

Annual Report 2021

SUSTAINABLE GROWTH

environment • electrification • digitalisation

BH

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VISION

We embrace technology, adapt and transform to build a sustainable future.

MISSION

We are positive, focused and committed to deliver values to all stakeholders.

VALUES

INTEGRITY AND DISCIPLINE

We act with complete honesty and transparency, be responsible and accountable in all our dealings.

TEAMWORK AND PERFORMANCE

We are self-driven, cooperative, passionate and competent in achieving common organisational goals together with open communications.

CLIENT FOCUSED

We deliver total customer satisfaction with quality products, value added services and solutions.

INNOVATIVE

We embrace change with innovative ideas and solutions to constantly improve productivity and efficiency in our daily work.

LEARNING AND DEVELOPMENT

We continuously learn new skills and knowledge to develop our potential and be the leader in our fields of expertise.

CORPORATE OVERVIEW



OUR GEOGRAPHICAL PRESENCE

Headquartered in Singapore, we manage our businesses across Asia, the Middle East and North America.

Established in 1963 and listed on the SGX mainboard since September 2005, BH Global Corporation Ltd (“BH Global”) is today an established technology group providing solutions internationally through five key divisions:

- **Electrical and Technical Supply**
- **Green LED Lighting**
- **Integration Engineering**
- **Cyber Security**
- **Infrared Thermal Sensing Technology**

Over the years, the Group has established offices, R&D Centres and manufacturing Plants in Dubai, Florida, Kunshan, Osaka, Shanghai, Taipei & Tokyo. The Group is focused on continual transformation through sustainable Digitalization, Electrification and Environmental initiatives.



Electrical and Technical Supply

Comprehensive range of premium electrical products and solutions for marine and other industries.



GREEN LED LIGHTING

Research and Development, Design and Manufacture of technological advanced and innovative Green LED Lighting solutions.



INTEGRATION ENGINEERING

Engineering, procurement, integration and project management solutions and turn-key Glass Reinforced Epoxy piping solutions for the Marine & Offshore and Oil & Gas sectors. Electrification of marine propulsion systems and development and management of Energy Storage Systems.



CYBER SECURITY

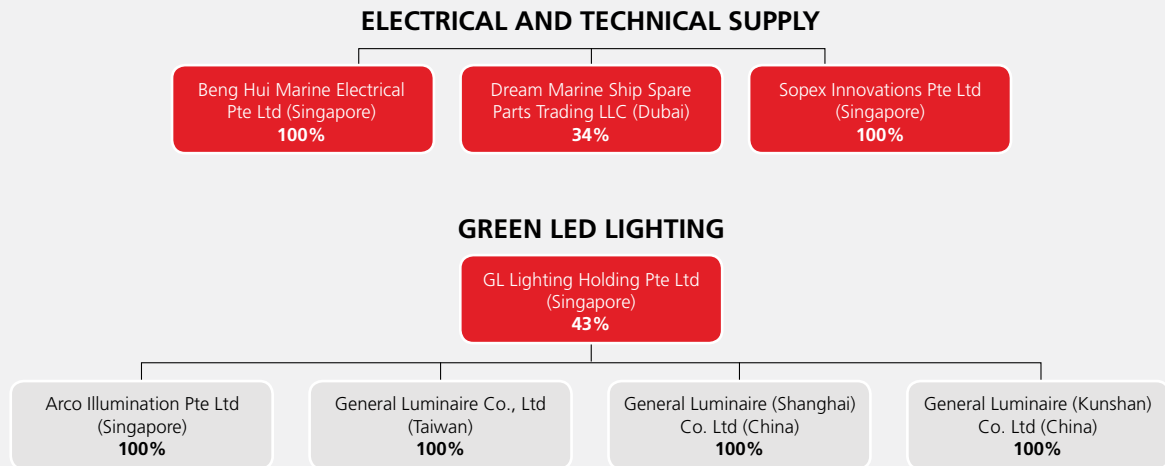
Critical Info-Infrastructure (CII) protection and cyber protection via the application of radically differentiated paradigms. Manual and robotic Vulnerability Assessment and Penetration Testing (VAPT) and cyber security advisory and professional services via the Good Hackers Alliance (gha) that brings forth state-level expertise and practices to the industries.



INFRARED AND THERMAL SENSING TECHNOLOGY

Mass Fever Screening Systems for medical, border control and people management deployments. Night Vision technologies for various marine and land-based applications including for law enforcement, surveillance and commercial pleasure.

BUSINESS SEGMENTS



CORPORATE MILESTONES

1963

- Established marine electrical solutions business in Singapore

1988

- Founded Beng Hui Electric Trading Pte Ltd, which was subsequently renamed BH Global Marine Limited

2005

- BH Global Marine Limited listed on the mainboard of the Singapore Exchange

2006

- Clinched the Group's first offshore supply project
- Merit award for Best Investor Relations for newly listed companies conferred by the Singapore Corporate Awards

2007

- Silver award for Best Investor Relations for companies with less than \$500m in market capitalisation conferred by the Singapore Corporate Awards
- Best Under a Billion - Asia's top 200 small and mid sized companies, conferred by Forbes Asia

2008

- Expanded logistics management capabilities through the acquisition of approximately 124,934 square feet of warehousing facilities
- Winner of the Most Promising Brand conferred by the Singapore Prestigious Brand Awards

2009

- Achieved record turnover of S\$101.6 million
- Gold award for Best Investor Relations for companies with less than \$300m in market capitalisation conferred by the Singapore Corporate Awards

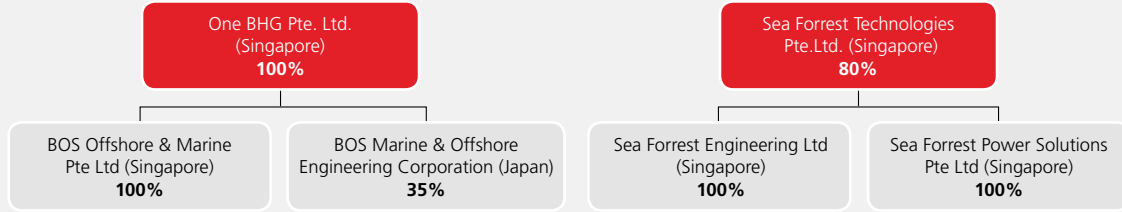
2010

- Secondary listing on Taiwan Stock Exchange
- Established Integration Engineering business
- Expanded business reach into regional territories including Vietnam, China, India and the Middle East
- Silver award for Best Managed Board for companies with less than \$300m in market capitalisation conferred by the Singapore Corporate Awards

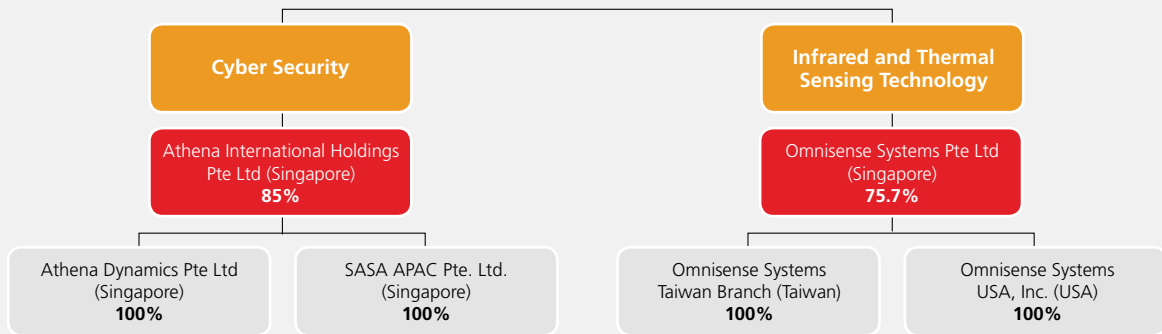
2011

- Established GL Lighting Holding Pte Ltd

INTEGRATION ENGINEERING



SECURITY



2013

- Rebranding of SGX listed company to BH Global Corporation Ltd

2014

- Established Athena Dynamics Pte Ltd

2016

- Acquisition of Omnisense Systems Pte Ltd

2017

- Incorporation of BOS Marine & Offshore Engineering Corporation in Japan
- Established Omnisense Systems Pte Ltd, Taiwan Branch
- The Group's E-Commerce Platform (bh-estore.com) achieves S\$100,000 of online sales revenue

2018

- BOS Offshore & Marine Pte Ltd completes its first GRE pipe project in Japan

2019

- BOS Offshore & Marine Pte Ltd secures 17 GRE pipe projects in Singapore, Japan and China
- Official opening of GL Lighting Holding LED plant in Kunshan, China

2020

- Memorandum of Understanding between BOS Offshore & Marine Pte Ltd and strategic project partners to launch Singapore's first plug-in hybrid electric propulsion fast launch
- Established Omnisense Systems USA, Inc. in Fort Lauderdale, Florida, USA
- Appointment of BHG In-House Legal Counsel
- BOS Offshore & Marine Pte Ltd signs strategic System Integration Agreement with Danfoss in expediting adoption rate of Marine Hybrid/Full Electric vessel operation in Singapore waters

- Established BOS Power Solutions Pte Ltd (subsequently renamed as Sea Forrest Power Solutions Pte Ltd in 2021) to focus on marine electrification business

2021

- Acquired Sea Forrest Engineering Pte Ltd
- Successful launch of Singapore's first plug-in parallel hybrid electric propulsion fast launch with project partner Penguin International Ltd and Danfoss.

Business Profile:

ELECTRICAL AND TECHNICAL SUPPLY

BENG HUI MARINE ELECTRICAL

A market leader in marine and offshore electrical supplies



Beng Hui Marine Electrical Pte Ltd (“BHM”) is a one stop marine and offshore electrical stockiest and supplier, with a wide portfolio of technically certified premium electrical products such as cables, lighting systems and electrical consumables by international renowned brand partners.

BHM is the preferred supplier of choice for new-build, repair and retrofitting projects. Its diversified clientele comprises of shipyards, ship chandlers, ship owners, ship management companies, system integrators, fabrication contractors and offshore EPCs.

Occupying over 200,000 square feet of warehousing and logistics facilities, BHM operates an inventory management hub fully equipped with material handling, testing and storage facilities. The Digital Warehouse Management System (‘WMS’) enhances productivity through the prioritization of inventory preparation and enhances the accuracy of inventory picking and deliveries. BHM owns and operates a fleet of delivery vehicles and maintains a strong partner network of international freight forwarders to provide timely and reliable deliveries both locally and globally.

1) Total Inventory Management



Interim inventory management ensures price competitiveness and consistency, short lead time, Just-In-Time (JIT) deliveries and allows substantial financial and logistics cost savings through progressive billings according to project schedules. This is key especially when we face global product shortages, high raw material costs and long lead times currently.

2) Quality Component Integration



Customises products in accordance to customers’ technical specifications and standards, and assembly of complementary components to provide total product solutions.

3) Complete Support Solutions



Sales support from a team of customer representatives; Technical & engineering support providing on-site services and technical evaluations; and global logistics mobility supported by international freight forwarders.



