materials	5	35

The cost of inventories recognised as an expense and included in cost of works amounted to $30,000 (2021 - $90,000).

9 CONTRACT ASSETS

The contract assets primarily relate to the Group's rights to consideration for work completed but not billed at the end of the reporting period on its construction contracts. The amounts recognised as contract assets are reclassified to trade receivables at the point at which it is invoiced to the customer.

The Group	30 June 2022 $'000	30 June 2021 $'000
Construction contracts	59,440	57,651
Less: Expected credit loss (ECL) allowance		
Beginning of financial year	372	619
(Reversal) for the financial year	(266)	(247)
End of financial year	106	372
Contract assets	59,334	57,279

As at 1 July 2020, the Group's contract assets balance amounted to $41,618,000.

The Group	2022 $'000	2021 $'000
Contract assets reclassified to trade receivables	(49,356)	(43,417)
Increases due to revenue recognised during the financial year but not reclassified to trade receivables	51,145	58,831

Further information about ECL is disclosed at Note 36.

10 COMPLETED PROPERTIES FOR SALE

The Group	30 June 2022 $'000	30 June 2021 $'000
At beginning of financial year	5,702	5,744
Impairment allowance	(364)	–
Exchange difference on translation	(132)	(42)
At end of financial year	5,206	5,702

The completed properties for sale have been pledged as securities for borrowings (Note 21.1).

Cost of completed properties for sale recognised as cost of sales during the year is Nil (2021: Nil).

In addition, the completed properties for sale have been reduced by $364,000 as a result of a write-down to net realisable value due to declining market prices (Note 27). The write down is included in other expenses.

The details of the Group's completed properties for sale are as follows:

Location	Description	Tenure	Gross floor area (square metres)	The Group's Interest (%)
Lot No. PTD 109172 to 109173 and 109176 to 109191 Mukim of Senai, District of Kulaijaya, Johor Malaysia	18 units of 3 storey terraced service industries	Freehold	5,077	100

11 TRADE AND OTHER RECEIVABLES

	The Group		The Company	
	30 June 2022 $'000	30 June 2021 $'000	30 June 2022 $'000	30 June 2021 $'000
Trade receivables				
Non-related parties	5,302	9,173	–	–
Subsidiaries	–	–	–	–
	5,302	9,173	–	–
Allowance on impairment loss on trade receivables	(319)	(148)	–	–
	4,983	9,025	–	–
Non-trade receivables				
Non-related parties	136	142	–	–
Subsidiaries	–	–	11,029	5,662
Joint venture company	3,279	2,658	3,279	2,658
Allowance on impairment loss on non-trade receivables	–	–	(9,391)	(2,999)
	3,415	2,800	4,917	5,321
At amortised cost	8,398	11,825	4,917	5,321
Advances paid to suppliers	152	654	–	–
Goods and services tax ("GST") receivables	187	37	–	–
	8,737	12,516	4,917	5,321

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2022

11 TRADE AND OTHER RECEIVABLES (CONT'D)

Outstanding balances with subsidiaries and joint venture company are advances for working capital which are unsecured, interest-free and repayable on demand. As at 30 June 2022 and 30 June 2021, management carried out an expected credit losses review on the amounts extended to its subsidiaries and joint venture company. For amounts due from subsidiaries and joint venture company which are repayable on demand, expected credit losses are based on the assumption that repayment of these amounts due from subsidiaries and joint venture company are demanded at the reporting date. Based on management's assessment, the amounts due from subsidiaries could not be repaid if demanded at the reporting date after considering the highly accessible liquid assets of the subsidiaries. Accordingly, the Company recognised an additional impairment loss of $6,392,000 (2021 - $1,377,000) on the amounts due from its subsidiaries.

	The Group		The Company	
	30 June 2022 $'000	30 June 2021 $'000	30 June 2022 $'000	30 June 2021 $'000
At beginning of the financial year	148	355	2,999	1,622
Charge/(reversal) for the financial year	171	(207)	6,392	1,377
At end of the financial year	319	148	9,391	2,999

Further information about ECL is disclosed at Note 36.

Credit risk concentration profile

	30 June 2022 $'000	30 June 2021 $'000
By types of customers [(2)]		
State-owned entities [(1)]	2,813	6,145
Other companies	2,244	2,776
Buyers of the properties	245	252
	5,302	9,173

(1) Government ministries, statutory boards and government-linked companies.

(2) At the end of the reporting date, there were three (2021 - one) debtors that exceeded 10% (based on individual debtor) of the Group's total trade receivables.

12 OTHER CURRENT ASSETS

	The Group		The Company	
	30 June 2022 $'000	30 June 2021 $'000	30 June 2022 $'000	30 June 2021 $'000
Deposits	795	750	–	–
Prepayments	145	58	14	3
	940	808	14	3

13 GRANT RECEIVABLES AND DEFERRED GRANTS

Grant receivables and deferred grants primarily relates to grant provided by the Singapore Government for wages paid to qualifying local employees under the Jobs Support Scheme.

14 CASH AND BANK BALANCES

	The Group		The Company	
	30 June 2022 $'000	30 June 2021 $'000	30 June 2022 $'000	30 June 2021 $'000
Cash on hand	107	80	–	–
Cash at bank	667	818	10	25
Cash and bank balances in the statements of financial position	774	898	10	25
Less: Bank overdrafts (Note 21)	(1,031)	(494)	–	–
Cash and cash equivalents in the consolidated statement of cash flows	(257)	404	10	25

15 SHARE CAPITAL

The Company and The Group	Number of ordinary shares		Amount	
	2022 '000	2021 '000	2022 $'000	2021 $'000
Issued and fully paid, with no par value				
Balance at beginning	185,625	185,625	17,676	17,676
Issue of rights shares [1]	111,375	–	5,569	–
Issue of new shares for cash [2]	56,666	–	3,400	–
Share issue expenses	–	–	(127)	–
Balance at end of year	353,666	185,625	26,518	17,676

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company. All shares rank equally with regard to the Company's residual assets.

[1] In August 2021, the Company invited its shareholders to subscribe to rights issue of 111,375,000 ordinary shares at an issue price of S$0.05 per share on the basis of three (3) rights share for every five (5) existing shares fully or partly paid ordinary shares held, with such shares to be issued on, and rank for dividends after, 30 June 2022. The issue had been fully subscribed. Part of the net proceeds from issuance of the rights shares are subscribed by a director of the Company and offsetted against the amounts owing to directors of S$3,604,695.

[2] In December 2021, the Company issued 56,666,000 ordinary shares for a total consideration of $3,399,960 for cash to provide funds for general working capital purpose.

16 CURRENCY TRANSLATION RESERVE

Currency translation reserve arises from the translation of the financial statements of foreign operations whose functional currencies are different from the functional currency of the Company, which is also the presentation currency of the financial statements.

17 MERGER RESERVE

Merger reserve represents the difference between the cost of investment and nominal value of share capital of the subsidiaries acquired under common control.

18 CAPITAL RESERVE

Capital reserve represents the effects of changes in ownership interests in subsidiaries when there is no change in control.

19 PROPERTY REVALUATION RESERVE

Property revaluation reserve arises on the transfer of an owner-occupied property to an investment property carried at fair value. The difference between the carrying amount of the property and its fair value at that date of transfer was recognised in other comprehensive income. When the investment property is subsequently disposed, property revaluation reserve is effectively realised and is transferred directly to retained profits.

20 SHARE OPTION RESERVE

Share option reserve represents the equity-settled share options granted to employees (Note 32). The reserve is made up of the value of services received from employees recorded on grant of equity-settled share options.

21 BORROWINGS

	The Group		The Company	
	30 June 2022 $'000	**30 June 2021 $'000**	**30 June 2022 $'000**	**30 June 2021 $'000**
Current				
Bank overdrafts	1,031	494	–	–
Bank borrowings	22,310	20,969	1,100	1,300
	23,341	21,463	1,100	1,300
Non-current				
Bank borrowings	5,930	10,666	–	–
	5,930	10,666	–	–
Total bank borrowings (Note 21.2)	28,240	31,635		
Total borrowings	29,271	32,129	1,100	1,300

21 BORROWINGS (CONT'D)

21.1 Bank borrowings

The interest rates on borrowings of the Group and the Company ranged from 1.51% to 7% (2021 - 1.73% to 7%); and 2.69% to 3.41% (2021 - 2.57% to 2.7%), respectively.

For the financial years ended 30 June 2022 and 30 June 2021, certain bank borrowings are secured by corporate guarantees given by the Company. Bank borrowing obtained for a leasehold building is secured over the leasehold building (Note 5). The Company's bank borrowing is secured by corporate guarantee given by a subsidiary.

For the financial years ended 30 June 2022 and 30 June 2021, lease liabilities of the Group relating to motor vehicles are secured over the underlying leased assets (Note 5).

Bank overdrafts are granted to a subsidiary amounting to $1,031,000 (2021 - $494,000), repayable on demand, with interest at the bank's prime rate prevailing from time to time. Bank overdrafts have been secured by corporate guarantee given by the Company.

The Company has a revolving credit balance outstanding of $1,100,000 (2021 – $1,300,000) drawn down in August 2014. Repayment commenced in 29 August 2014 and will continue until 1 December 2027. The revolving loan is secured by corporate guarantee given by a subsidiary. The revolving loan carries interest at 2% per annum over the bank's prevailing cost of funds.

In addition, the subsidiaries of the Group have four principal bank loans:

(a) Term loan outstanding of $3,755,000 (2021 – $4,250,000) drawn down in January 2019. Repayments commenced in July 2019 and will continue until April 2024. The term loan is secured by the Group's leasehold building (Note 5) and corporate guarantee given by the Company. The term loan carries interest at 1.5% per annum over the bank's prevailing cost of funds.

(b) Term loan outstanding of $1,492,000 (2021 - $2,646,000) drawn down in November 2020. Repayments commenced in December 2020 and will continue until November 2023. The term loan is secured by the Group's completed properties for sale (Note 10) and corporate guarantee given by the Company and a subsidiary. The term loan carries fixed interest rate at 3.80% per annum.

(c) Total revolving working capital loans outstanding of $10,777,000 (2021 - $15,423,000) were drawn down between May 2013 and April 2020. All the revolving loans are secured by the corporate guarantee given by the Company. The revolving loans carry interest rate ranged from 2.5% to 6.75% (2021 - 2% to 3%) per annum over the bank's prevailing cost of funds.

(d) Import invoice financing loans outstanding of $11,116,000 (2021 - $8,016,000) were drawn down to finance the purchase of goods and services. The import invoice financing loans are secured by the corporate guarantee given by the Company. The import invoice financing loans carry interest rate ranged from 2% to 5% per annum over the bank's prevailing cost of funds.

The Group has breached its loan covenant under certain bank loan agreements by failing to maintain a minimum tangible net worth balance or gearing ratio after taking into account of the adjustments required on contract assets highlighted under Note 1.1. As a result of the covenant breach, bank loans of $5,259,000 can be called for repayment at any time upon notification by the banks. These loan balances have been classified within current liabilities.

21 BORROWINGS (CONT'D)

21.2 Reconciliation of liabilities arising from financing activities

The Group	1 July 2021	Non-cash: Currency translation difference	Non-cash: New leases	Non-cash: Lease modification	Non-cash: Interest expense	Cash: Proceeds from borrowings	Cash: Repayment of borrowings	Cash: Repayment of principal portion of lease liabilities	Cash: Interest paid	30 June 2022
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Bank borrowings	31,635	(59)	–	–	861	43,093	(46,429)	–	(861)	28,240
Lease liabilities	2,179	–	34	64	81	–	–	(324)	(81)	1,953

The Group	1 July 2020	Non-cash: Currency translation difference	Non-cash: New leases	Non-cash: Lease modification	Non-cash: Interest expense	Cash: Proceeds from borrowings	Cash: Repayment of borrowings	Cash: Repayment of principal portion of lease liabilities	Cash: Interest paid	30 June 2021
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Bank borrowings	31,437	(9)	–	–	–	23,773	(23,566)	–	–	31,635
Lease liabilities	2,158	–	204	58	80	–	–	(241)	(80)	2,179
Interest payable	–	–	–	–	915	–	–	–	(915)	–

22 LEASE LIABILITIES

The Group	2022 $'000	2021 $'000
Undiscounted lease payments due:		
- Year 1	250	304
- Year 2	228	251
- Year 3	190	227
- Year 4	161	190
- Year 5	137	160
- Year 6 and onwards	1,617	1,754
Less: Future interest cost	(630)	(707)
Lease liabilities	1,953	2,179
Presented as:		
Current	174	225
Non-current	1,779	1,954
Lease liabilities	1,953	2,179

Interest expense on lease liabilities of $81,000 (2021 - $80,000) is recognised within "finance costs" in profit or loss.

Rental expenses not capitalised in lease liabilities but recognised within "administrative expenses" in profit or loss are set out below:

The Group	2022 $'000	2021 $'000
Short-term leases	74	18

Total cash outflows for all leases in the year amount to $479,000 (2021 - $339,000).

As at 30 June 2022, the Group's short-term lease commitments at the end of the reporting period are not substantially dissimilar to those giving rise to the Group's short-term lease expense for the year.

Information about the Group's leasing activities are disclosed in Note 34.

Further information about the financial risk management are disclosed in Note 36.

23 TRADE AND OTHER PAYABLES

	The Group		The Company	
	30 June 2022 $'000	30 June 2021 $'000	30 June 2022 $'000	30 June 2021 $'000
Trade payables				
Non-related parties	19,603	22,969	108	120
Non-trade payables				
Non-related parties	48	38	–	–
Subsidiary	–	–	817	1,901
Directors	12,247	11,711	921	1,651
	12,295	11,749	1,738	3,552
Accrued operating expenses	6,136	7,192	489	210
Financial liabilities at amortised cost	38,034	41,910	2,335	3,882
Deposits	143	122	–	–
GST payables	51	247	37	35
	38,228	42,279	2,372	3,917

Outstanding balances due to a subsidiary are advances for working capital, which are unsecured, interest-free and repayable on demand.

Outstanding balances due to directors are unsecured, interest-free and repayable on demand. Included in the balances due to directors is an amount of $11,331,000 (2021 - $10,790,000) relating to advances made by the directors.

The movement in the advances made by directors are as follows:

The Group	30 June 2022 $'000	30 June 2021 $'000
At beginning of financial year	10,790	2,000
Settlement against issue of rights shares (Note 15)	(3,605)	–
Repayment during the year	(3,498)	–
Advances made during the year	7,644	8,790
At end of financial year	11,331	10,790

24 CONTRACT LIABILITIES

The contract liabilities primarily relate to progress billings issued in excess of the Group's rights to the consideration for construction contracts.

Contract liabilities are recognised as revenue when the Group fulfill its performance obligations under the contract with the customer. The significant changes in the contract liabilities during the financial year are as follows:

The Group	2022 $'000	2021 $'000
Revenue recognised that was included in the contract liabilities at the beginning of the financial year	(951)	(1,206)
Increases due to cash received, excluding amounts recognised as revenue during the financial year	67	1,044

At 1 July 2020, the Group's contract liabilities balance amounted to $1,427,000.

25 REVENUE

The following table illustrates the disaggregation disclosure by primary geographical market, major lines of business and timing of revenue recognition, including a reconciliation of how the disaggregated revenue ties in with the general building, properties development and investment, precast manufacturing and fire door manufacturing.

The aggregate amount of transaction price allocated to the unsatisfied (or partially unsatisfied) performance obligations as at 30 June 2022 is $33,607,000 which the Group expects to recognise over the next 1 year as contract work progresses.

The Group 2022	General building $'000	Properties development and investment $'000	Precast manufacturing $'000	Fire door manufacturing $'000	Total $'000
Segments					
Primary geographical markets					
Singapore	52,391	–	–	–	52,391
Malaysia	260	–	–	–	260
	52,651	–	–	–	52,651
Major lines of business					
Construction works	30,433	–	–	–	30,433
Building and maintenance	21,663	–	–	–	21,663
Sales of developments properties	–	–	–	–	–
Precast manufacturing	–	–	–	–	–
Fire door manufacturing	–	–	–	555	555
	52,096	–	–	555	52,651
Timing of revenue recognition					
At a point in time	–	–	–	555	555
Over time	52,096	–	–	–	52,096
	52,096	–	–	555	52,651

25 REVENUE (CONT'D)

The Group 2021	General building $'000	Properties development and investment $'000	Precast manufacturing $'000	Total $'000
Segments				
Primary geographical markets				
Singapore	59,692	–	198	59,890
Malaysia	345	–	20	365
	60,037	–	218	60,255
Major lines of business				
Construction works	32,683	–	–	32,683
Building and maintenance	27,354	–	–	27,354
Sales of developments properties	–	–	–	–
Precast manufacturing	–	–	218	218
	60,037	-	218	60,255
Timing of revenue recognition				
At a point in time	–	–	218	218
Over time	60,037	–	–	60,037
	60,037	–	218	60,255

26 OTHER INCOME

The Group	2022 $'000	2021 $'000
Equipment handling income	315	500
Rental income from operating lease	258	118
Rental income from investment properties	9	127
Government grants	1,168	3,147
Insurance compensation	–	21
Gain on disposal of property, plant and equipment	23	–
Others	56	–
	1,829	3,913

27 OTHER EXPENSES

The Group	2022 $'000	2021 $'000
Changes in fair value of investment properties (Note 6)	2,439	204
Impairment loss of completed properties for sale (Note 10)	364	–
Currency translation loss	489	133
	3,292	337

28 FINANCE COSTS

The Group	2022 $'000	2021 $'000
Interest expense:		
Bank borrowings	861	915
Lease liabilities	81	80
Finance costs recognised in profit or loss	942	995

29 TAXATION

The Group	2022 $'000	2021 $'000
Current taxation	–	70
(Over)/under-provision of current taxation in respect of prior financial years	(78)	2
	(78)	72
Deferred taxation	(589)	(60)
Under-provision of deferred taxation in respect of prior financial years	–	20
(Note 7)	(589)	(40)
	(667)	32

The tax expense on the results of the financial year varies from the amount of income tax determined by applying the Singapore statutory rate of income tax on the financial results as follows:

The Group	2022 $'000	2021 $'000
(Loss)/profit before taxation	(7,341)	645
Share of results of a joint venture, net of nil tax	195	4
(Loss)/profit before taxation and share of results of a joint venture	(7,146)	649
Tax at statutory rate of 17% (2021: 17%)	(1,215)	110
Effect of tax rate for different jurisdiction	(267)	(78)
Tax effect on non-deductible expenses[a]	157	177
Tax effect on non-taxable income[b]	(70)	(272)
Tax exempt income	–	(17)
Deferred tax assets on temporary difference not recognised	821	127
Effect of tax losses disallowed	1	1
Utilisation of deferred tax assets previously not recognised	(6)	(62)
(Over)/under provision of taxation in respect of prior financial years	(78)	22
Others	(10)	24
Income tax (credit) / expense recognised in profit or loss	(667)	32

(a) Non-deductible expenses mainly relate to depreciation of non-qualifying assets and other disallowed expenses incurred in the ordinary course of business.
(b) Non-taxable income mainly relate to job support scheme income and reversal of impairment losses on trade receivables and contract assets.

30 TOTAL (LOSS)/PROFIT FOR THE FINANCIAL YEAR

Expenses by nature:

The Group	2022 $'000	2021 $'000
Purchase of materials	7,603	7,932
Fees on audit services paid/payable to:		
- Auditor of the Company	95	95
- Other auditor	32	16
Fees on non-audit services paid/payable to:		
- Auditor of the Company	14	18
- Other auditor	16	29
Depreciation of property, plant and equipment	987	892
Directors' fees	139	139
Donation	27	40
<u>Staff costs</u>		
Directors		
- Salaries and bonuses	996	996
- Employer's contribution to defined contribution plans	32	31
Key Management Personnel (other than Directors)		
- Salaries and bonuses	213	213
- Employer's contribution to defined contribution plans	25	25
Other than directors and key management personnel		
- Salaries and bonuses	9,792	8,168
- Employer's contribution to defined contribution plans	687	469
	11,745	9,902
Other short-term benefits	233	321
Entertainment expenses	70	83
Delivery charges	–	20
Professional charges	410	314
Property and land tax	159	157
Rental on operating leases	74	18
Sub-contractor charges	27,469	36,033
Utilities	179	149
Worksite and factory expenses	6,127	5,393
Changes in inventories	30	90
Reversal impairment of financial assets and contract assets	(95)	(454)
Bad debts written off	210	–
Others	1,868	1,000
Total cost of works, distribution and marketing costs and administrative expenses	57,392	62,187

31 (LOSSES)/EARNINGS PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY

(Losses)/earnings per share is calculated based on the consolidated net (loss)/profit attributable to owners of the Company divided by the weighted average number of shares in issue during the financial year. The weighted average number of ordinary shares for the prior financial year have been adjusted for the bonus element arising from the rights issue on 27 August 2021.