- S\$25 million of Marine and Offshore electrical inventories
- Over 30,000 Marine and offshore-certified Products from international brands
- Cables and Inventory Management Program - competitively priced with short lead time
- Dedicated Sales & Engineering team providing on and off-site support
- Just-In-Time deliveries and interim inventory storage services
- Fully equipped inventory management facilities coupled with WMS
- Global logistics mobility
- 24/7 online presence and technical assistance through the BH eStore

concise information and functionalities such as price, online request for quotations, real-time inventory status, a comprehensive database of technical information which includes catalogues, product specifications, certifications, 3D drawings and product videos.

Being the subject matter expert in marine and offshore electrical supplies, BHM has taken a leadership role in encouraging transparency and trading efficiency in the market through the listing of price and product information on the BH eStore which currently carries a comprehensive listing of 12,000 line items. The BH eStore serves as an excellent technical guide for marine and offshore electrical supplies, accessible by users internationally. Ship owners and maritime users can now procure the right products at the right price with the right quality that complies with marine and safety standards.

BHM stands ready to evolve to stay current and relevant with global market developments. The initiatives towards Environmental and Digitalization forms the core of our business strategy. Together with our traditional strengths in inventory management and distribution, BHM is the trusted partner to our customers globally.

Focus on the Environment

BHM works with shipowners and ship chandlers to contribute to environmental sustainability through the retrofitting of conventional lightings with LED lightings on vessels. Customers benefit from attractive Returns on Investments (“ROI”) derived from long-term energy savings and the elimination of maintenance and replacement associated with conventional lighting systems. This is in line with global decarbonization drives towards sustainable developments to reduce the use of fossil fuels.

onboard assessments of lighting requirements, generating inspection reports on Return on Investment (ROI) and Total Cost of Ownership (TCO), and providing recommendations on LED lightings with the right technical specifications appropriate for each vessel. Through commercially viable ROI and practical TCO, BHM aims to value-add and allow customers to contribute towards long-term environmental sustainability.

The Group owns and manufactures its in-house proprietary brand of marine LED lightings - SOP (Save our Planet-marine range) and SOPEX (explosion-proof range). BHM encourages customers’ adoption by performing

Focus on Digitalisation

BHM continues to expand its e-Commerce strategy to educate and serve customers with enhanced efficiency and transparency. The BH eStore is an online information platform that provides customers with a one-stop engagement portal for all their electrical supply needs. It offers

Business Profile: GREEN LED LIGHTING

GL LIGHTING HOLDING

A specialist in R&D, Design and Manufacturing of Green LED solutions



There is an urgent need for energy saving solutions to tackle Green House Gas emissions and global warming. LED lighting solutions is an important piece of the global Green effort that addresses climate change.

- R&D specialist of innovative electronics and LED lighting technologies
- ODM and OEM for renowned international lighting companies
- More than 20 years of experience in LED lighting
- Established track record in LED modules, controls, electronic, power management, optical and luminaire designs
- Delivered more than 500 projects in mainland China
- Iconic projects include Canton Tower in Guangzhou and Shanghai Centre, the tallest building in China
- Cutting edge factory in Kunshan, China
- Bluetooth Mesh Smart Lighting Controls



With dozens of patents to its name, GLH houses a strong research and development team equipped with technical knowledge in optic design, thermal management, electronic, electrical, mechanical, and software development capabilities. The integration of cross industry expertise gives GLH a leadership position in the design and development of innovative and effective LED lightings and solutions for commercial, industrial, marine and offshore industries. GLH's proprietary Smart Lighting Controls enables optimal lighting controls and management, which enhance energy savings leading to cost reductions. GLH's LED products comply with stringent EMC requirements and are subject to 100% ICT, burn-in, ingress protection, hi-pot and vibration tests before delivery to customers.

BH Global entered into a strategic partnership in 2011 to form GL Lighting Holding Pte Ltd ("GLH") to enhance its portfolio in LED technologies. GLH prides itself on having one of the most advanced luminaire factories in Asia. The manufacturing facility comprise of a 8,500 sqm mechanical plant and a 11,000 sqm electronic plant, with cutting-edge capabilities including fully automated SMT lines, cloud enabled electronics manufacturing, advanced powder coating lines, CNC equipment, cold forged and aerospace welding equipment.

GLH is committed to make full use of its leadership position in the LED market to drive technology and innovation towards new solutions to help address pressing concerns with the Environment. GLH products are poised to lead the way towards a Brighter and Greener future.

Business Profile: INTEGRATION ENGINEERING



SEA FORREST POWER SOLUTIONS PTE LTD

Provider of maritime electrification solutions for the marine and offshore industry

Established in 2020, Sea Forrest Power Solutions Pte Ltd (“SFP”) contributes to the sustainability efforts of the maritime industry through its EPCI (Engineering, Procurement, Commissioning and Installation) of maritime electrification solutions. Electrification of vessels (full electric, chargeable and non-chargeable hybrids) is a key technology in decarbonization for the maritime industry.

SFP has embarked on its Electrification journey through heavy emphasis in R&D. With our in-house team and partners, we are developing electric or hybrid propulsion system that is both commercially viable and easy to use for the marine industry. R&D efforts includes the DC fast charging system for shore to sea and sea to sea charging, and the future of safe charging through wireless chargers. Containerized energy storage for land based have been ongoing for a few years, but SFP is taking a step further by developing a marine certified Containerized Energy Storage System. Areas of supply and R&D are in the following:

- Green Cabin
- Hybrid Propulsion
- Full Electric Ready (“FER”) Propulsion
- DC Fast Charging Arm
- Safe Wireless charging system
- Containerized Energy Storage System

In March 2021, Sea Forrest successfully launched Singapore’s first parallel hybrid electric propulsion fast launch with project partner Penguin International Ltd and Danfoss.

SEA FORREST ENGINEERING PTE LTD

Specialist in engineering solutions for the Marine and offshore industry

Incorporated in 2014 and joining the BH Global family in 2021, Sea Forrest Engineering Pte Ltd (“SFE”) specialises in providing engineering solutions to the marine and offshore vessel owners. With our in-house developed project management system, we provide customers with a one-stop solution for service and maintenance, structural and piping fabrication, and procurement services. Scope provided includes the following:

- Afloat repair of marine and offshore vessels
- Mobilization of offshore vessels
- Scrubber line retrofit
- Riding crew services
- Structural and piping fabrication
- Equipment fabrication
- Energy storage container system fabrication

With our partners, we are embarking on a transformation towards sustainable equipment fabrication. With the current focus of renewable energy, we are supporting our new and current customers in their own transformation towards a more sustainable future.



Business Profile: INTEGRATION ENGINEERING

BOS OFFSHORE & MARINE PTE LTD

Turnkey solutions provider in engineering, procurement and project management and front-end engineering design for electrical, instrumentation and telecommunication systems



BOS Offshore & Marine Pte Ltd ("BOS") is a material stockist of Glass Reinforced Epoxy ("GRE") pipes for the region. GRE pipes have become increasingly sought after for marine scrubber and ballast water management system installations due to its Green characteristics:

- 75% lighter than traditional mild steel pipes which contributes to reduced fuel consumption
- immune to sea water corrosion and does not require maintenance and replacement over the lifetime of the vessels

BOS also specializes in turnkey solutions for GRE pipes supplies, pre-fabrications, engineering designs, installations and commissioning.

In 2017, BOS entered into a joint venture with strategic Japanese partners, Taiyo Electric Co Ltd and Sanshin Electric Corporation, to form BOS Marine Offshore Engineering Corporation ("BOSMEC") with the headquarters in Tokyo and operates an engineering office in Kobe. Leveraging on the partners' vast networks and connections in Japan, BOS will continue to explore and introduce its Green initiatives in the Japanese and regional maritime markets.



Business Profile: CYBER SECURITY

ATHENA DYNAMICS

A trusted cyber security advisory company that focuses on game-changing, disruptive IT & OT cyber protection technologies



Going Beyond Security by Design, Fulfilling Security by Operational Practices.

Established in 2014, Athena Dynamics Pte Ltd (“Athena Dynamics”) sources and bridges game-changing, disruptive technologies to Singapore and the Asia Pacific region. Athena Dynamics has achieved strong tractions in cyber protection and has been awarded more than 150 projects in the protection of Critical Info-Infrastructures (CII) in the public and the private sectors. Alongside that, Athena Dynamics bagged 8 CII protection related awards, onboarded 5 large system integrators and official partners with live projects, and contributed to more than 250 invited industry speaking and papers on CII protection thought leadership and disruptive paradigms.

Athena Dynamics is a pure-play cyber security consulting arm of BH Global which is fully independent of any state-level relationship. This gives Athena Dynamics the full neutrality and trust of regional and global customers to assist with cyber protection of their Enterprise Information Technology platforms (IT), Industrial Control Operation Technology Systems (OT) and not least, Critical National Info-Infrastructures (CNII).

The Good Hackers’ Alliance (“gha”) formed by Athena Dynamics delivers best practices via custom mix of credible and ethical hacker groups with state-level competencies. gha has since fulfilled more than 40 vulnerability assessments for sensitive establishments, as well as recovery operations necessitated by cyber related breaches. Under the framework of gha, customers enjoy the collective advantages of best practices handpicked for each type of project. They also enjoy the assurance of the project being primed and backed by Athena Dynamics which is part of a mainboard listed company in Singapore.



“Hyper Mach” Living Disruptive Technologies Platform

Ongoing Innovations

- 1. Detection-less Technologies to Defend Against the Undetectable
- 2. IP-Address-less Protector to Overcome Firewall Vulnerabilities
- 3. Password-less & OTP-less Authentication Technologies
- 4. Source-Code-less Binary SAST to Defend Against Apps Supply Chain Exploits
- 5. Human-less VAPT for Low Cost, Scalable & Continuous Security (CS)
- 6. Mega Traffic Forensic for Anti terrorism & Anti crime Investigations
- 7. Credential & Data Leak Profiling for Quick Visibility of Stolen Digital Assets
- 8. Cold Scanning of PCs and Servers for Full Device Checking
- 9. Cyber Awareness Campaign to Develop Strong “Human Firewall”

Foundation

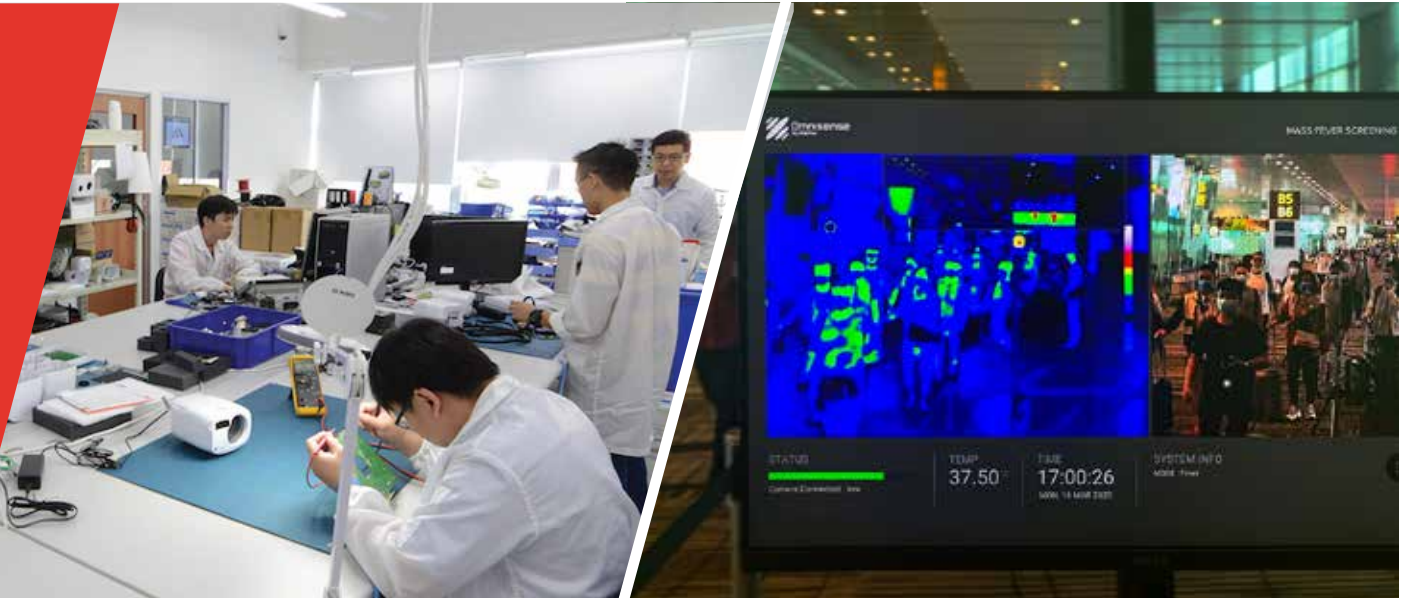


Business Profile:

INFRARED AND THERMAL SENSING TECHNOLOGY

OMNISENSE SYSTEMS

A leader in thermal night vision and mass fever screening



Established since 2006, Omnisense Systems Pte Ltd (“Omnisense”) was acquired by BH Global in 2016. It develops and manufactures advanced night vision, remote sensing and motion control systems used in industrial, commercial and law enforcement applications. Its core competencies are in advanced motion control and sensing systems, real-time operating systems (RTOS), custom IP cores and digital signal processing. Omnisense also undertakes specialized projects requiring integrated digital system builds and highly customized mechanical, hardware & software development.

Omnisense commands extensive experience and expertise in vision systems, infrared thermography and advance mechanical design. It invests heavily in Research and Development and has built significant capabilities in the realm of highly integrated digital system design and development. Today, Omnisense boasts of strong and capable manufacturing and maintenance capabilities. Its highly automated infrared temperature calibration laboratory is probably the most advanced privately-owned setup in the region.

In February 2020, Omnisense established a sales and marketing office in the United States of America to explore and develop business opportunities in the world's biggest commercial night vision camera market.

1) Mass Fever Screening System (“MFSS”)

The Omnisense MFSS is the most advanced in the market, featuring infrared cameras that can identify individuals with mild fever with an accuracy of +/- 0.1°C. The MFSS has served well for many years at all of Singapore’s air, land and sea check points, as well as at many hospitals, corporations, learning institutions and government agencies to protect Singaporeans against outbreaks of virus and influenza. The MFSS has taken a prominent and critical role as Singapore’s first line of defence in the fight against the COVID-19 pandemic.

2) Marine Night Vision

High-end marine gyro stabilized night vision infrared cameras which outperform that of the current market leader. References from international customers ranging from coast guards, crew boat operators and pleasure craft owners are testament to the superior quality and reliability of Omnisense’s marine night vision products.

3) Research and Development

Advanced technical capabilities through R&D. Omnisense continues to build on its R&D capabilities with the establishment of a R&D centre in Taipei in 2017.



CHAIRMAN STATEMENT



Dear shareholders,

On behalf of the Board of Directors, I would like to present to you the annual report of BH Global Corporation Limited (“BHG” or the “Group”) for the financial year ended 31 December 2021 (“FY2021”).

Global Uncertainties and Challenges

We continue to live with the COVID-19 pandemic. Though the Omicron variant is more infectious than the Delta variant, the effects of infection are less severe with higher vaccination rates. Many countries, including Singapore, are relaxing control measures and opening their borders to allow for international travel.

The USA-China trade war continues from the Trump to the Biden administrations, with the tariffs remaining in place. We are experiencing serious disruptions in global supply chains, with shortage of materials and components and delay in shipments. We also noticed a huge surge in logistics cost as well as metal commodity prices. The Russian-Ukraine war has caused oil price to break through its peak in 2014 towards 2008 levels. On the other hand, the increase in oil price has stimulated more marine and offshore activities.

Resilience

The Group remains profitable in FY2021. Revenue dropped 12% from \$53.2m in FY2020 to \$46.8m in FY2021. This was mainly due to the drop in demand for the Mass Fever Screening Systems (“MFSS”) from the Infrared and Thermal Sensing Technology business in FY2021. Although net profit after tax dropped 9% from \$4.9m in FY2020 to \$4.4m in FY2021, the Net Asset Value and Earnings Per Share have improved from 16.5 cents and 1.07 cents in FY2020 to 17.7 cents and 1.66 cents in FY2021 respectively.

The Group generated \$6.5 million positive cash flow from operations in FY2021. Though cash and cash equivalents decreased by \$2.5 million from \$12.1 million at 31 December 2020 to \$9.6 million at 31 December 2021, total borrowings decreased by \$5.6 million from \$13.2 million to \$7.6 million during the same period.

Improving Core and Continuous Green Initiatives

The Electrical & Technical Supply benefitted from the improvement in business activities in Marine & Offshore Industries with the resumption of shipyards operations in Singapore and the region. Other than cables, we see an increase in demand for our proprietary SOP (Save Our Planet) brand of marine & offshore green LED lightings. We also developed and launched the complete series of SOPEX explosion proof technical lightings (“SOP Ex-Proof”) for applications in hazardous environments. This will enhance our position in complete lighting solutions for projects other than regular supplies.

Green Sustainability and Decarbonisation

At the COP26 conference held in November 2021, a new comprehensive agreement was reached in which all countries would have a role in tackling climate change and with a key aim of keeping the global rise in temperature to below 1.5 degree Celsius. To achieve this target, the Intergovernmental Panel on Climate Change has concluded that global greenhouse gas emission needs to be reduced by 45% soonest possible and to reach zero by 2050.

By 2030, the Maritime and Port Authority of Singapore (“MPA”) aims to reduce absolute emissions from the domestic harbour craft fleet by 15% from 2021 level, through the adoption of lower-carbon energy solutions such as blended biofuel, LNG, diesel-electric hybrid propulsion, and full-electric propulsion. MPA also aims for the harbour fleet to halve 2030-level emissions by transitioning to full-electric propulsion and net zero fuels by 2050.

Having successfully delivered the first diesel-electric hybrid fast launch in Singapore, the Integration Engineering Unit sees increasing demand in electrification and hybridisation of various types of harbour crafts in Singapore and regional waters. We will continue to invest in R&D to build up our technical competencies. We are working with various key partners to seize upcoming opportunities and to support the decarbonization initiatives in Singapore and regional countries.

Focus on Development and Building Partnership

Demand for MFSS from Infrared and Thermal Sensing Unit slowed down after Q1 2021. The Unit is focusing on R&D and launching its full series of maritime night vision cameras (“NVC”) through its marketing office in Fort Lauderdale in Florida. We are establishing our sales and distribution channels in USA, the biggest market globally for NVC. We entered into partnerships with all major Navigation Equipment Manufacturers in the USA to integrate our NVC into their systems.

The Cyber Security Unit sees successful delivery and implementation of its unique non-detection-based CDR (Content Disarmed & Reconstruction) technology. With its credentials and track record built up over the years, the Business Unit will continue to deliver disruptive cyber technologies and solutions to protect clients’ Information/ Operation Technology networks against advanced persistent threats. It is now working on expansion into regional and global markets.

Environmental – Electrification – Digitalisation

The Group will continue our transformation roadmap with focus on initiatives related to the themes of Environmental – Electrification – Digitalisation. This represents our commitment in forging ahead towards “Building a Sustainable Future” for both the Group’s operations as well as the environment at large.

Appreciation

On behalf of the Board, I would like to thank the support and contributions from all our staff, partners, vendors, shareholders, government agencies and all other stakeholders in making FY2021 a successful year for BH Global. In appreciation of the continual support from the shareholders, the Board has proposed a final dividend of SGD 0.5 cents for approval at the forthcoming annual general meeting.

Thank you, please stay safe and healthy.

Vincent Lim Hui Eng
Executive Chairman and
Chief Executive Officer

BOARD OF DIRECTORS



MR VINCENT LIM HUI ENG

Executive Chairman and Chief Executive Officer

Mr Vincent Lim Hui Eng is BH Global's Chief Executive Officer. He was appointed as a Director since April 2004 and was appointed as Acting Executive Chairman on 8 July 2016. Subsequently, he was appointed as Executive Chairman on 14 September 2016.

Mr Vincent Lim is responsible for the Group's strategic business planning and development. He has over 30 years of working experience, all of which has been in the supply chain management business of the marine electrical industry. Prior to joining BH Global, Mr Vincent Lim was an executive director of Beng Hui Electrical Trading Pte Ltd from 1987 to 2003.

Mr Vincent Lim graduated from Ngee Ann Polytechnic with a Diploma in Building Maintenance & Management in 1985.



MR PATRICK LIM HUI PENG

Executive Director and Chief Operating Officer

Mr Patrick Lim Hui Peng graduated from Ngee Ann Polytechnic with a Diploma in Electrical and Electronic Engineering in 1986. Prior to joining the marine business in 1992, Mr Patrick Lim served in the Republic of Singapore Navy as chief technician for Underwater Systems.

Mr Patrick Lim has over 29 years of experience in the electrical business for the Marine & Offshore industries. He was appointed as Executive Director of BH Global in 2004 and has served as the Chief Operating Officer of the Group since 2008. Mr Patrick Lim is responsible for the Group's operations and strategic planning of the Group's various divisions – Electrical and Technical Supply, Green LED Lighting, Integration Engineering, Cyber Security and Infrared and Thermal Sensing Technology divisions. Together, the five divisions are synergized for growth by leveraging on the collective expertise and market networks. This helped to create a platform for BH Global to embrace technology, adapt and transform to build a sustainable future.



MR HENRY TAN SONG KOK

Non-Executive and Independent Director

Mr Henry Tan Song Kok was appointed a Director of BH Global on 24 April 2017. He is the Group CEO of Nexia TS and was previously the Asia Pacific Regional Chairman and board member of Nexia International. Mr Tan holds directorships in several companies, including China New Town Development Co Ltd, Dyna-Mac Holdings Limited, Trans China Auto Holdings Limited, Asia Vets Holdings Ltd and Penguin International Limited. He is also Chairman of the Nanyang Business School Alumni Advisory Board of Nanyang Technological University.

Mr Tan graduated with First Class Honours in Accountancy from the National University of Singapore. He is a Fellow of the Institute of Singapore Chartered Accountants, Institute of Chartered Accountants of Australia and New Zealand, CPA Australia and Insolvency Practitioners Association of Singapore Ltd. He is also a member of Singapore Institute of Internal Auditors, Singapore Institute of Directors and Singapore Institute of Accredited Tax Professional.