Basic and diluted (losses)/earnings per share

The Group	2022	2021 (Restated)
(Loss)/profit attributable to owners of the Company ($'000)	(6,542)	629
Weighted average number of shares in issue ('000)	314,813	220,190
Basic and diluted (losses)/earnings per share (cents)	(2.08)	0.29

As at 30 June 2021, the employee share options were excluded from the calculation of the diluted weighted average number of ordinary shares in issue as the average market price of the Company's ordinary shares for the year then ended does not exceed the exercise price.

As at 30 June 2022, the basic and diluted losses per share are the same as the outstanding options are anti-dilutive.

32 SHARE-BASED PAYMENTS

Employee share option scheme

The Company has an employee share incentive plan for the granting of non-transferable options to directors and other full-time eligible employees. Options are granted for a term of 10 years to purchase the Company's ordinary shares at the price of $0.126 for each share. 25%, 50%, 75% and 100% of the options are exercisable beginning on the first, second, third and fourth anniversary, respectively, from the date of the grant.

Information with respect to the number of options granted under the Company's employee share option plan is as follows:

The Company and The Group	Number of share options 2022	Weighted average exercise price 2022	Number of share options 2021	Weighted average exercise price 2021
	'000	$	'000	$
Outstanding at the beginning and end of financial year	5,569	0.126	5,569	0.126
Exercisable at financial year end	4,177	–	2,784	–

The options outstanding at the end of financial year have remaining contractual life of 6.41 years (2021 - 7.41 years).

32 SHARE-BASED PAYMENTS (CONT'D)

The fair value of share options as at the date of grant, had been estimated by an external valuer using a Trinomial model, taking into account the terms and conditions upon which the options were granted. The inputs to the model are shown below.

The Company and The Group	
Weighted average share price	$0.102
Weighted average exercise price	$0.126
Expected volatility	68.86%
Expected option life	10
Risk free rate	2.01%
Expected dividend yield	Nil
Fair value at measurement date	$0.101

The expected life of the options is not necessarily indicative of exercise patterns that may occur. The expected volatility reflects the assumption that the historical volatility is indicative of future trends, which may also not necessarily be the actual outcome. Other than stated, no other features of the option grant were incorporated into the measurement of fair value.

33 RELATED PARTY TRANSACTIONS

In addition to the related party information disclosed elsewhere in the financial statements, the following are significant transactions with related parties at agreed rates:

(a) Sales and purchases of goods and services

The Group	**2022 $'000**	**2021 $'000**
Advisory fees paid to a director	12	12

(b) Compensation of directors and key management personnel

The remuneration of directors and other members of key management during the financial year is as follows:

The Group	**2022 $'000**	**2021 $'000**
Salaries and bonuses	1,209	1,209
Directors' fees	139	139
Employer's contribution to defined contribution plans including Central Provident Fund	57	56
Share-based payments	–	114
Other short-term benefits	152	170
	1,557	1,688

The remuneration of directors and other members of key management is determined by the remuneration committee having regard to the performance of individuals and market trends.

34 LEASES

Information about leases for which the Group is a lessee is presented below.

Right -of-use assets

Right-of-use assets related to leased assets that do not meet the definition of investment property are presented as property, plant and equipment (see Note 5).

The Group	Land rent for leasehold building $'000	Motor vehicles $'000	Total $'000
Balance at 1 July 2020	1,836	411	2,247
Depreciation charge for the year	(203)	(48)	(251)
Additions to right-of-use assets	128	76	204
Lease modification	58	–	58
Balance at 30 June 2021	1,819	439	2,258
Depreciation charge for the year	(240)	(86)	(326)
Additions to right-of-use assets	–	34	34
Lease modification	64	–	64
Translation differences	(1)	–	(1)
Balance at 30 June 2022	1,642	387	2,029

Amounts recognised in profit or loss

The Group	2022 $'000	2021 $'000
Interest on lease liabilities	81	80
Expenses relating to short-term leases	74	18

(i) The Group as lessee

(a) Properties

The Group makes monthly land lease payments for the use of the leasehold buildings.

There are no externally imposed covenants on these property lease arrangements.

(b) Motor vehicles

The Group acquires motor vehicles under hire purchase arrangements to render internal logistics support. These motor vehicles are recognised as the Group's right-of-use assets (Note 5).

34 LEASES (CONT'D)

(ii) The Group as lessor

Investment properties

Operating leases, in which the Group is the lessor, relate to investment properties (Note 6) owned by the Group. During the financial year 30 June 2022, the investment properties in Singapore were sold and disposed off (2021 - lease terms between 1 to 2 years with one-year extension option). All operating lease contracts contain market review clauses in the event that the lessee exercises its option to renew. The lessee does not have an option to purchase the property at the expiry of the lease period.

These leases are classified as operating lease because the risk and rewards incidental to ownership of the assets are not substantially transferred.

The Group's revenue from rental income received on the investment properties are disclosed in Note 26.

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

The Group	**2022 $'000**	**2021 $'000**
Undiscounted lease payments to be received:		
Not later than one year	–	30
Between two and five years	–	19
	–	49

Premise and equipments

The Group also leased out its premise and equipments to an external party for lease payments. This lease is classified as an operating lease because the risk and rewards incidental to ownership of the assets are not substantially transferred.

Undiscounted lease payments from the operating lease to be received after the reporting date are as follow:-

The Group	**2022 $'000**	**2021 $'000**
Undiscounted lease payments to be received:		
Not later than one year	152	286
Between two and five years	31	95
	183	381

35 OPERATING SEGMENTS

The Group's operating segments are its strategic business units which offer different services and are managed separately. Management has determined the operating segments based on the reports reviewed by the Chief Executive Officer that are used to make strategic decisions, allocate resources and assess performance. Currently, the business segments operate in Singapore and Malaysia.

The accounting policies of the reportable segments are the same as the Group's accounting policies described in Note 2. Other services included in Singapore are investment holding, which are not included within the reportable operating segments, as these are not included in the reports provided to the Board of Directors. The results of these operations, if any, are included in the "unallocated segments".

The Group's activities comprise the following reportable segments:

(i) General building which involved the construction and building and maintenance works such as excavation, piling, sub-structures and superstructures works, architectural works, aluminium cladding and curtain walling, mechanical and engineering works, supply and installation of furniture/interior fitting-out works, external works, and landscaping;

(ii) Precast manufacturing which involved the manufacturing and trading of concrete precast products;

(iii) Properties development and investment which involved investment in and trading of and development of industrial and residential properties;

(iv) Soil investigation and treatment which involved providing consultation services; and

(v) Fire door manufacturing which involved the manufacturing and trading of fire-rated door. This segment does not meet the quantitative threshold required by SFRS(I) 8 Operating Segments for the reportable segments. Management has concluded that this segment should be reported, as it is closely monitored by the Board of Directors as a potential growth operating segment and is expected to contribute to the Group's revenue in the future.

35 OPERATING SEGMENTS (CONT'D)

The Group	General building $'000	Precast manufacturing $'000	Properties development and investment $'000	Soil investigation and treatment $'000	Fire door manufacturing	Unallocated segments $'000	Elimination $'000	Total $'000
30 June 2022								
Business segments								
Revenue								
External	52,096	–	–	–	555	–	–	52,651
Inter-segment	–	–	–	–	95	–	(95)	–
	52,096	–	–	–	650	–	(95)	52,651
Gross profit	3,283	(137)	–	–	107	–	–	3,253
Other income								1,829
Unallocated costs								(11,481)
Finance costs								(942)
Loss before taxation								(7,341)
Taxation								667
Total loss for the financial year								(6,674)
Total loss for the financial year includes:								
Depreciation of property, plant and equipment	781	206	–	–	–	–	–	987
Reversal of impairment loss on financial assets and contract assets	(95)	–	–	–	–	–	–	(95)
Bad debts written off	210	–	–	–	–	–	–	210
Changes in fair value of investment properties	180	–	2,259	–	–	–	–	2,439
Gain on disposal of property, plant and equipment	(23)	–	–	–	–	–	–	(23)
Impairment allowance on completed properties for sale	–	–	364	–	–	–	–	364
Segment assets	71,691	415	19,783	4	–	5,430	–	97,323
Total assets includes:								
Additions to:								
Property, plant and equipment and right-of-use assets	85	–	–	–	–	–	–	85
Segment liabilities	51,955	131	3,567	8	–	14,172	–	69,833

35 OPERATING SEGMENTS (CONT'D)

The Group	General building $'000	Precast manufacturing $'000	Properties development and investment $'000	Soil investigation and treatment $'000	Unallocated segments $'000	Elimination $'000	Total $'000
30 June 2021							
Business segments							
Revenue							
External	60,037	218	–	–	–	–	60,255
Inter-segment	–	168	–	–	–	(168)	–
	60,037	386	–	–	–	(168)	60,255
Gross profit	4,812	(26)	–	–	–	–	4,786
Other income							3,913
Unallocated costs							(7,059)
Finance costs							(995)
Profit before taxation							645
Taxation							(32)
Total profit for the financial year							613
Total profit for the financial year includes:							
Depreciation of property, plant and equipment	729	162	–	–	1	–	892
Reversal of impairment loss on financial assets and contract assets	(454)	–	–	–	–	–	(454)
Changes in fair value of investment properties	(120)	–	324	–	–	–	204
Segment assets	75,403	547	23,044	6	5,135	-	104,135
Total assets includes:							
Additions to:							
Property, plant and equipment and right-of-use assets	309	381	–	–	–	–	690
Segment liabilities	60,016	564	3,942	4	14,335	–	78,861

35 OPERATING SEGMENTS (CONT'D)

The Board of Directors assesses the performance of the operating segments based on the gross profit. Administrative expenses, distribution and marketing costs, taxation, finance costs, other expenses and other income are not allocated to segments.

Reportable segments' assets are reconciled to total assets as follows:

Segment assets and liabilities are allocated based on the operations of the segments and presented net of inter-segment balances. Unallocated assets comprise of cash and bank balances, other current assets, other receivables, deferred tax assets, investment in a joint venture company and the Company's grant receivables and property, plant and equipment, and amounts due from a joint venture company.