MR LOH WENG WHYE

Non-Executive and Lead Independent Director

Mr Loh Weng Whye was appointed as a Director of BH Global on 3 August 2005 and further appointed as the Lead Independent Director in February 2007. He is a veteran in energy/power industry and infrastructure development in Singapore and the region, with over 50 years of experience in senior appointments with the civil service, government-linked companies and the private sector. While with the Public Utilities Board, he headed Generation Projects responsible for building up a world-class power generation infrastructure in Singapore in terms of technologies, reliability and efficiency. He was also the founding General Manager (Projects) of Tuas Power Ltd. He played a contributive role in establishing the Asia-first liberalized competitive electricity market in Singapore.

Mr Loh was formerly President/CEO of ST Energy Pte Ltd and SembCorp Energy Pte Ltd who spearheaded the power industry in Singapore and overseas. He was later appointed Advisor to Green Dot Capital, an investment and holding company under Temasek Holdings. He was a director of several SGX-listed companies: China New Town Development Ltd, Leeden Ltd, United Envirotech Ltd and XinRen Aluminum Holdings Ltd, and Senior Advisor to YTL Power International Bhd (Malaysia). He also served on the Mechanical and Production Engineering Advisory/Consultative Panels of NUS and NTU for many years.

Currently, Mr Loh sits on the boards of several Singapore and overseas corporations, including a SGX-listed company, Hatten Land Ltd. He also holds advisory appointments in external councils and charity organizations. Holding MSc (Ind. Eng.) and BEng (Mechanical) degrees, he is a Professional Engineer (Singapore), Fellow of the Institution of Engineers, Singapore (FIES), Fellow of the Singapore Institute of Directors (FSID), and Fellow of the Chartered Management Institute, UK (FCMI).



MR WINSTON KWEK CHOON LIN

Non-Executive and Independent Director

Mr Winston Kwek Choon Lin was appointed a Director of BH Global on 3 August 2005. He is a partner of Rajah & Tann Singapore LLP. Specializing in international trade and shipping law, Mr Kwek is experienced in maritime issues. Since 2000, he has been nominated by various established legal publications as one of the leading lawyers in the region, especially in areas of shipping and maritime law, and was appointed by the Singapore Academy of Law in 2019 as a Senior Accredited Specialist on its inaugural panel of Maritime and Shipping Specialists. Mr Kwek has also been appointed a Director of Penguin International Limited from 29 April 2021.

Mr Kwek graduated with a Bachelor of Law (Honours) from the National University of Singapore in 1990 and was called to the Singapore Bar in March 1991. Between 2003 and 2016, he was also an Adjunct Associate Professor in the Faculty of Law at the National University of Singapore, teaching the Law of Marine Insurance.

KEY MANAGEMENT



1. MR JOHNNY LIM HUAY HUA

Director, Logistic Operations

Mr Johnny Lim Huay Hua is BH Global's Director of Logistic Operations since April 2004. He is responsible for managing the logistics and distribution functions within the Group. Mr Johnny Lim has over 29 years of working experience, of which over 26 years are related to the marine electrical supply industry.

2. MS EILEEN LIM CHYE HOON

Director, Corporate Administration & Human Resource

Ms Eileen Lim Chye Hoon is BH Global's Ms Eileen Lim Chye Hoon is BH Global's Director of Human Resource and Administration since April 2004. She is responsible for overseeing all human resource and administration related matters. Ms Lim has more than 39 years of working experience involving finance, personnel and administrative functions.

3. MR MARK WENG KWAI

Chief Financial Officer

Mr Mark Weng Kwai was appointed as BH Global's Chief Financial Officer on 14 August 2020. He is responsible for the accounting, financial planning, analysis, budgeting, taxation, treasury and related financial matters, and corporate secretarial matters of the Group.

Mr Mark has more than 29 years of experience including 21 years in senior finance positions of three public listed companies in Singapore, with local and regional operations in Asia, Middle East and Africa. He also served seven years in external audit with Price Waterhouse, Singapore (now known as PricewaterhouseCoopers, Singapore).

Mr Mark graduated with a Bachelor of Accountancy (Honours) degree from the National University of Singapore. He is a Fellow Chartered Accountant (FCA Singapore) with the Institute of Singapore Chartered Accountants and a member of the Singapore Institute of Directors.

4. MR KEN SOH LEE MENG

Group Chief Information Officer and CEO for Athena Dynamics Pte Ltd

Mr Ken Soh Lee Meng holds concurrent appointments as Group CIO of BH Global since 3 March 2014 and as the founding CEO of the Athena Dynamics Pte Ltd ("Athena Dynamics") since 15 July 2014.

Mr Soh has more than 30 years of working experience in the Information and Communication Technologies (ICT) industry. Prior to joining BH Global, Mr Soh held various C-level positions in public and private sectors with operational and business leadership responsibilities in ICT Master Planning and P&L responsibilities. In BH Global, he spearheaded various digital transformation initiatives including data visualization and strengthening of the Group's ERP platform. Alongside that, Mr Soh also initiated and driven the transformation of BH Global's Group IT department from a cost centre to a profit centre, spinning it off as a subsidiary company, Athena Dynamics. The company has since been awarded more than 150 projects in cyber protection of classified and critical info-infrastructures (CIIs) in both the governmental and commercial sectors. In recognition for his leadership in enterprise business and digital transformation, Mr Soh has been awarded the ASEAN CIO 50 Award (for 2019 and 2020) and ASEAN CIO 75 Award (for 2021) by the International Data Group (IDG).

Mr Soh has been an avid industry thought leadership speaker and writer. Since the inception of Athena Dynamics in mid-2014, he has contributed more than 250 thought leadership speaking engagements and papers in industry conferences, press and media. He holds a Master of Science in Computer Studies (AI) with distinction award from the University of Essex (UK); and a Master of Business Administration (eMBA) from the Nanyang Technological University of Singapore (NTU), a joint programme between Nanyang Business School of NTU and University of California, Berkeley.

5. MR LEONARD LIM SIANG SOON

CEO for Omnisense Systems Pte Ltd

Mr Leonard Lim Siang Soon is the founder and Chief Executive Officer of Omnisense Systems Pte Ltd ("OMS") since 2006. Before founding OMS, Mr Leonard Lim specialised in international sales and marketing, having represented leading local and international corporations in the global marketplace. Over the past 15 years, he has been deeply involved in the commercialization and development of night vision and thermography products. Mr Leonard Lim is passionate about product development work and offers a unique market perspective that heavily influences OMS's product design.

As the CEO of OMS, Mr Leonard Lim believes in capability building. He has in the past ten years, developed significant technical capabilities within the company. These efforts have enabled OMS to develop technically advanced products that are competitive in the global marketplace.



6. MS JASMIN LIM RUI LI

Business Development Director

Ms Jasmin Lim Rui Li joined the Company as a Marketing Executive in 2012 and had various promotions before being promoted as Business Development Director of the Group on 1 September 2017. She was also appointed as a Director of Beng Hui Marine Electrical Pte Ltd on 1 September 2017. She graduated from Singapore Institute of Management - RMIT University with a Bachelor of Marketing Degree in 2012. Ms Jasmin Lim is responsible for the Group's Marketing and Strategic Development. She brings a genuine passion for building valuable long-term relationships with customers, partners and employees. Ms Jasmin Lim believes that Digitalisation and Environmentalism is key in the transformation and is actively spearheading various initiatives for the Group. She sits in the Council of the Singapore Association of Ship Suppliers and Services ('SASS'), and is the Vice Chairman of Bosses Network Young Chapter ('BNYC'), a business networking and learning platform aimed at creating synergy among business owners.

7. MR ALEX Y.H. WANG

President for General Luminaire Holding Pte Ltd

Mr. Alex Wang is the founder and President of General Luminaire Holding Pte Ltd. He graduated from the Business School of Columbia University, New York, with a MBA degree in Finance/Accounting and also holds a degree majoring in Business from National Taiwan University, Taiwan. While in college, Alex Wang had completed all required courses of computer science and worked part-time as a software programmer. Alex Wang has more than 20 years of LED lighting experience and prior to lighting, he

worked as a financial system programmer in EXIS/Nederlandsche Middenstands Bank in New York City. The unique background of computer software and lighting made him a pioneer in LED lighting and control. Alex Wang invented a dozen of LED lighting technology and acquired the US/China patents under General Luminaire.

Alex Wang founded General Luminaire in 2004, at the request of Philips Lighting Asia to develop LED architectural lighting platform for Philips. Since then, General Luminaire has grown into an integrated LED lighting company with strong R&D team and fully automated factory. In 2011, General Luminaire joined BH Global to further expand its business.

8. MR GEORGE LEE SZE MIN

CEO for Sea Forrest Technologies Pte Ltd

Mr George Lee Sze Min was appointed CEO for Sea Forrest Technologies Pte Ltd (previously known as BOS Engineering International Pte Ltd) in February 2021. He has more than 20 years of working experience in the Marine and Offshore sector, specialising in Offshore Project Management, Construction and Repairs of offshore rigs, Afloat Repairs, Engineering Design and EPCC (Engineering Procurement Construction and Commissioning) projects. Over the years, he has gained valuable experience working in China, Holland, Middle East, Korea, United States and Singapore.

Mr Lee has been heavily involved in the green initiatives of Marine Electrification and has been a business partner of Sea Forrest Technologies Pte Ltd for Singapore's first new build hybrid electric vessel. With his years of experience in marine systems and engineering, he is instrumental in the design and integration of the Plug-in Parallel Hybrid Electric Propulsion system to the fast launch. Mr Lee also designed and filed for patents on various sub systems of the Marine Electric propulsion systems.

Mr Lee was awarded Keppel Group Scholarship after attaining his diploma to study in Nanyang Technological University. He joined Keppel FELS Ltd after his graduation in 2001 as Mechanical Engineer and was quickly promoted up in the organization, first as a Project Engineer for new building Jack up rigs and then as a Project Manager for a series of Semi-submersible Drilling rigs.

Subsequently, he joined Yantai Raffles Shipyard (now known as CIMC Raffles Offshore Engineering Co., Ltd) in 2007 as a Project Director in Shandong, China. He was managing multiple new building vessels that were of new designs. He was later appointed as acting CTO (Chief Technical Officer) of Engineering department, managing the Project and Engineering departments concurrently. He was subsequently appointed as Marketing Director, before returning to Singapore to run his own businesses as the founding Managing Director of Sea Forrest.

Mr. Lee attended the Advance Project Management Course in Stanford University, California. He holds a MSc in Industrial and System Engineering from National University of Singapore, a Mechanical and Production Engineering Degree from Nanyang Technological University and a Diploma in Mechatronics from Ngee Ann Polytechnic.

9. MR JUSTIN CHIA YONG WHATT

Legal Counsel

Prior to joining BH Global in September 2020, Mr Justin Chia Yong Whatt practised as a lawyer for 17 years and acquired substantial experience in general litigation, arbitration and general corporate transactions. Subsequently, Mr Chia spent 9 years as in-house counsel in the marine offshore industry and assumed roles as GM Legal of Jaya Holdings Ltd and GM Legal of MMA Offshore Asia Pte Ltd. Mr Chia graduated with a Bachelor of Law (Honours) from the National University of Singapore.