The Group	2022 $'000	2021 $'000
Segment assets for reportable segments	91,893	99,000
Unallocated:		
Cash and bank balances	774	898
Other current assets	940	808
Other receivables	136	142
Deferred tax assets	–	132
Investment in a joint venture company	301	496
The Company's amounts due from a joint venture company	3,279	2,658
The Company's property, plant and equipment	–	1
	5,430	5,135
	97,323	104,135

Reportable segments' liabilities are reconciled to total liabilities as follows:

Unallocated liabilities comprise of other payables, current tax payable, deferred tax liabilities, the Company's borrowing, deferred grants, trade payables, GST payables and accrued operating expenses.

The Group	2022 $'000	2021 $'000
Segment liabilities for reportable segments	55,661	64,526
Unallocated:		
Other payables (excluding accrued operating expenses)	12,438	11,871
Current tax payable	–	78
Deferred tax liabilities	–	721
The Company's borrowings	1,100	1,300
The Company's deferred grants	–	–
The Company's trade payables, GST payables and accrued operating expenses	634	365
	14,172	14,335
	69,833	78,861

35 OPERATING SEGMENTS (CONT'D)

Information about major customers

The Group has three (2021 - two) major customers from Singapore's general building activities that each contributed greater than 10% of the Group's total revenue:

The Group	2022 $'000	2021 $'000
State-owned entity A	22,524	31,658
State-owned entity B	7,119	N.A.
Other company	7,241	8,069

Geographical segments

The Group	2022 $'000	2021 $'000
Revenue		
- Singapore	52,391	59,890
- Malaysia	260	365
	52,651	60,255
Non-current assets		
Singapore	7,817	9,481
Malaysia	14,510	17,345
	22,327	26,826

36 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Company's and the Group's financial risk management policies set out the Company's and the Group's overall business strategies and its risk management philosophy. The Company and the Group are exposed to financial risks arising from its operations and the use of financial instruments. The key financial risks include credit risk, liquidity risk, interest rate risk and foreign currency risk. The Company's and the Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise adverse effects from the unpredictability of financial markets on the Company's and the Group's financial performance.

The Board of Directors are responsible for setting the objectives and provide principles for overall risk management, as well as policies covering specific areas, such as foreign exchange risk, interest rate risk, credit risk, use of derivative and non-derivative financial instruments and investing excess liquidity.

The Group does not hold or issue derivative financial instruments for speculative purposes.

36 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

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

36.1 Foreign currency risk

Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. Currency risk arises when transactions are denominated in foreign currencies.

The Company is not exposed to foreign currency risk as it does not have any transactions transacted in currency other than its functional currency.

The Group has transactional currency exposures that are denominated in Singapore Dollar (SGD) for entities that have functional currency denominated in Malaysian Ringgit (MYR).

Sensitivity analysis for foreign currency risk

The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the year end for a reasonably change in foreign currency rates. The sensitivity analysis includes advances to foreign operations within the Group where they gave rise to an impact on the Group's profit or loss.

If SGD strengthens or weakens by 3% (2021 - 1%) against the functional currency of each group entity, the Group's total loss for the financial year end will increase/decrease by $478,000 (2021 - $177,000).

36 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

36.1 Foreign currency risk (Cont'd)

The summary of quantitative data about the Group's exposure to foreign currency risks as provided to the management of the Group based on its risk management policy is as follows:

The Group	Singapore dollars $'000	Malaysian Ringgit $'000	Total $'000
2022			
Trade receivables	4,524	459	4,983
Other receivables	103	33	136
Amounts due from a joint venture company	3,279	–	3,279
Deposits	690	105	795
Cash and bank balances	407	367	774
Trade and other payables	(36,668)	(1,560)	(38,228)
Borrowings	(27,779)	(1,492)	(29,271)
Lease liabilities	(1,930)	(23)	(1,953)
Net statement of financial position exposure	(57,374)	(2,111)	(59,485)
Less: Net financial instruments denominated in the respective entities' functional currency	57,374	2,111	59,485
Net exposure	–	–	–
2021			
Trade receivables	8,642	383	9,025
Other receivables	133	9	142
Deposits	642	108	750
Amounts due from a joint venture company	2,658	–	2,658
Cash and bank balances	523	375	898
Trade and other payables	(41,106)	(1,173)	(42,279)
Borrowings	(29,483)	(2,646)	(32,129)
Lease liabilities	(2,087)	(92)	(2,179)
Net statement of financial position exposure	(60,078)	(3,036)	(63,114)
Less: Net financial instruments denominated in the respective entities' functional currency	60,078	3,036	63,114
Net exposure	–	–	–

36.2 Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of the Group's financial instruments will fluctuate because of changes in market interest rates. The Group's exposure to interest rate risk arises primarily from its debt obligations with financial institutions.

The Group manages its interest rate risk by keeping bank borrowings to the minimum required to sustain the operations of the Group.

<u>Sensitivity analysis for interest rate risk</u>
If interest rates had been 50 (2021 - 50) basis points higher or lower and all other variables were held constant, the Group's total profit or loss for the financial year would decrease/increase by $147,000 (2021 - $160,000). This is mainly attributable to the Group's exposure to interest rates on its variable rate bank borrowings.

36 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

36.3 Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligation, and arises principally from the Group's receivables from customers and contract assets.

The carrying amount of financial assets in the statement of financial position represents the Group's and the Company's respective maximum exposure to credit risk, before taking into account any collateral held. The Group and the Company do not hold any collateral in respect of its financial assets.

The Group's exposure to credit risk is influenced mainly by the characteristics of each customer. However, management also considers the demographics of the Group's customer base, including the default risk associated with the industry and country in which the customers operate, as these factors may have an influence on credit risk.

Expected credit loss assessment for customers

The Group uses a provision allowance matrix to measure the ECL of trade receivables and contract assets due from customers.

The provision matrix is based on loss rates determined from actual credit loss experience over the past five years, current economic conditions and the Group's forecast of economic conditions over the receivables. These scalar factors are calculated using statistical models that determine numeric co-relation of loss rates with relevant economic variables.

Scalar factors are based on actual and forecasted gross domestic product and is in the range of 3% to 5% (2021 - 5.4% to 5.2%) for overall market condition.

In measuring ECL, trade receivables and contract assets are grouped based on shared credit risk characteristics and days past due. The contract assets relate mainly to projects where the revenue has been accrued ahead of billings to customers, which have substantially the same risk characteristics as the trade receivables for the same type of contracts.

The Group has therefore concluded that the expected loss rates for trade receivables are a reasonable approximation of the loss rates for the contract assets.

36 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

36.3 Credit risk (Cont'd)

Expected credit loss assessment for customers (Cont'd)

The following table provides information about the exposure to credit risk and ECLs for trade receivables and contract assets for customers under lifetime ECL approach:

The Group	Gross carrying amount $'000	Loss allowance provision $'000	Carrying values $'000
30 June 2022			
Neither past due nor impaired	62,891	342	62,549
Past due 1 - 30 days	495	3	492
Past due 31 - 90 days	86	–	86
Past due 91 - 180 days	46	–	46
More than 180 days	1,224	80	1,144
	64,742	425	64,317
30 June 2021			
Neither past due nor impaired	65,865	410	65,455
Past due 1 - 30 days	96	2	94
Past due 31 - 90 days	44	3	41
Past due 91 - 180 days	256	14	242
More than 180 days	563	91	472
	66,824	520	66,304

At the reporting date, the Group has recognised a reversal of allowance for ECL on contract assets and additional loss allowance on trade receivables of $266,000 (2021 – reversal of loss allowance of $247,000) and $171,000 (2021 – reversal of loss allowance of $207,000), respectively.

Amounts due from subsidiaries and joint venture company

At the end of the reporting date, the Company has assessed its subsidiaries' and joint venture company's financial performance to meet the contractual cash flow obligations and has provided expected credit loss allowance of $6,392,000 (2021 - $1,377,000) for non-trade amounts due from its subsidiaries for the financial year ended 30 June 2022.

The amounts due from the joint venture company are considered to be of low credit risk and subject to immaterial credit loss. Credit risk for the remaining amounts due from subsidiaries has not increased significantly since their initial recognition.

Cash and bank balances

The Group and the Company held cash and bank balances of $774,000 (2021 - $898,000) and $10,000 (2021 - $25,000), respectively, at 30 June 2022. The bank balances are held with banks which are regulated.

Impairment on cash and bank balances 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 have low credit risk based on the external credit ratings of the counterparties. The amount of the allowance on cash and bank balances was negligible.

36 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

36.4 Liquidity risk

Liquidity risk is the risk that the Company or the Group will encounter difficulty in raising funds to meet commitments associated with financial instruments that are settled by delivering cash or another financial asset. Liquidity risk may result from an inability to sell a financial asset quickly at close to its fair value.

The Company's and the Group's exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and liabilities. The Company and the Group manage their liquidity risk by ensuring the availability of funding through an adequate amount of credit facilities from financial institutions.

The table below analyses the maturity profile of the Group's financial liabilities based on undiscounted cash flows and includes both interest and principal cash flows. The adjustment column represents the possible future cash flows attributable to the financial instruments included in the maturity analysis which are not included in the carrying amount of the financial liabilities on the statement of financial position:

The Group	On demand or within one year	Between two and five years	More than five years	Adjustments	Total
	$	$	$	$	$
At 30 June 2022					
Trade and other payables (excluding deposits and GST payables)	38,034	–	–	–	38,034
Borrowings	23,604	6,162	–	(495)	29,271
Lease liabilities	250	716	1,617	(630)	1,953
	61,888	6,878	1,617	(1,125)	69,258
At 30 June 2021					
Trade and other payables (excluding deposits and GST payables)	41,910	–	–	–	41,910
Borrowings	21,798	10,546	454	(669)	32,129
Lease liabilities	304	828	1,754	(707)	2,179
	64,012	11,374	2,208	(1,376)	76,218

The Company's financial liabilities based on contractual undiscounted cash flows is an approximation to its carrying amounts as at the reporting date.

The Company's financial liabilities are due within one year from the end of the reporting date. The maximum exposure of the Company in respect of the intra-group financial guarantee at the end of the reporting date is if the facility is drawn down by the subsidiaries in the amount of $19,292,000 (2021 - $22,154,000). At the end of the reporting date, the Company has considered it is not probable that a claim will be made against the Company under the intra-group financial guarantee. The Company has also evaluated and is of the view that both the fair values of the corporate guarantees and the consequential liabilities derived from its guarantees to the financial institutions with regard to the subsidiaries are not material. There is no significant difference in interest rates charged on secured loans to subsidiaries with or without the corporate guarantee from the Company.

The Company and the Group ensure that there are adequate funds to meet all its obligations in a timely and cost-effective manner.

37 CAPITAL MANAGEMENT

The Company's and the Group's objectives when managing capital are:

(a) To safeguard the Company's and the Group's ability to continue as a going concern;
(b) To support the Company's and the Group's stability and growth;
(c) To provide capital for the purpose of strengthening the Company's and the Group's risk management capability; and
(d) To provide an adequate return to shareholders.

The Company and the Group actively and regularly review and manage its capital structure to ensure optimal capital structure and shareholder returns, taking into consideration the future capital requirements of the Company and the Group and capital efficiency, prevailing and projected profitability, projected operating cash flows, projected capital expenditures and projected strategic investment opportunities. The Company and the Group currently do not adopt any formal dividend policy.

The capital structure of the Group consists of equity attributable to owners of the Company, comprising issued capital, reserves and retained earnings.

The Company and the Group monitor capital using net debt to total capital ratio, which is net debt divided by total capital. Total capital is calculated as total equity plus net debt.

	The Group		The Company	
	30 June 2022 $'000	30 June 2021 $'000	30 June 2022 $'000	30 June 2021 $'000
Borrowings	29,271	32,129	1,100	1,300
Lease liabilities	1,953	2,179	–	–
Trade and other payables	38,228	42,279	2,372	3,917
Cash and bank balances	(774)	(898)	(10)	(25)
Net debt	68,678	75,689	3,462	5,192
Equity attributable to ownersof the Company	27,701	25,353	1,969	17,605
Total capital	96,379	101,042	5,431	22,797
Net debt to total equity	71.26%	74.91%	63.75%	22.77%

There were no changes in the Company's and the Group's approach to capital management during the financial year.

The Company and its subsidiaries are not subject to externally imposed capital requirements, other than as disclosed in Note 21.

38 FINANCIAL INSTRUMENTS

Accounting classifications of financial assets and financial liabilities

The carrying amounts of financial assets and financial liabilities in each category are as follows:

	The Group		The Company	
	30 June 2022 $'000	30 June 2021 $'000	30 June 2022 $'000	30 June 2021 $'000
Financial assets				
At amortised cost:				
Trade receivables (Note 11)	4,983	9,025	–	–
Other receivables (Note 11)	136	142	–	–
Amount due from a joint venture company (Note 11)	3,279	2,658	3,279	2,658
Amounts due from subsidiaries (Note 11)	–	–	1,638	2,663
Deposits (Note 12)	795	750	–	–
Cash and bank balances (Note 14)	774	898	10	25
	9,967	13,473	4,927	5,346
Financial liabilities				
At amortised cost:				
Borrowings (Note 21)	29,271	32,129	1,100	1,300
Lease liabilities (Note 22)	1,953	2,179	-	-
Trade payables (Note 23)	19,603	22,969	108	120
Other payables (Note 23)	12,295	11,749	1,738	3,552
Accrued operating expenses (Note 23)	6,136	7,192	489	210
	69,258	76,218	3,435	5,182

39 FAIR VALUE MEASUREMENT

39.1 Definition of fair value

SFRS(I)s define fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

39.2 Fair value measurement of financial instruments

Financial assets and financial liabilities measured at fair value in the statements of financial position are grouped into three Levels of fair value hierarchy. The three Levels are defined based on the observability of significant inputs to the measurement, as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly
- Level 3: unobservable inputs for the asset or liability

39 FAIR VALUE MEASUREMENT (CONT'D)

39.2 Fair value measurement of financial instruments (Cont'd)

Fair value of financial assets and financial liabilities that are not measured at fair value on a recurring basis (but fair value disclosures are required)

Management considers that the carrying amounts of financial assets and financial liabilities recorded at amortised cost in the financial statements approximate their fair values at the end of the reporting date. The fair values of non-current bank borrowings are an approximation to their carrying values at the reporting date. They are estimated by discounted cash flow analysis using market borrowing rates prevailing at the reporting date.

The carrying amounts of the bank loans, repayable within one year or less, or on demand approximate their fair value.

The fair value disclosure of lease liabilities is not required.

Reconciliation of Level 3 fair value measurement

The reconciliation for investment properties measured at fair value based on significant unobservable inputs (Level 3) is disclosed in Note 6. There were no transfers between level 1, 2 and 3 during the year.

Set-off of balances with subsidiaries (the Company)

The parties have arrangements to settle intercompany balances due to or due from each other on a net basis. The amounts of due to and due from subsidiaries that are set-off are as follows:

The Company	Gross carrying amounts $'000	Gross amounts offset in the statement of financial position $'000	Net amounts in the statement of financial position $'000
30 June 2022			
Amounts due from subsidiaries	169	4,078	4,247
Amounts due to subsidiaries	3,267	(4,078)	(811)
	3,436	–	3,436
30 June 2021			
Amounts due from subsidiaries	11,383	(11,383)	–
Amounts due to subsidiaries	(13,284)	11,383	(1,901)
	(1,901)	–	(1,901)

40 SUBSEQUENT EVENTS

Acquisition of M + LBMC57 Pte Ltd (the "M+")

On 9 December 2022, the Company's wholly-owned subsidiary, Logistics Construction Pte Ltd (the "LCPL"), had acquired 51 ordinary shares representing 51% of the total issued share capital of M + LBMC57 Pte Ltd (the "M+") (formerly known as Credence Realty Investment Holdings Pte. Ltd.). M+ becomes an indirect 51%-owned subsidiary of the Company, through LCPL.

M+ is incorporated in the Republic of Singapore on 25 August 2022 and has a total issued and paid-up share capital of S$100.00 comprising 100 ordinary shares. M+ has yet to commence its operations since incorporation and its intended principal activity is general contracting.

Contracts secured subsequent to year end

On 23 August 2022, the Company's wholly-owned subsidiary, LCPL had secured a Work Order amounting to $128,000 by Royale International Food Industries Pte. Ltd., for demolition and reinstatement work at 15 Senoko Drive #07-10. The project is scheduled to commence on 23 August 2022 and is expected to be completed by 30 December 2022.

On 16 September 2022, the Company's wholly-owned subsidiary, LCPL had secured a Work Order amounting to $190,748 by Royal Plaza on Scotts, for additions and alterations works on the existing Royal Plaza on Scotts including strengthening work and repairing work to the existing cooling tower platform. The project is scheduled to commence on 16 September 2022 and is expected to be completed by 12 December 2022.

On 18 October 2022, the Company's wholly-owned subsidiary, LCPL was awarded a contract amounting to $3,392,000 by Gardens by the Bay, for the design and build of the arrival pavilion and shuttle stop at Bay South. The project is scheduled to commence on 1 November 2022 and is expected to be completed by 30 April 2024.

STATISTICS OF SHAREHOLDINGS

AS AT 19 DECEMBER 2022

SHARE CAPITAL

Issued and fully paid-up capital	: S$26,518,110
No. of ordinary shares	: 353,666,000
Class of Shares	: Ordinary Shares
Voting Rights	: One vote for each ordinary share
Treasury shares and subsidiary holdings	: Nil

DISTRIBUTION OF SHAREHOLDERS BY SIZE OF SHAREHOLDINGS AS AT 19 DECEMBER 2022

SIZE OF SHAREHOLDINGS	NO. OF SHAREHOLDERS	%	NO. OF SHARES	%
1 - 99	1	0.21	80	0.00
100 - 1,000	26	5.58	10,700	0.00
1,001 - 10,000	47	10.09	351,200	0.10
10,001 - 1,000,000	362	77.68	48,025,200	13.58
1,000,001 AND ABOVE	30	6.44	305,278,820	86.32
TOTAL	**466**	**100.00**	**353,666,000**	**100.00**

TWENTY-ONE LARGEST SHAREHOLDERS AS AT 19 DECEMBER 2022

	NAME OF SHAREHOLDERS	NO. OF SHARES	% OF SHARES
1	YI INVESTMENT PTE LTD	144,930,080	40.98
2	TWINKLE INVESTMENT PTE LTD	24,381,280	6.89
3	ONG SIEW ENG	23,797,760	6.73
4	PHUA LAM SOON	23,522,560	6.65
5	AP21 HOLDINGS PTE LTD	10,000,000	2.83
6	UOB KAY HIAN PTE LTD	8,914,500	2.52
7	WU JIANSHENG	8,750,000	2.47
8	OCBC SECURITIES PRIVATE LTD	7,037,900	1.99
9	PHILLIP SECURITIES PTE LTD	6,557,520	1.85
10	TAN ENG SENG	4,068,980	1.15
11	IFAST FINANCIAL PTE LTD	4,022,700	1.14
12	NG ENG SENG	4,000,000	1.13
13	TAN KENG PENG	3,961,000	1.12
14	BUK MUM FATT	2,785,000	0.79
15	ONG AH SIEW	2,603,200	0.74
16	GAO HUAZHU	2,508,800	0.71
17	CHUA HOI TEK	2,272,000	0.64
18	LIM CHYE HUAT @ BOBBY LIM CHYE HUAT	2,000,000	0.57
19	LU YUANFANG LAWRENCE	2,000,000	0.57
20	TAN LINGJUAN	2,000,000	0.57
21	ZHONG BIHUA	2,000,000	0.57
	TOTAL:	**292,113,280**	**82.61**

STATISTICS OF SHAREHOLDINGS

AS AT 19 DECEMBER 2022

LIST OF SUBSTANTIAL SHAREHOLDERS AS AT 19 DECEMBER 2022

Name of Substantial Shareholders	Direct Interest	%	Deemed Interest	%
Yi Investment Pte. Ltd. (1)	144,930,080	40.98	–	–
Phua Lam Soon (1)(2)	23,522,560	6.65	168,727,840	47.71
Ong Siew Eng (1)(3)	23,797,760	6.73	168,452,640	47.63
Twinkle Investment Pte. Ltd.	24,381,280	6.89	–	–
Neo Kah Kiat (4)	–	–	24,381,280	6.89
Liew Oi Peng (4)	–	–	24,381,280	6.89

(1) Yi Investment Pte. Ltd. is an investment holding company incorporated in the Republic of Singapore and jointly owned by our CEO, Phua Lam Soon and our Executive Director, Ong Siew Eng. Accordingly, Phua Lam Soon and Ong Siew Eng are deemed to be interested in 144,930,080 shares of the Company held by Yi Investment Pte. Ltd..

(2) Our CEO, Phua Lam Soon, is the spouse of our Executive Director, Ong Siew Eng. Accordingly, Phua Lam Soon is deemed to be interested in 23,797,760 shares of the Company held by Ong Siew Eng.

(3) Our Executive Director, Ong Siew Eng, is the spouse of our CEO, Phua Lam Soon. Accordingly, Ong Siew Eng is deemed to be interested in 23,522,560 shares of the Company held by Phua Lam Soon.