OPERATIONAL AND FINANCIAL REVIEW

The Group's revenue declined by 12% to S\$ 46.8 million in FY2021 mainly due to lower revenue contribution from the Security and Integration Engineering Divisions.

The Group's gross profit declined by 28% to S\$19.4 million in FY2021 mainly due to lower revenue from the Security and Integration Engineering Divisions, partially offset by higher revenue from the Electrical and Technical Supply Division. Overall gross margin decreased from 51% in FY2020 to 41% in FY2021 mainly due to lower revenues from the Infrared and Thermal Sensing Technology business under the Security Division.

Other operating income decreased significantly by S\$1.0 million in FY2021 mainly due to reduction in government grant income.

Selling and distribution expenses decreased by S\$2.4 million (20%) mainly due to decrease in personnel related costs with the reduction in turnover, decrease in write-down of inventories and reversal of provision for liabilities made previously, which was no longer required as the liquidation of Gulf Specialty Steel Industries LLC (a 51%-owned joint venture of the Group) has been completed. Administrative expenses increased by S\$0.3 million (5%) mainly due to increase in personnel related costs.

For FY2021, the Group registered a decrease in net profit of 9% to S\$4.4 million compared to \$4.9 million in FY2020.



SEGMENTAL OVERVIEW

Electrical and Technical Supply

The Electrical and Technical Supply division accounted for 74% of the Group's turnover in FY2021. Revenue from the division increased S\$5.4 million (19%) to S\$34.8 million in FY2021 as the industry continues to recover in the level of activities, with the resumption of operations by shipyards in Singapore and in the region.

Green LED Lighting

The Green LED Lighting division is driven by the Group's associated company, GL Lighting Holding Pte Ltd ("GLH"), GLH reported a higher loss in FY2021 as compared to FY2020 as the operations continued to be affected by the restrictions in business development activities due to Covid-19 pandemic and the trade war between USA and China.

Security Division

The Security segment comprises the Cyber Security and Infrared and Thermal Sensing Technology divisions. This segment accounted for 20% of the Group's revenue in FY2021 compared to 38% in FY2020. The revenue decreased significantly by S\$11.1 million mainly due to the drop in demand for its Mass Fever Screening System from the Infrared and Thermal Sensing Technology division. On the other hand, the Cyber Security business registered an increase in revenue of S\$2.5 million with improvement in the order in-take from customers.

Integration Engineering

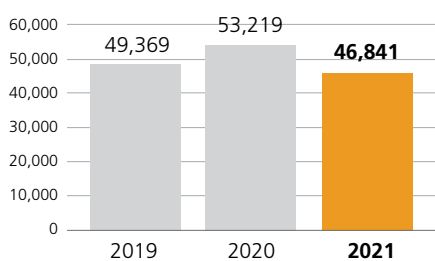
The Integration Engineering division accounted for 6% of the Group's turnover in FY2021. Revenue from this division decreased by S\$0.7 million (20%) in FY2021 mainly due to the reduction in revenue of \$2.2 million for the Glass Reinforced Epoxy ("GRE") pipes. The reduction was because of the lower level of activities of customers due to the Covid-19 pandemic and lack of scrubber projects. This was partially offset by the revenue contribution of \$1.5 million from the newly acquired afloat repairs business and the newly established electric propulsion business.

KEY BALANCE SHEET HIGHLIGHTS

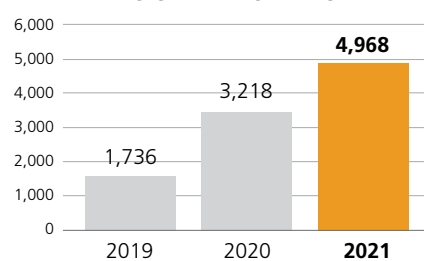
(S\$'000)	As at 31 Dec 2021	As at 31 Dec 2020
Total Assets	84,631	86,592
Property, plant and equipment	18,330	18,812
Inventories	31,017	33,038
Cash and bank balances	9,601	12,070
Total Liabilities	31,144	36,305
Borrowings	7,646	13,230
Total Equity	53,487	50,287

KEY STATISTICS	2019 \$'000	2020 \$'000	2021 \$'000
REVENUE BREAKDOWN BY SEGMENTS			
Electrical and Technical Supply	39,188	29,325	34,753
Security	3,757	20,302	9,203
Intergration Engineering	6,424	3,592	2,885
	49,369	53,219	46,841
NET PROFIT ATTRIBUTABLE TO SHAREHOLDERS	1,736	3,218	4,968
SHAREHOLDER'S EQUITY	46,361	49,471	53,167
EARNINGS PER SHARE (CENTS PER SHARE)	0.62	1.07	1.66

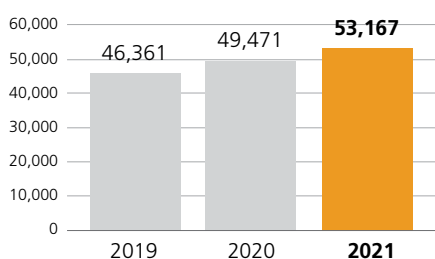
REVENUE (S\$'000)



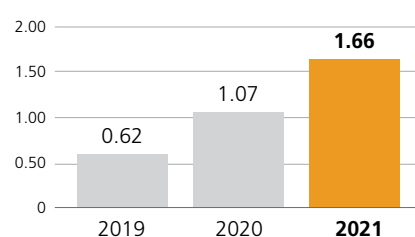
NET PROFIT ATTRIBUTABLE TO SHAREHOLDERS



SHAREHOLDER'S EQUITY



EARNINGS PER SHARE (CENTS PER SHARE)



INVESTOR RELATIONS

Since its listing in 2005, BH Global is committed to good corporate governance and constantly strives to improve on its communications with shareholders and the investment community. The Group won the Best Investor Relations Awards at the Singapore Corporate Awards for four consecutive years from 2007 to 2010, which is a strong endorsement of the Group's commitment towards good corporate disclosure and communication.

BH Global announces its financial results on a half-yearly basis from FY2020 onwards within the regulatory timelines, in accordance with amendments to Rule 705(2) of the Listing Manual of the Singapore Exchange Securities Trading Limited which took effect on 7 February 2020.

Other than the announcements on financial results, the Group also makes timely announcements on the Singapore Exchange to keep its shareholders and other important stakeholders updated on material corporate activities and developments.

The Group organizes periodic briefings with analysts, fund managers and investors to update them on the Group's activities and developments, investment merits, financial highlights and business outlook.

Management also participates in relevant media supplements and engages the investment community by speaking to the financial media on topics of interest. BH Global and its various companies have been featured in both the mainstream media and other online media and trade publications. Mainstream media and trade publications are also invited to events such as Memorandum of Understanding signing ceremonies.

The Group's website at www.bhglobal.com.sg provide timely updates on the Group's key developments and activities, including participation at trade shows, contract wins and media releases. Background information on the Group's Directors and Key Management personnel, business units and activities as well as investor relations contact details can also be found on the Group's website. The Group also makes use of social media platforms such as LinkedIn and Facebook to share industrial developments, relevant articles and publications and Group related events and developments to shareholders and potential investors.

The Board of Directors reaffirms its commitment to maintaining a high level of transparency and accountability to shareholders and the investment community.



EMPLOYEES & ORGANISATION

At BH Global, we believe that good training and development programs are key to retaining the right talent, support welfare development and building cohesiveness among team members.

TRAINING AND DEVELOPMENT:

Investments in skill upgrades, professional and personal development are essential to unlocking the full potential of our people.

We encourage our employees to attend programs and seminars aimed at broadening their knowledge and expertise in various areas such as finance, accounting, marketing, information technology, engineering and other technical and operational topics. Apart from learning and developing the individual's skill sets, such participation also provides a more holistic overview of the respective field of operation as well as of the current trends and future potential in those respective areas.

BH Global sees training as the means to identifying potential managers and future leaders, helping staff members in developing and upgrading their technical skills and supporting and enhancing career development opportunities for employees.

Through training and development, employees can develop the skills necessary for them to take up new roles within the organization. BH Global supports internal, cross-department career mobility by identifying redeployment opportunities and offering further training and development to prepare our staff for such movements. The benefits of continuous training compound with time and it is through long-term employee training and development that the Group reaps the most significant returns on.

BH Global takes a strategic and systematic approach to training and development by aligning the individual's growth with business goals for leadership development. Such an approach encompasses a strong focus on corporate culture, individual leadership capabilities, a growth mindset and continuous learning.

Restrictions relating to Covid-19 impacted the Group's ability to conduct mass trainings and restricted employees in attending courses physically. As work-from-home policies were implemented to slow the spread of Covid-19, BH Global encouraged employees to practice self-upgrade through online courses and attend necessary trainings online. As Covid-19 rules eases further, we look forward to conducting physical trainings for the Group.

The Group has benefitted from its approach through reduced employee turnover, stronger succession pipelines, increased employee motivation, and demonstration of enhanced employee engagement, productivity, and competency.



WELFARE AND TEAMBUILDING:

The Group conducts various welfare and teambuilding events to foster cohesiveness and promote camaraderie between employees and management.

Group employees also participated in BH Global's Back-to-School event, an annual Corporate Social Responsibility initiative of the Group. In collaboration with Taman Jurong Community Centre and Jurong Spring Community Activities Centre, the event was held on the 11th December 2021 and volunteers were split into two groups to carry out the activities at both locations simultaneously.

"Back-to-School" aims to assist students from lower-income families with much needed supplies such as stationery and bags in preparation for the new school term. 2021 marks the thirteenth year that BH Global has organized this meaningful event. Apart from fulfilling its CSR objectives, such events serve to build a strong sense of team spirit and cohesiveness among the Group employees across various teams.

Due to Covid-19 measures, BH Global takes care in imposing safety distancing measures during the various welfare events, to sure a safe environment during such activities.

CORPORATE SOCIAL RESPONSIBILITY



CONTRIBUTIONS TO COMMUNITY

BH Global strongly believes in Corporate Social Responsibility (“CSR”) as we recognize the importance of building strong relationships with our stakeholders and supporting the communities that we operate in.

Our commitment to be a good corporate citizen is made possible by the collective efforts of all employees of the Group. We strongly encourage our staff to participate in the Group’s CSR initiatives by incorporating CSR values and beliefs into our corporate culture. BH Global strives to make a difference to the community at large by focusing our CSR efforts in the areas of education and community development through staff volunteerism and monetary donations.

In 2021, BH Global continued with its tradition of running the “Back-to-School” event, in collaboration with Taman Jurong Community Centre and Jurong Spring Community Activities Centre. The event was held on the 11th December 2021 and volunteers were split into two groups to carry out the activities at both locations simultaneously.

“Back-to-School” is an annual event hosted by BH Global to provide students from lower-income families with much needed supplies such as stationery, bags and surgical masks in preparation for the new school term. 2021 marks the thirteenth year that BH Global has organized this meaningful event, taking up costs associated with gifts, logistics and refreshments served at the event.