(4) Neo Kah Kiat and his spouse, Liew Oi Peng, are deemed to be interested in the 24,381,280 ordinary shares of the Company held by Twinkle Investment Pte. Ltd.. Neo Kah Kiat and Neo Kah Kiat and Liew Oi Peng are directors and shareholders of Twinkle Investment Pte. Ltd..

SHAREHOLDINGS HELD IN THE HANDS OF PUBLIC

As at 19 December 2022, approximately 38.46% of the issued ordinary shares of the Company were held in the hands of the public based on the information available to the Company. Accordingly, the Company has complied with Rule 723 of the SGX-ST Listing Manual Section B: Rules of Catalist.

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the Annual General Meeting ("AGM") of Boldtek Holdings Limited (the "Company") will be held at 72 Senoko Drive Singapore 758240 on Sunday, 29 January 2023 at 10.00 a.m. for the following purposes:

AS ORDINARY BUSINESS

1. To receive and adopt the Audited Financial Statements of the Company for the financial year ended 30 June 2022 ("**FY2022**") together with the Directors' Statement and Auditors' Report thereon.

   (**Resolution 1**)

2. To approve the payment of Directors' Fees of S$138,600.00 for the financial year ending 30 June 2023, to be paid on a quarterly basis in arrears. (2022: S$138,600)

   (Resolution 2)

3. To re-elect Mr Phua Lam Soon who is retiring under Regulation 107 of the Constitution, as Director of the Company.

   (**Resolution 3**)
   [See Explanatory Note (1)]

4. To re-elect Mr Ng Kok Seng who is retiring under Regulation 107 of the Constitution, as Director of the Company.

   (**Resolution 4**)
   [See Explanatory Note (1)]

5. To re-elect Mr Sim Mong Keang Kenny who is retiring under Regulation 117 of the Constitution, as Director of the Company.

   (**Resolution 5**)
   [See Explanatory Note (1)]

6. To re-appoint Messrs Foo Kon Tan LLP as the Company's Auditors and to authorise the Directors to fix their remuneration.

   (**Resolution 6**)

7. To transact any other ordinary business that may be properly transacted at an annual general meeting.

AS SPECIAL BUSINESS

To consider and, if thought fit, to pass the following resolutions as an Ordinary Resolution with or without modifications:-

8. AUTHORITY TO ALLOT AND ISSUE SHARES IN THE CAPITAL OF THE COMPANY (THE "SHARE ISSUE MANDATE")

That pursuant to the provisions of Section 161 of the Companies Act 1967 of Singapore (the "**Act**") and Rule 806 of the Listing Manual – Section B: Rules of Catalist ("**Rules of Catalist**") of the Singapore Exchange Securities Trading Limited (the "**SGX-ST**"), the Directors be and are hereby authorised and empowered to:

(a) (i) allot and issue shares in the capital of the Company ("**Shares**") whether by way of rights, bonus or otherwise; and/or

(ii) make or grant offers, agreements or options (collectively, "**Instruments**") that might or would require Shares to be issued, including but not limited to the creation and issue of (as well as adjustments to) options, warrants, debentures or other instruments convertible into Shares,

at any time and upon such terms and conditions and for such purposes and to such persons as the Directors of the Company may, in their absolute discretion deem fit; and

(b) notwithstanding that the authority conferred by this Resolution may have ceased to be in force, issue Shares in pursuance of any Instrument made or granted by the Directors while this Resolution is in force,

provided that:-

(i) the aggregate number of Shares (including Shares to be issued in pursuance of the Instruments, made or granted pursuant to this Resolution), to be issued pursuant to this Resolution shall not exceed one hundred per cent (100%) of the total number of issued Shares (excluding treasury shares and subsidiary holdings) of the Company (as calculated in accordance with sub-paragraph (ii) below), of which the aggregate number of Shares to be issued other than on a pro-rata basis to existing shareholders of the Company (including Shares to be issued in pursuance of Instruments made or granted pursuant to this Resolution) shall not exceed fifty per cent (50%) of the total number of issued Shares (excluding treasury shares and subsidiary holdings) of the Company (as calculated in accordance with sub-paragraph (ii) below);

(ii) (subject to such manner of calculation as may be prescribed by the SGX-ST), for the purpose of determining the aggregate number of Shares that may be issued under sub-paragraph (i) above, the percentage of the total number of issued Shares (excluding treasury shares and subsidiary holdings, if any) shall be based on the total number of issued Shares (excluding treasury shares and subsidiary holdings, if any) in the capital of the Company at the time of passing of this Resolution, after adjusting for:-

(1) new Shares arising from the conversion or exercise of any Instruments or any convertible securities;

(2) new Shares arising from exercising of share options or vesting of share awards; and

(3) any subsequent bonus issue, consolidation or sub-division of Shares.

Adjustments in accordance with (b)(ii)(1) or (b)(ii)(2) above are only to be 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.

(c) in exercising the authority conferred by this Resolution, the Company shall comply with the provisions of the Rules of Catalist for the time being in force (unless such compliance has been waived by the SGX-ST), all applicable legal requirements under the Act and the Constitution for the time being of the Company; and

(d) such authority shall, unless revoked or varied by the Company at a general meeting, continue in force until the conclusion of the next annual general meeting or the date by which the next annual general meeting of the Company is required by law to be held, whichever is the earlier.

(Resolution 7)

[See Explanatory Note (2)]

9. AUTHORITY TO ISSUE SHARES UNDER THE BOLDTEK EMPLOYEE SHARE OPTION SCHEME

That the Directors of the Company be authorised and empowered to offer and grant options in accordance with the provisions of Boldtek Employee Share Option Scheme (the "**Scheme**") and to allot and issue and/or deliver from time to time such number of fully paid-up Shares as may be required to be issued or delivered pursuant to the exercise of options provided that the aggregate number of Shares available pursuant to the Scheme and such other share-based schemes of the Company, shall not exceed 15% of the total issued Shares of the Company (excluding any treasury shares and subsidiary holdings) from time to time and that such authority shall, unless revoked or varied by the Company in a general meeting, continue in force until the conclusion of the next annual general meeting of the Company or the date by which the next annual general meeting of the Company is required by law to be held, whichever is earlier.

(Resolution 8)
[See Explanatory Note (3)]

BY ORDER OF THE BOARD

Pao Kiew Tee
Non-Executive Chairman & Independent Director

14 January 2023

Explanatory Notes:

(1) Please refer to the Section "Board of Directors" in the annual report for the financial year ended 30 June 2022 as well as the section "Disclosure of information on directors seeking re-election for information" on Mr Phua Lam Soon, Mr Ng Kok Seng and Mr Sim Mong Keang Kenny.

(2) The Ordinary Resolution 7 proposed in item 8 above, if passed, will empower the Directors from the date of the above annual general meeting until the date of the next annual general meeting of the Company, or the date by which the next annual general meeting 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 allot and issue Shares and/or convertible securities in the Company. The aggregate number of Shares and convertible securities, which the Directors may allot and issue under this Resolution shall not exceed one hundred per cent (100%) of the total number of issued Shares (excluding treasury shares) of the Company at the time of passing this Resolution. For allotment and issue of Shares and convertible securities other than on a pro-rata basis to all shareholders of the Company, the aggregate number of Shares and convertible securities to be allotted and issued shall not exceed fifty per cent (50%) of the total number of issued Shares (excluding treasury shares) of the Company at the time of passing this Resolution.

(3) The Ordinary Resolution 8 proposed in item 9 above, if passed, will empower the Directors of the Company, from date of this annual general meeting until the next annual general meeting of the Company, or the date by which the next annual general meeting 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 in the Company pursuant to the exercise of options granted or to be granted under the Scheme and such other share-based incentive scheme up to a number not exceeding in total (for the entire duration of the Scheme) 15% of the total number of issued shares (excluding treasury shares and subsidiary holdings) in the capital of the Company from time to time.

NOTICE OF ANNUAL GENERAL MEETING

PLEASE READ THE FOLLOWING NOTES AND THE EXPLANATIONS OF THE RESOLUTIONS BEFORE DECIDING HOW TO VOTE.

1. The members of the Company are invited to attend physically at the Annual General Meeting (the "**Meeting**" or "**AGM**") 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. **There will be no option for shareholders to participate virtually.** Printed copies of this Notice, Proxy Form and Annual Report will NOT be sent to members. This Notice, Proxy Form and Annual Report are available to members by electronic means via publication on SGXNet at the URL at https://www.sgx.com/securities/company-announcements or at the Company's website at the URL at https://www.boldtekholdings.com/. A member will need an internet browser and PDF reader to view these documents.

2. **Arrangements for participation in the AGM physically**

   Members (including CPFIS and SRS investors) may participate in the AGM by:

   (a) attending the AGM in person;

   (b) submitting questions to the Chairman of the Meeting in advance of, or at, the AGM; and/or

   (c) voting at the AGM

      (i) themselves personally; or

      (ii) through their duly appointed proxy(ies).

      CPFIS and SRS investors who wish to appoint the Chairman of the Meeting (and not third party prox(ies)) as proxy to approach their respective CPF Agent Banks or SRS Operators to submit their votes. Please see item 6 below for details.

   In the event members encountered Covid-19 like symptoms prior to the Meeting, members are strongly encouraged to exercise social responsibility to rest at home and consider appoint a proxy(ies) to attend the Meeting. We encourage members to mask up when attending the Meeting.

3. (a) A member who is not a relevant intermediary is entitled to appoint not more than two proxies to attend, speak and vote in his/her stead at the AGM.

   (b) A member who is a relevant intermediary is entitled to appoint more than two proxies to attend, speak 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.

4. A proxy need not be a member of the Company.

5. A member can appoint the Chairman of the Meeting as his/her/its proxy **but** this is **not mandatory**.

   If a member wishes to appoint the Chairman of the Meeting 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. 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 Chairman of the Meeting will vote or abstain from voting at his discretion.

6. CPFIS/SRS investors who hold SGX shares through CPF Agent Banks/SRS Operators:

   (a) may vote at the Meeting if they are appointed as proxies by their respective CPF Agent Banks/SRS Operators, and should contact their respective CPF Agent Banks/SRS Operators if they have any queries regarding their appointment as proxies; or

   (b) may appoint the Chairman of the Meeting as proxy to vote on their behalf at the Meeting, in which case they should approach their CPF Agent Banks/SRS Operators to submit their votes at least 7 working days prior to the date of AGM i.e. **by 10.00 a.m. on 16 January 2023**.