The Group’s Human Resource and Marketing teams contributed valuable efforts in planning, coordinating and conducting the event program. Several of the Group’s staff and families from various departments volunteered, handing out bags packed with stationery to students. The joy and gratitude that these students exuded upon receiving the school supplies were truly heartening and rewarding to us.

The Group also makes monetary donations regularly to various community and charitable organizations, such as the Singapore Thong Chai Medical Institution, Sian Chay Medical Institution, Ren Ci Hospital, Cheng Hong Welfare Service Society, Taman Jurong Community Centre and Northwest Community Centre. The Group also supports various charitable events organized by various charities and societies such as those organized by the Society for the Hearing Impaired.

In FY2021, BH Global also participated in The Association of Singapore Marine Industries’ (ASMI) inaugural Give Back initiative on “Marine Migrant Worker’s Mental Health Challenge”. The group contributed a monetary donation towards providing 5,000 care packs for marine migrant workers in companies under ASMI and encouraged our employees to participate in a collective goal of running or walking 5,000km to bring awareness to this initiative.

As BH Global continues to grow, in FY2022, we hope to be able to continue with our monetary donations, charity support and to organize the “Back-To-School” for its fourteenth run. In the long run, BH Global hopes to expand on our “Back-To-School” program to aid a larger audience. The group aims to give back to the community we reside in by taking part in philanthropic causes and provide positive social value.

CORPORATE INFORMATION

BOARD OF DIRECTORS

Vincent Lim Hui Eng

Executive Director, Executive Chairman and Chief Executive Officer

Patrick Lim Hui Peng

Executive Director and Chief Operating Officer

Loh Weng Whye

Lead Independent Director

Henry Tan Song Kok

Independent Director

Winston Kwek Choon Lin

Independent Director

AUDIT COMMITTEE

Henry Tan Song Kok, Chairman

Loh Weng Whye

Winston Kwek Choon Lin

NOMINATING COMMITTEE

Winston Kwek Choon Lin, Chairman

Loh Weng Whye

Vincent Lim Hui Eng

REMUNERATION COMMITTEE

Loh Weng Whye, Chairman

Henry Tan Song Kok

Winston Kwek Choon Lin

RISK MANAGEMENT COMMITTEE

Vincent Lim Hui Eng, Chairman

Patrick Lim Hui Peng

Mark Weng Kwai

GROUP SUSTAINABILITY COMMITTEE

Vincent Lim Hui Eng, Chairman

Patrick Lim Hui Peng

Mark Weng Kwai

COMPANY SECRETARY

Pan Mi Keay

Chan Soek Wei

SHARE REGISTRAR AND SHARE TRANSFER OFFICE

Tricor Barbinder Share Registration Services

(A division of Tricor Singapore Pte. Ltd.)

80 Robinson Road #11-02

Singapore 068898

REGISTERED OFFICE

8 Penjuru Lane

Singapore 609189

INDEPENDENT AUDITOR

Baker Tilly TFW LLP

Public Accountants and Chartered Accountants, Singapore

600 North Bridge Road

#05-01 Parkview Square

Singapore 188778

Partner-in-charge: Khor Boon Hong

(Appointed in financial year 2019)



CORPORATE GOVERNANCE REPORT

CORPORATE GOVERNANCE REPORT

The Group is committed to achieving and maintaining high standards of corporate governance in order to protect and enhance the interests of its shareholders. It has put in place practices in accordance with the principles and guidelines set out in the Code of Corporate Governance 2018 (the “Code”).

This report sets out the corporate governance practices that have been adopted by the Company with specific reference to the principles of the Code, as well as any deviation from any provision of the Code together with an explanation for such deviation.

BOARD MATTERS

The Board’s Conduct of Affairs

Principle 1: The Company is headed by an effective Board which is collectively responsible and works with Management for the long-term success of the company.

Directors are fiduciaries who act objectively in the best interests of the Company and work with Management for performance and long term success of the Group. The Board puts in place a code of conduct and ethics, sets appropriate ‘tone-from-the-top’ and desired organizational culture, and ensures proper accountability within the Company. Directors facing conflicts of interest recuse themselves from discussions and decisions involving the issues of conflict.

Matters which are specifically reserved for decision by the Board include those involving business plans, material acquisitions and disposals of assets, corporate or financial structuring, corporate strategy, share issuances, dividends, communications with regulatory authorities and shareholder matters.

The Board’s principal functions are:-

1. Approving the Group’s strategic plans, key operational initiatives, major investments and divestments and funding requirements;
2. Reviewing the performance of the business and approving the release of the financial results announcement of the Group to shareholders;
3. Providing guidance in the overall management of the business and affairs of the Group;
4. Overseeing the processes for internal control, risk management, financial reporting and statutory compliance;
5. Approving the recommended framework of remuneration for the Board and key executives as may be recommended by the Remuneration Committee; and
6. Considering sustainability issues such as environmental and social factors.

The Board has delegated certain specific responsibilities to five (5) board committees, namely, the Audit Committee (“AC”), Nominating Committee (“NC”), Remuneration Committee (“RC”), Risk Management Committee (“RMC”) and Group Sustainability Committee (“SC”). More information on these committees is set out below. The Board accepts that while these board committees have the authority to examine particular issues and will report to the Board their decisions and recommendations, the ultimate responsibility for the final decision on all matters lies with the entire Board.

All Directors are regularly updated by Management and the Corporate Secretary on the industry, business, operations and corporate governance practices of the Group. The Company will, from time to time, invite Directors to attend seminars and briefing sessions to keep pace with financial, corporate governance, regulatory and other changes. All Directors are members of the Singapore Institute of Directors (“SID”), and eligible to receive updates and training from SID. Directors and Senior Management are encouraged to attend relevant courses and subscribe for journal updates on matters of topical interest.

A formal letter is provided to each Executive Director upon his appointment, setting out the Director’s duties and obligations. No formal letters are issued to non-executive Directors as their duties and obligations are governed by prevailing law, codes and regulations.

The Board meets at least four (4) times in a year. Informal meetings are regularly held to discuss and update on corporate and commercial matters. Regulation 110 of the Company’s Constitution allows for participation in board meetings by means of telephone conference or any other similar communications equipment.

CORPORATE GOVERNANCE REPORT

The number of Directors' and board committees' meetings and the record of attendance of each Director during the financial year ended 31 December 2021 are set out below:-

Types of Meetings Names of Directors	Board		Audit Committee		Nominating Committee		Remuneration Committee	
	No. of Meetings Held	No. of Meetings Attended	No. of Meetings Held	No. of Meetings Attended	No. of Meetings Held	No. of Meetings Attended	No. of Meetings Held	No. of Meetings Attended
Vincent Lim Hui Eng	4	4	-	-	2	2	-	-
Patrick Lim Hui Peng	4	4	-	-	-	-	-	-
Winston Kwek Choon Lin	4	4	4	4	2	2	2	2
Loh Weng Whye	4	4	4	4	2	2	2	2
Henry Tan Song Kok	4	4	4	4	-	-	2	2

The Board is provided with adequate and timely information prior to Board meetings and on an on-going basis, and Board papers are distributed in advance of each meeting to Directors. The Company circulates copies of the minutes of the meetings as well as board papers of all board committees to all members of the Board to keep them informed of on-going developments within the Group.

The Directors have separate and independent access to the Company's Senior Management, the Company Secretary, and External Advisers (where necessary) at the Company's expense. Should the Directors, whether as a group or individually, require independent professional advice, such professionals (who will be selected with the approval of the Board Chairman or the Chairman of the Committees requiring such advice) will be appointed at the Company's expense.

The Company Secretary attends the Company's Board, AC, RC and NC meetings and is responsible for ensuring that Board procedures are followed. The Company Secretary's role is also to advise the Board on governance matters and to assist the Board and Senior Management in ensuring that the Company complies with rules and regulations which are applicable to the Company. The appointment and removal of the Company Secretary are subject to the approval of the Board as a whole.

Board Composition and Guidance

Principle 2: 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.

The Board currently comprises five (5) Directors of whom three (3) are non-executive and independent directors, with majority of the Board being made up of independent non-executive Directors. The Board is supported by various board committees, namely, the NC, AC, RC, RMC and SC whose functions are described below. The non-executive directors have been able to exercise objective judgement independently from Management and substantial shareholders and no individual or small group of individuals dominate the decisions of the Board.

The Board has adopted the Code's criteria of an independent director in its review. 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 directors' independent business judgment in the best interests of the Company. Under this definition, independent directors make up a majority of the Board.

The independence of each independent director will be reviewed annually by the NC and the Board. Each independent director is required to complete a checklist annually to confirm his independence based on the guidelines as set out in the Code and the Listing Rules. The NC and the Board are of the view that all its independent non-executive directors have satisfied the criteria of independence as a result of its review.

Two of the three non-executive Directors, Mr Loh Weng Whye and Mr Winston Kwek Choon Lin have served on the Board beyond nine years from the date of their first appointment on 3 August 2005. The Board, having reviewed the independence of these Directors and further taking into accounts the deliberations of the NC, is of the view that both two non-executive Directors are able to exercise independent and objective judgement considering also that there are no relationships or circumstances which may affect their judgement and ability to discharge their duties and responsibilities as independent directors.

In the years as Lead Independent Director of the Company, Mr Loh Weng Whye showed his unwavering stance of independence to put forth shareholders' interests as top priority in all boardroom discussions and instil it as an important criterion in the Board decision-making process. His vast experience as a power generation pioneer in Singapore, as well as his contacts and networks in the government-linked companies, civil service and the private sector, contributed to the quality of decision-making of the board and helped shaped the transformation of the Group's businesses. During the most challenging years when the Group was disposing non-profitable subsidiaries, Mr Loh Weng Whye stayed on to support the Management to face adversity together and generously contributed his industrial experience in the Company's revamp for transformation.

Mr Winston Kwek Choon Lin acted independently to protect the interest of all stakeholders in the years as Independent Director of the Company. He contributed extensively his legal experience to ensure all decisions made in the boardroom are legally correct and satisfies high levels of corporate governance. During the most difficult years in resolving legal disputes for the Group's shipyard in Batam, Mr Winston Kwek Choon Lin contributed generously his strategic legal advice in helping the Group steer clear of muddy waters during the darkest days. He stayed on to battle the opponents together with the Management to make sure that the Group remained in good shape and legally protected against potential lawsuits. Mr Winston Kwek Choon Lin was also instrumental in helping the Group resolve the dispute against Japan Kawasaki Heavy Industry Shipbuilding for an engineering project.

The Board is of the view that Mr Loh Weng Whye and Mr Winston Kwek Choon Lin should continue to be deemed as independent notwithstanding having been on the Board for more than 9 years. The Board nevertheless will on a continual basis, review the need for progressive refreshing of its Board.

With effect from 1 January 2022, a director will not be independent if he has served for an aggregate of more than 9 years and his continued appointment as an independent director has to be sought and approved in separate resolutions by (a) all shareholders and (b) shareholders, excluding the directors and chief executive officer of the issuer, and associates of such directors and chief executive officer (the "Two-Tier Voting"). Such resolutions approved by a Two-Tier Voting may remain in force for three years from the conclusion of the annual general meeting following the passing of the resolutions or the retirement or resignation of the director, whichever the earlier.

The shareholders' approval had been obtained through a Two-Tier Voting process at the last AGM of the Company duly held on 22 April 2021 for Mr Loh Weng Whye and Mr Winston Kwek Choon Lin, who have served on the Board beyond nine (9) years from the date of their first appointments, to continue in office as Independent Non-Executive Directors of the Company.

The Company is in compliance with the relevant provisions of the Code as the Independent Non-Executive Directors make up a majority of the Board where the Chairman is not independent.

The Board reviews the composition and size of the Board and each Board Committee and the skills and core competencies of its members from time to time to ensure they have appropriate balance and diversity of skills, experience and knowledge of the Company to maximize the effectiveness of the Board and Board Committees. The Board is of the opinion that, given the scope and nature of the Group's operations, the present size of the Board is appropriate for effective decision making. The Board is made up of Directors who are qualified and experienced in various fields including business and management, accounting and finance, engineering and industry as well as law. Hence, the Board considers that its composition of Directors is well-balanced, with each Director having well-mixed knowledge, business network and commercial experience. The profiles of each of the Directors are provided on pages 16 and 17 of this Annual Report. Accordingly, the current Board comprises persons who as a group, have core competencies necessary to lead and oversee the Company.

The current Board composition provides a diversity of background, knowledge and experience to enable the Board to make decisions in the best interests of the Company as follows:-

Balance and Diversity of the Board		
Core Competencies	Number of Directors	Proportion of Board
Accounting or finance	1	20%
Business management	4	80%
Legal or corporate governance	3	60%
Relevant industry knowledge or experience	4	80%
Strategic planning experience	4	80%
Customer-based experience or knowledge	2	40%

CORPORATE GOVERNANCE REPORT

Gender		
Male	5	100%
Female	0	-

To be in line with the Listing Rules, the Company will adopt a Diversity Policy which is to be disclosed in the annual report of the Company for the financial year 2022.

The Independent Directors participate actively in Board meetings and provide, amongst other things, strategic guidelines to the Company based on their professional knowledge and experience. They constructively challenge and help develop directions on strategy and review the performance of the Management in achieving agreed targets and objectives.

The Independent Directors, led by the Lead Independent Director, discuss amongst themselves the Company's affairs without the presence of the Executive Directors and the Management as and when required. Thereafter, the Independent Directors would give their feedback to the Board or Executive Chairman as appropriate.

The Independent Non-executive Directors do confer with the external auditors and internal auditors at least once a year and whenever necessary to discuss issues without the presence of Management.

The Board comprises the following members as at the date of this report:-

Name of Director	Position held on the Board	Date of first appointment to the Board	Date of last re-election as Director	Nature of appointment
Vincent Lim Hui Eng	Chairman	23.04.2004	22.04.2021	Executive / Non-independent
Patrick Lim Hui Peng	Director	23.04.2004	18.04.2019	Executive / Non-independent
Loh Weng Whye	Lead Independent Director	03.08.2005	22.04.2021	Non-executive / Independent
Henry Tan Song Kok	Director	24.04.2017	22.04.2021	Non-executive / Independent
Winston Kwek Choon Lin	Director	03.08.2005	22.04.2021	Non-executive / Independent

Chairman and Chief Executive Officer

Principle 3: 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.

Mr Vincent Lim Hui Eng is both the Executive Chairman and Chief Executive Officer of the Company. Although the roles of Executive Chairman and Chief Executive Officer are not separate, the Board is of the view that there are sufficient independent elements and adequate safeguards in place against an uneven concentration of power and authority in a single individual.

The Executive Chairman and Chief Executive Officer will, amongst other responsibilities, lead the Board, ensure effective communication with shareholders, encourage constructive relationship between the Board and Management, as well as between Board members, and promote high standards of corporate governance as well as managing day-to-day business operations of the Group and implementing the Board's decisions.

In view that the Executive Chairman is not being regarded as independent, the Board has, since February 2007, appointed Mr Loh Weng Whye as the Lead Independent Director. The lead independent director is available to shareholders where they have concerns and for which contact through the normal channels of communication with the Executive Chairman and CEO or Management are inappropriate or inadequate. In addition to the above, when it is necessary, the Independent Directors shall meet without the presence of the Executive Directors and the Lead Independent Director shall provide feedback to the Chairman after such meetings.

Board Membership

Principle 4: 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.

The NC comprises the following members:-

Mr Winston Kwek Choon Lin (Chairman)
Mr Loh Weng Whye (Member)
Mr Vincent Lim Hui Eng (Member)

Save for Mr Vincent Lim Hui Eng, the other members of the NC are Independent Non-executive Directors.

The NC's key terms of reference, describing its responsibilities, include:-

- (a) Reviewing and recommending the appointment and re-appointment of the Directors having regard to the Director's contribution and performance, including attendance, preparedness and participation;
- (b) Determining on an annual basis whether or not a Director is independent in accordance to the Code;
- (c) Reviewing the training and professional development programs for the Board;
- (d) Reviewing a Director's multiple board representations on various companies and deciding whether or not such Director is able to and has been adequately carrying out his duties as director;
- (e) Deciding on how the Board's performance is to be evaluated and proposing objective performance criteria subject to the approval by the Board; and
- (f) Reviewing succession plans for directors, in particular for the Chairman, the CEO and key management personnel.

The Board does not encourage approving the appointment of alternate directors except in exceptional cases. If an alternate director is appointed, the alternate director should be familiar with the Group's affairs and be appropriately qualified. During FY 2021, there was no alternate director on the Board.

Pursuant to the Constitution of the Company:-

- (a) one third of the Directors shall retire from office at the AGM or if the number is not a multiple of three, the number nearest to but not greater than one-third shall retire from office by rotation, provided that all Directors shall retire from office at least once in every three years but shall be eligible for re-election;
- (b) Directors appointed during the course of the year will submit themselves for re-election at the next AGM of the Company; and
- (c) the Chief Executive Officer shall be subjected to retirement and re-election by shareholders.

When considering the re-nomination of a director for re-election, the NC will consider the Directors' overall contribution and performance.

The detailed information of the Directors seeking re-election as required under Rule 720(6) of the Listing Manual of the SGX-ST can be found on pages 118 to 125.

The NC selects and recommends the appointment and re-appointment of new directors to the Board after assessing the candidates' qualifications, attributes and past experience. The candidates' independence, expertise, background and skills will also be considered before the NC interviews the shortlisted candidates and makes its recommendations to the Board. This is to ensure a balanced board and to improve its overall effectiveness.

Any newly appointed director who has had no prior experience as a director of a listed company will undergo training in the roles and responsibilities of a listed company director as prescribed by the SGX-ST. The Directors are also encouraged to keep themselves abreast of the latest developments relevant to the Group and attendance of appropriate courses and seminars may be arranged and funded by the Company.

CORPORATE GOVERNANCE REPORT

With effect from 1 January 2022, all Directors are required to undergo training on sustainability matters. The Company will arrange for Directors to attend such training in due course.

The profiles, listed company directorships, principal commitments and key information of each individual director as well as their shareholdings in the Company are set out in the “Additional information for Directors Seeking Re-election” section of the Annual Report.

The independence of each Director has been reviewed annually by the NC based on the Code’s definition under Provision 2.1 of what constitutes an independent director. Two of the three Independent Non-executive Directors, Mr Loh Weng Whye and Mr Winston Kwek Choon Lin have served on the Board beyond nine years from the date of their first appointment on 3 August 2005. The Board, having reviewed the independence of these Directors and further taking into account the deliberations of the NC, is of the view that both two Independent Non-executive Directors are able to exercise independent and objective judgement considering also that there are no relationships or circumstances which may affect their judgement and ability to discharge their duties and responsibilities as independent directors. Based on this review, the NC has confirmed the independence of the Directors concerned.

The NC is of the view that the Directors are able to and have adequately carried out their duties as Directors of the Company. As Board meetings are planned and scheduled well in advance of the meeting dates, Directors have been able to attend all of the Board and Committee meetings. The NC is also of the view that Directors with multiple board representations and other substantive commitments have ensured that sufficient time and attention are given to the affairs of the Group. As a director’s ability to commit time to the Group’s affairs is essential for his contribution and performance, the NC has determined that the maximum number of listed company board representations which each of the Director of the Company may hold is five (5) and all Directors have complied with the set limit pursuant to the Provisions 4.5 of the Code, except for the Independent Director, Mr Henry Tan Song Kok.

In view of the above, the NC has discussed and agreed to grant an one-off waiver to Mr Henry Tan Song Kok (the “Waiver”), who are currently holding seven (7) listed directorships, after taking into consideration his past outstanding performance and ability to continue giving sufficient time commitment and attention to the affairs of the Group in discharging his duties as an Independent Director of the Company.

NC has no objection to the Waiver in regards to the maximum limit of five (5) listed directorships is imposed on each director.

Board Performance

Principle 5: The Board undertakes a formal annual assessment of its effectiveness as a whole, and that of each of its board committees and individual directors.

The NC is responsible for assessing the effectiveness of the Board as a whole and its board committees, as well as the contribution of each individual director. The NC has established a review process and proposed performance criteria set out in assessment checklists which are approved by the Board, and has performed the necessary assessment for the financial year.

These performance criteria will not be changed from year to year and where circumstances deem it necessary for any of the criteria to be changed, the onus will be on the Board to justify such changes.

Evaluation Forms had been circulated and duly completed by the Directors and Members of the various Board Committees before the NC Meeting. Thereafter, the assessment results in respect of FY2021 are collated, evaluated, tabled, and discussed at the NC meeting. NC considered the overall performance and effectiveness of the Board Committees and Board as a whole, to be satisfactory after evaluation.

No external facilitator had been engaged by the Company for assessing the effectiveness of the Board in FY2021.

REMUNERATION MATTERS

Procedures for Developing Remuneration Policies

Principle 6: 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.

The RC comprises entirely of non-executive Directors, all of whom, including the Chairman, are independent:-

Mr Loh Weng Whye (Chairman)
Mr Henry Tan Song Kok (Member)
Mr Winston Kwek Choon Lin (Member)

The RC's key terms of reference, describing its responsibilities, include:-

- (a) To recommend to the Board all matters relating to the specific remuneration packages, including but not limited to directors' fees, salaries, allowances, bonuses and benefits-in-kind, of the Directors and key management personnel as well as to ensure the termination terms are fair;
- (b) To review and ensure that the remuneration framework of the Directors and key management personnel should be aligned with the long-term interest and risk policies of the Company;
- (c) To structure a significant and appropriate proportion of executive directors' and key management personnel's remuneration so as to link rewards to corporate and individual performances. Such remuneration should also be aligned with the interests of shareholders and promote the long-term success of the Company; and
- (d) To review and ensure that the remuneration of non-executive directors should be appropriate to the level of contribution, taking into account factors such as effort and time spent and responsibilities of the directors and they should not be over-compensated to the extent that their independence may be compromised.

The RC is responsible for ensuring a formal and transparent procedure for developing an appropriate executive remuneration policy and a competitive framework. The RC has recommended to the Board a framework of remuneration which covers various aspects of remuneration, including but not limited to, directors' fees, salaries, allowances, bonuses, and benefits-in-kind, and the specific remuneration packages for each executive director and key management personnel in order to retain and motivate each of them to run the business and operations successfully.