7. Submission of instrument of proxy or proxy ("**Proxy Form**") – **By 10.00 a.m. on 27 January 2023**

   The Proxy Form must be submitted through any one of the following means:

   (a) by depositing a physical copy at the office of the Company's Share Registrar, Tricor Barbinder Share Registration Services, 80 Robinson Road #11-02, Singapore 068898; or

   (b) by sending a scanned PDF copy by email to boldtekagm@logistics99.com.sg,

   in either case, not less than 48 hours before the time appointed for holding the Meeting i.e. by 10.00 a.m. on 27 January 2023, and failing which, the Proxy Form will not be treated as valid.

8. The Company shall be entitled to, and will, treat any valid Proxy Form which was delivered by a member to the Company **before 10.00 a.m. on 27 January 2023** as a valid instrument as the member's proxy to attend, speak and vote at the Meeting if: (a) the member had indicated how he/she/it wished to vote for or vote against or abstain from voting on each resolution; and (b) the member has not withdrawn the appointment by 10.00 a.m. on 27 January 2023.

9. If the member is a corporation, the instrument appointing the proxy must be under seal or the hand of an officer or attorney duly authorised.

10. Completion and return of the Proxy Form by a member will not prevent him/her from attending, speaking and voting at the Meeting if he/she so wishes. The appointment of the proxy(ies) for the Meeting will be deemed to be revoked if the 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 relevant instrument appointing a proxy(ies) to the Meeting.

11. Submission of questions by members in advance of the Meeting – **By 10.00 a.m. on 21 January 2023**

    (a) Members may also submit questions related to the resolutions to be tabled for approval at the Meeting. All questions, together with the members' full names, identification numbers, contact numbers and email addresses and manner in which they hold shares in the Company ("**Shares**"), must be submitted no later than 10.00 a.m. on 21 January 2023 or by post to the registered office of the Company at 72 Senoko Drive Singapore 758240.

    (b) The Company will publish the responses to substantial and relevant questions on the SGX website at https://www.sgx.com/securities/company-announcements and the Company's website https://www.boldtekholdings.com/ by 25 January 2023.

(c) The Company endeavours to address (i) subsequent clarifications sought (ii) follow-up questions or (iii) subsequent substantial and relevant questions which are received after its Responses to Q&A at the Meeting itself. Where substantially similar questions are received, we will consolidate such questions and consequently not all questions may be individually addressed.

(d) Minutes of AGM - The Company will, within one month after the date of the AGM, publish the minutes of the AGM on SGXNET, and the minutes will include the responses to the questions which are addressed during the AGM, if any.

12. Important reminder. Any changes to the manner of conducting the AGM will be announced by the Company on SGXNet. Members are advised to check SGXNet regularly for any further updates.

13. **Personal data privacy**

By submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the AGM 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 AGM (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the AGM (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.

This notice has been prepared by the Company and its contents have been reviewed by the Company's Sponsor, RHT Capital Pte. Ltd. (the "**Sponsor**") for compliance with the relevant rules of the Singapore Exchange Securities Trading Limited ("**SGX-ST**").

This notice has not been examined or approved by the SGX-ST and the SGX-ST assumes no responsibility for the contents of this notice including the correctness of any of the statements or opinions made or reports contained in this notice.

The contact person for the Sponsor is Mr Leong Weng Tuck, Registered Professional, RHT Capital Pte. Ltd. at 36 Robinson Road, #10-06, City House Singapore 068877, sponsor@rhtgoc.com.

DISCLOSURE OF INFORMATION ON DIRECTORS SEEKING RE-ELECTION

Mr Phua Lam Soon, Mr Ng Kok Seng and Mr Sim Mong Keang Kenny are the Directors seeking re-election at the forthcoming Annual General Meeting of the Company to be convened on 29 January 2023 ("**AGM**") (collectively, the "**Retiring Directors**" and each a "**Retiring Director**").

Pursuant to Rule 720(5) of the Catalist Rules of the SGX-ST, the following is the information relating to the Retiring Director as set out in Appendix 7F to the Catalist Rules:

	MR PHUA LAM SOON	**MR NG KOK SENG**	**MR SIM MONG KEANG KENNY**
Date of Appointment	5 October 2012	31 October 2012	1 September 2022
Date of last re-appointment	24 October 2019	24 October 2019	-
Age	60	50	53
Country of principal residence	Singapore	Singapore	Singapore
The Board's comments on this appointment (including rationale, selection criteria, and the search and nomination process)	The Board of Directors of the Company has considered, among others, the recommendation of the Nominating Committee ("**NC**") and has reviewed and considered the contribution and performance, attendance, preparedness, participation, candour and suitability of Mr Phua Lam Soon ("**Mr Phua**") for re-appointment as Chief Executive Officer and Executive Director of the Company. The Board have reviewed and concluded that Mr Phua possesses the experience, expertise, knowledge and skills to contribute towards the core competencies of the Board.	The Board of Directors of the Company has considered, among others, the recommendation of the Nominating Committee ("**NC**") and has reviewed and considered the qualification, work experiences, contribution and performance, attendance, preparedness, participation, candour and suitability of Mr Ng Kok Seng ("**Mr Ng**") for re-appointment as an Executive Director of the Company. The Board have reviewed and concluded that Mr Ng possesses the experience, expertise, knowledge and skills to contribute towards the core competencies of the Board.	The Board of Directors of the Company has considered, among others, the recommendation of the Nominating Committee ("**NC**") and has reviewed and considered the qualification, work experiences, contribution and performance, attendance, preparedness, participation, candour and suitability of Mr Sim Mong Keang Kenny ("**Mr Sim**") for re-appointment as an Independent Non-Executive Director of the Company. The Board have reviewed and concluded that Mr Sim possesses the experience, expertise, knowledge and skills to contribute towards the core competencies of the Board.
Whether appointment is executive, and if so, the area of responsibility	Executive Mr Phua is responsible for setting the strategic plans and steering the business development of the Group as well as the Group's over management and day to day operations.	Executive Mr Ng is in charge of the Group's project management and worksite operations and also involved in the Group's business development.	Independent Non-Executive
Job Title (e.g. Lead ID, AC Chairman, AC Member etc.)	Chief Executive Officer and Executive Director and a member of the Nominating Committee	Executive Director	Independent Non-Executive Director, Chairman of the Nominating Committee and Remuneration Committee and a member of the Audit Committee

DISCLOSURE OF INFORMATION ON DIRECTORS SEEKING RE-ELECTION

	MR PHUA LAM SOON	MR NG KOK SENG	MR SIM MONG KEANG KENNY
Professional qualifications	NA	Diploma in Building from Singapore Polytechnic.	Bachelor of Commerce from Murdoch University, Western Australia Diploma in Electronics Engineering from Ngee Ann Polytechnic, Singapore
Working experience and occupation(s) during the past 10 years	Mr Phua is our CEO and one of our co-founders. He has been a director of Logistics Construction Pte. Ltd. since its incorporation on 25 April 1992. Mr Phua is in charge of setting the strategic plans and steering the business development of our Group as well as its overall management of our Group and day to day operations. He has more than 30 years of experience in the building construction industry in Singapore. Under Mr Phua's direction, the Group has undertaken a wide range of building constructions services that it offers, from renovation and interior fitting out works to upgrading works and main building works for public sector projects. In addition to his involvement with the Group, Mr Phua is currently the vice-chairman of the Sembawang Citizens' Consultative Committee. He was conferred the Public Service Medal (Pingat Bakti Masyarakat) and Public Service Star (Bintang Bakti Masyarakat) by the President of the Republic of Singapore in August 2010 and August 2016 respectively.	Mr Ng is in charge of the Group's project management and worksite operations and is also involved in the Group's business development. He has more than 21 years of experience in the building construction industry. Mr Ng joined the Group in May 1996 as a project coordinator in charge of the daily coordination of worksite progress. From 1998 to 1999, he was appointed as Project Manager where he was in charge of managing our Group's projects as well as the management and coordination of site personnel, subcontractors and suppliers. From August 1999 to October 2012, he was our Group's General Manager and was in charge of overseeing our Group's tender processes as well as its site operations.	Mr Sim is the founder and Chief Executive Officer of both I2 Capital Pte Ltd and CESK Capital Pte Ltd, specialising in investment and corporate advisory services, respectively. He currently serves on the boards of telecommunications company, Oden Technology Pte Ltd and property investment firms, Maximus Fortune Pte Ltd and ZACD Group Ltd, which is listed on the Hong Kong Stock Exchange. He is the Non-Executive Director of Global Invacom Group Limited, a satellite communication company listed on SGX Mainboard and London AIM. Mr Sim also founded the Plexus group of companies in 1997, which, under his leadership, became a regional electronics components distributor with 18 offices across Asia. Prior to founding his current companies, Mr Sim was the Group Managing Director and Chief Executive Officer of SGX Catalist-listed WE Holdings Ltd, acquired in 2011 through a reverse takeover of Westech Electronics Ltd by Plexus Components.

DISCLOSURE OF INFORMATION ON DIRECTORS SEEKING RE-ELECTION

	MR PHUA LAM SOON	MR NG KOK SENG	MR SIM MONG KEANG KENNY
Shareholding interest in the listed issuer and its subsidiaries	Direct interest: 23,522,560 shares Indirect interest: 168,452,640 shares	Direct interest: 810,000 shares	No
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	Spouse is Executive Director, Mdm Ong Siew Eng	No	No
Conflict of Interest (including any competing business)	No	No	No
Undertaking (in the format set out in Appendix 7H) under Rule 720(1) has been submitted to the listed issuer	Yes	Yes	Yes
Other Principal Commitments* Including Directorships#			
Past (for the last 5 years)	• Boldtek Projects Pte. Ltd.	• Boldtek Projects Pte. Ltd.	• WE Holdings Limited • Trans-Cab Holdings Ltd.
Present	• Boldtek Holdings Limited • Logistics Construction Pte. Ltd. • Boldtek Investment Pte. Ltd. • MSC Engineering Pte. Ltd. • New Soil Technologies Pte. Ltd. • M+LBMC57 Pte. Ltd. • Le Premier Development Pte Ltd (in liquidation - members' voluntary winding up) • CCL Precast Pte. Ltd. • CCL Precast (M) Sdn Bhd • Le Premier Development Sdn Bhd • Grow99 Pte. Ltd. • NNB 8 Development Pte. Ltd. • NNB Global Development Pte. Ltd. • Singapore Lam Ann Association • Yi Investment Pte. Ltd.	• Boldtek Holdings Limited • Logistics Construction Pte. Ltd. • MSC Engineering Pte. Ltd. • New Soil Technologies Pte. Ltd. • CCL Precast Pte. Ltd. • CCL Precast (M) Sdn Bhd • Le Premier Development Sdn Bhd	• Boldtek Holdings Limited • Global Invacom Group Limited • ZACD Group Limited • Oden Technology Pte Ltd • I2 Capital Pte Ltd • Maximus Fortune Pte Ltd • CESK Capital Pte Ltd • FSK Advisory Pte Ltd • Legend Property Private Limited • K2C Capital Pte Ltd • Doxa Holdings International Pte. Ltd.

DISCLOSURE OF INFORMATION ON DIRECTORS SEEKING RE-ELECTION

	MR PHUA LAM SOON	MR NG KOK SENG	MR SIM MONG KEANG KENNY
Disclose the following matters concerning an appointment of director, chief executive officer, chief financial officer, chief operating officer, general manager or other officer of equivalent rank. If the answer to any question is "yes", full details must be given.			
a) Whether at any time during the last 10 years, an application or a petition under any bankruptcy law of any jurisdiction was filed against him or against a partnership of which he was a partner at the time when he was a partner or at any time within 2 years from the date he ceased to be a partner?	No	No	No
b) Whether at any time during the last 10 years, an application or a petition under any law of any jurisdiction was filed against an entity (not being a partnership) of which he was a director or an equivalent person or a key executive, at the time when he was a director or an equivalent person or a key executive of that entity or at any time within 2 years from the date he ceased to be a director or an equivalent person or a key executive of that entity, for the winding up or dissolution of that entity or, where that entity is the trustee of a business trust, that business trust, on the ground of insolvency?	No	No	No
c) Whether there is any unsatisfied judgment against him?	No	No	No
d) Whether he has ever been convicted of any offence, in Singapore or elsewhere, involving fraud or dishonesty which is punishable with imprisonment, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such purpose?	No	No	No

DISCLOSURE OF INFORMATION ON DIRECTORS SEEKING RE-ELECTION

	MR PHUA LAM SOON	MR NG KOK SENG	MR SIM MONG KEANG KENNY
e) Whether he has ever been convicted of any offence, in Singapore or elsewhere, involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such breach?	No	No	No
f) Whether at any time during the last 10 years, judgment has been entered against him in any civil proceedings in Singapore or elsewhere involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or a finding of fraud, misrepresentation or dishonesty on his part, or he has been the subject of any civil proceedings (including any pending civil proceedings of which he is aware) involving an allegation of fraud, misrepresentation or dishonesty on his part?	No	No	No
g) Whether he has ever been convicted in Singapore or elsewhere of any offence in connection with the formation or management of any entity or business trust?	No	No	No
h) Whether he has ever been disqualified from acting as a director or an equivalent person of any entity (including the trustee of a business trust), or from taking part directly or indirectly in the management of any entity or business trust?	No	No	No

DISCLOSURE OF INFORMATION ON DIRECTORS SEEKING RE-ELECTION

	MR PHUA LAM SOON	MR NG KOK SENG	MR SIM MONG KEANG KENNY
i) Whether he has ever been the subject of any order, judgment or ruling of any court, tribunal or governmental body, permanently or temporarily enjoining him from engaging in any type of business practice or activity?	No	No	No
j) Whether he has ever, to his knowledge, been concerned with the management or conduct, in Singapore or elsewhere, of the affairs of:– i. any corporation which has been investigated for a breach of any law or regulatory requirement governing corporations in Singapore or elsewhere; or ii. any entity (not being a corporation) which has been investigated for a breach of any law or regulatory requirement governing such entities in Singapore or elsewhere; or iii. any business trust which has been investigated for a breach of any law or regulatory requirement governing business trusts in Singapore or elsewhere; or iv. any entity or business trust which has been investigated for a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere in connection with any matter occurring or arising during that period when he was so concerned with the entity or business trust?	No	No	No

DISCLOSURE OF INFORMATION ON DIRECTORS SEEKING RE-ELECTION

	MR PHUA LAM SOON	MR NG KOK SENG	MR SIM MONG KEANG KENNY
k) Whether he has been the subject of any current or past investigation or disciplinary proceedings, or has been reprimanded or issued any warning, by the Monetary Authority of Singapore or any other regulatory authority, exchange, professional body or government agency, whether in Singapore or elsewhere?	No	No	No
Disclosure applicable to the appointment of Director only			
Any prior experience as a director of a listed company? If yes, please provide details of prior experience. If no, please state if the director has attended or will be attending training on the roles and responsibilities of a director of a listed issuer as prescribed by the Exchange.	Not Applicable. This is a re-election of a Director	Not Applicable. This is a re-election of a Director	Not Applicable. This is a re-election of a Director
Please provide details of relevant experience and the nominating committee's reasons for not requiring the director to undergo training as prescribed by the Exchange (if applicable).	Not Applicable. This is a re-election of a Director	Not Applicable. This is a re-election of a Director	Not Applicable. This is a re-election of a Director

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BOLDTEK HOLDINGS LIMITED
(Incorporated in the Republic of Singapore)
(Company Registration No. 201224643D)

Important
1. The Annual General Meeting ("**AGM**") will be held physically at the registered office of the Company. Members have no option to participate virtually.
2. For CPF Investors/SRS Investors who have used their CPF/SRS monies to buy the Company's shares, this Proxy Form is not valid to use by CPF Investors/SRS Investors and shall be ineffective for all intents and purposes if used or purported to be used by them. CPF Investors/SRS Investors should contact their respective Agent Banks/SRS Operators if they have any queries regarding their appointment as proxies.

PROXY FORM ANNUAL GENERAL MEETING

*I/We, ______________________ (Name) ______________________ *NRIC/Passport/Co Reg No.

of ____ (Address)

being a member/members of Boldtek Holdings Limited (the "**Company**"), hereby appoint:

Name	**NRIC / Passport No.**	**Proportion of Shareholdings**	
		No. of Shares	**(%)**
Address			

*and/or (delete as appropriate)

Name	**NRIC / Passport No.**	**Proportion of Shareholdings**	
		No. of Shares	**(%)**
Address			

or failing the person, or either or both of the persons referred to above, the Chairman of the Annual General Meeting of the Company as *my/our *proxy/proxies to attend, speak or vote for *me/us on *my/our behalf at the Annual General Meeting of the Company to be held physically at 72 Senoko Drive Singapore 758240 on Sunday, 29 January 2023 at 10.00 a.m. and at any adjournment thereof.

*I/We direct *my/our *proxy/proxies to vote for, against or abstain the Resolutions proposed at the Annual General Meeting as indicated hereunder.

If no specific direction as to voting is given or in the event of any other matter arising at the Annual General Meeting and at any adjournment thereof, the proxy/proxies will vote or abstain from voting at his/her discretion. All resolutions put to the vote at the Annual General Meeting shall be decided by way of poll.

(If you wish to exercise all your votes "For", "Against" or "Abstain", please tick [✓] within the box provided. Alternatively, please indicate the number of votes as appropriate.)

No.	**Resolutions**	**For**	**Against**	**Abstain**
Ordinary Business				
1.	Adoption of Audited Accounts, Directors' Report and Auditors' Report for the financial year ended 30 June 2022.			
2.	Approval for the payment of Directors' Fees amounting to S$138,600 for the financial year ending 30 June 2023, to be paid on a quarterly basis in arrears.			
3.	Re-election of Mr Phua Lam Soon as a Director of the Company.			
4.	Re-election of Mr Ng Kok Seng a Director of the Company.			
5.	Re-election of Mr Sim Mong Keang Kenny a Director of the Company.			
6.	Re-appointment of Messrs Foo Kon Tan LLP as Auditors of the Company and to authorise the Directors to fix their remuneration.			
Special Business				
7.	Authority to allot and issue new shares pursuant to Section 161 of the Companies Act 1967 of Singapore.			
8.	Authority to issue shares under the Boldtek Employee Share Option Scheme.			

Dated this ________ day of ______________, 2023.

Total number of Shares in	**No. of Shares**
(a) CDP Register	
(b) Register of Members	

____

Signature(s) of Shareholder(s)
or Common Seal of Corporate Member

IMPORTANT: PLEASE READ NOTES OVERLEAF BEFORE COMPLETING THIS PROXY FORM

Notes:

1. Each of the resolutions to be put to the vote of members at the AGM (and at any adjournment thereof) will be voted on by way of a poll.

2. Please insert the total number of shares of the Company ("**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.

3. A member who is not a relevant intermediary is entitled to appoint not more than two proxies to attend, speak and vote in his/her stead. A proxy need not be a member of the Company.

4. Where a member appoints two proxies, the appointments shall be invalid unless he/she specifies the proportion of his/her shareholding (expressed as a percentage of the whole) to be represented by each proxy pursuant to Regulation 90(2) of the Company's Constitution. The proxy form may be accessed on the SGX website.

5. 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.

   A member can appoint the Chairman of the Meeting as his/her/its proxy but this is not mandatory.

6. The instrument appointing a proxy(ies) ("**Proxy Form**") must be submitted to the Company in the following manner:-

   (a) by depositing a physical copy at the office of the Company's Share Registrar, Tricor Barbinder Share Registration Services, 80 Robinson Road #11-02, Singapore 068898; or

   (b) by sending a scanned PDF copy by email to AGMBoldtek@logistics99.com.sg,

   in either case, not less than 48 hours before the time appointed for holding the AGM, that is by 10.00 a.m. on 27 January 2023, failing which, the Proxy Form will not be treated as valid.

7. Completion and return of the Proxy Form by a member will not prevent him/her from attending, speaking and voting at the AGM if he/she so wishes. The appointment of the proxy(ies) for the AGM will be deemed to be revoked if the member attends the AGM in person and in such event, the Company reserves the right to refuse to admit any person or persons appointed under the relevant instrument appointing a proxy(ies) to the AGM.

8. The Proxy Form must be under the hand of the appointor or of his/her attorney duly authorised in writing. Where the Proxy Form 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 Proxy Form 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.

9. 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 AGM, in accordance with Section 179 of the Companies Act 1967 of Singapore.

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 AGM dated 14 January 2023.

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/her name in the Depository Register as at seventy-two (72) hours before the time appointed for holding the AGM, as certified by The Central Depository (Pte) Limited to the Company.

BOLDTEK HOLDINGS LIMITED
Company Registration No. 201224643D
72 Senoko Drive Singapore 758240
Tel: 6891 0831 Fax: 6891 0835