The RC's recommendations are submitted for endorsement by the entire Board. No director is involved in deciding his own remuneration. External remuneration consultant's advice will be sought, where necessary, when a major remuneration review is conducted.

Level and Mix of Remuneration

Principle 7: 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.

In recommending a remuneration framework, the RC takes into account the performance of the Group as well as the directors and key management personnel, aligning their interests with those of shareholders and linking rewards to corporate and individual performance as well as industry benchmarks.

The review of remuneration packages takes into consideration the longer term interests and promotes long-term success of the Group. It covers various aspects of remuneration including salaries, fees, allowances, bonuses, perks and benefits-in-kind. The RC's recommendations are based on Management's reports and recommendations, made in consultation with the Chairman of the Board and submitted for endorsement to the entire Board.

The payment of directors' fees is subject to the approval of shareholders. Factors such as level of contribution, effort and time spent, and responsibilities of the non-executive Directors are considered when determining the level of their fees.

CORPORATE GOVERNANCE REPORT

The RC is of the view that the variable components of remuneration (including bonus and profit sharing) of the Executive Directors and the key management personnel commensurate with the Group's and individual performance in FY2021. In addition, the Company is entitled to reclaim, in full or in part, any profit-sharing paid to the Executive Directors under circumstances of misstatement of financial statements or misconduct of the Executive Directors, directly or indirectly, resulting in financial losses to the Company, as may be determined by the Board.

The RC ensures that remuneration policies and practices are sound in that they are able to attract, retain and motivate the directors to provide good stewardship of the Company and key management personnel without being excessive as well as maximise shareholders' value in long term.

Management has briefed the RC regarding its annual assessments on the performance of members of key management personnel and their remuneration packages as proposed, and having reviewed the matter, the RC has recommended these to the Board for approval.

RC also reviewed the proposed bonus/incentives for the Executive Directors and key management personnel. Annual incentive bonuses, if any, for the Executive Directors are calculated based on profit performance as stipulated in their respective service contracts.

Disclosure on Remuneration

Principle 8: The Company is transparent on its remuneration policies, level and mix of remuneration, the procedure for setting remuneration, and the relationships between remuneration, performance and value creation.

The remuneration of the Directors for the financial year 31 December 2021 are as follows:

Name of Directors	Salary*	Bonus / Profit-Sharing	Allowance	Fees
Below S\$250,000				
Mr Loh Weng Whye	-	-	-	100%
Mr Winston Kwek Choon Lin	-	-	-	100%
Mr Henry Tan Song Kok	-	-	-	100%
S\$500,000 to S\$749,999				
Mr Vincent Lim Hui Eng	58%	21%	11%	10%
Mr Patrick Lim Hui Peng	58%	21%	11%	10%

* Salary includes employer's CPF contribution

The Board has considered the guideline to fully disclose the remuneration of each individual Director and the CEO on a named basis. In its deliberation, the executive Directors and CEO are concerned that such full disclosure may have probable adverse impact on existing relationships with senior management, directors of Group companies and certain suppliers. There is also concern that competitors may choose to misuse the information. For these reasons, the Company is only disclosing the bands of remuneration for each Director.

The remuneration of the Top Five (5) Key Executives for the financial year 31 December 2021 are as follows:-

Name of Key Executives	Salary*	Bonus / Profit-Sharing	Allowance	Fees
Below S\$250,000				
Ms Jasmin Lim Rui Li	55%	8%	25%	12%
Mr Lee Sze Min George #	85%	-	15%	-
Mr Soh Lee Meng Ken	88%	-	12%	-
Mr Mark Weng Kwai	83%	4%	13%	-
S\$750,000 to S\$999,999				
Mr Leonard Lim Siang Soon	25%	64%	11%	-

Mr Lee Sze Min George was appointed as the Chief Executive Officer of Sea Forrest Technologies Pte Ltd and Group effective from 23 March 2021.

The remuneration of substantial shareholders of the Company and immediate family members of a Director, the CEO or a substantial shareholder of the Company, who are also the Key Executives for the financial year ended 31 December 2021 are as follows:-

Name of Key Executives	Salary*	Bonus / Profit-Sharing	Allowance	Fees
S\$300,000 to S\$399,999				
Mr Johnny Lim Huay Hua *	63%	10%	18%	9%
Ms Eileen Lim Chye Hoon *	63%	10%	18%	9%

* Mr Johnny Lim Huay Hua and Ms Eileen Lim Chye Hoon are the siblings of Mr Vincent Lim Hui Eng and Mr Patrick Lim Hui Peng. Apart from Mr Johnny Lim and Ms Eileen Lim, there were no other immediate family members of the Executive Directors, the CEO or a substantial shareholder of the Company.

The aggregate amount of the total remuneration paid to the Key Management Personnel (who are not Directors or CEO) is \$2,460,308 in FY 2021.

The Company has adopted a remuneration policy for staff comprising a fixed (basic salary) and variable (bonus) components. The variable component is linked to the performance of the Company and individual.

RC has also reviewed the remuneration packages of employees who are related to directors, substantial shareholders or Management, and make comparison with those of their peers to ensure that they are treated fairly and without undue favoritism.

Accountability and audit

Risk Management and Internal Controls

Principle 9: 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.

The AC and RMC assist the Board in the oversight of risk management responsibilities, internal controls and governance processes.

The AC, with the assistance of the Internal Auditor (“IA”), periodically reviews the effectiveness of the Group’s internal controls relating to finance, operational, compliance and information technology controls.

Risk Management

The Board has set up the RMC in 2011 which currently comprises:

Mr. Vincent Lim Hui Eng (Executive Chairman and Chief Executive Officer)
 Mr. Patrick Lim Hui Peng (Chief Operating Officer)
 Mr. Mark Weng Kwai (Group Chief Financial Officer)

The RMC is chaired by the Executive Chairman and Chief Executive Officer Mr. Vincent Lim Hui Eng.

The main objective of the RMC is to assist the Board and AC to review and implement best corporate governance practices, with reference to compliance, enterprise risk management and internal controls. The primary responsibilities of the RMC include:

- Identifying, assessing, and managing the Group’s risks including managing the Group’s enterprise risk programme;
- Reviewing the effectiveness of internal controls and to implement changes where required;
- Ensuring compliance with statutory, regulatory requirements and the Group’s policies and procedures; and
- Promoting awareness of the importance of risk management within the Group.

The Group has implemented an Enterprise Risk Management System. An Enterprise Risk Assessment (ERA) has been carried out to form a “Risk Map” of the high priority business risks. Based on the Risk Map, measures were taken to address and monitor the top business risks.

CORPORATE GOVERNANCE REPORT

Based on the Enterprise Risk Assessment, the Board is satisfied with the risk management process in place, and in its opinion, that the effectiveness and adequacy of the controls have been appropriately reviewed through the management and independent assurance provided by the Group's internal and external auditors.

Internal Controls

The Group outsourced its internal audit function to an independent assurance service provider, Virtus Assure Pte. Ltd. ("**IA**"), an independent assurance services consultancy that provides enterprise risk, control and governance assessments to exchange-listed companies.

Virtus Assure's Managing Director is Mr. Joshua Siow, who has many years of audit and management experience in operations, business systems, information technology, finance and accounting with various companies around the globe. He has helped exchanges, depositories and listed firms to establish their internal audit function, develop their enterprise risk management framework, assess their risk/control environments, strengthen their systems of internal controls, and evaluate their internal audit performance. Mr. Siow is a member of Institute of Singapore Chartered Accountants (ISCA), Fellow Member of the Association of Certified Chartered Accountants (FCCA) and Member of the Institute of Internal Auditors Inc (IIA).

The engagement team is led by an Audit Director, Mr. Alvin Tan, who has more than 10 years of audit and compliance experience. He is a Certified Internal Auditor (CIA) and Certified Risk Management Assurance (CRMA) professional with The Institute of Internal Auditors Inc (IIA). The Audit Director is assisted by a team of suitably qualified auditors.

The AC is satisfied that the appointed IA meets and has carried out its function according to the standards set by internationally recognised professional bodies including the Standards for the Professional Practice of Internal Auditing set by The Institute of Internal Auditors. The IA reports directly to the AC Chairman on audit matters, and to the Executive Chairman and Chief Executive Officer on administrative matters. The primary objective of the internal audit is to assure the AC and the Board of Directors that sound risk management processes and controls are in place and operating effectively.

Based on the above, the AC is satisfied that the internal audit function is adequately resourced and independent of the activities it audits and comprehensively covers the major activities within the Group.

During the year, IA worked closely with Management to align the Group's related companies to its internal control environment and compliance standards in order to strengthen the internal checks and balances.

The IA conducted periodic audits of the Group's related companies and to review their key operations and business practices to ensure compliance with the Group's system of internal controls. Significant control issues were highlighted with recommendations provided by IA and remedial actions were taken by Management. A Control Self-Assessment review was conducted to assist the Board and Management obtain assurance on the adequacy and effectiveness of the system of internal controls during the year.

In today's cyber landscape, advanced threats are highly stealthful and are difficult to detect. With a mindset of "zero trust" world in the cyberspace, the Group's Information Technology department has embarked on a self-evolved cyber protection strategy in People, Processes and Technologies. On People, the Group has been carrying out ongoing awareness programmes not just for the operational staff, but also for senior management and members of the Board. On Processes, the Group has engaged deep cyber audits on top of compliance exercises and has also included cyber considerations in the Group's BCM/ERM/DR framework. On Technologies, the Group has not only embraced good and well-proven mainstream technologies, but has also deployed radically differentiated technologies that fits the Group's requirements.

The Board has received assurance from:-

- (a) the Chief Executive Officer ("**CEO**") and Chief Financial Officer ("**CFO**") that the financial records have been properly maintained and the financial statements give a true and fair view of the Group's operations and finances; and
- (b) the CEO and other Key Management Personnel who are responsible, regarding the adequacy and effectiveness of the Group's risk management and internal control systems.

International bodies and national governments have imposed sanctions on certain activities or transactions with targeted jurisdictions, entities and persons, with the primary aim of achieving foreign policy or national security goals.

The Board confirmed there has been no material change in its risk of being subject to any Sanctions Law.

The Board and AC will be responsible for (a) monitoring the issuer's risk of becoming subject to, or violating, any Sanctions Law; and (b) ensuring timely and accurate disclosures to SGX and other relevant authorities.

Based on the results of the Enterprise Risk Assessment and findings on the risks and system of internal controls made by both external and internal auditors as well as the Control Self-Assessment review, the Board, with the concurrence of the AC, is generally satisfied that the risk management and system of internal controls and procedures are adequate and effective in achieving its objectives and addressing financial, operational and compliance, information technology control as well as sanctions-related risks.

Audit Committee

Principle 10: The Board has an Audit Committee (“AC”) which discharges its duties objectively.

The AC comprises:-

Mr Henry Tan Song Kok (Chairman)
Mr Loh Weng Whye (Member)
Mr Winston Kwek Choon Lin (Member)

The three (3) AC members are all non-executive and independent Directors capable of discharging their responsibilities appropriately. The members collectively have many years of experience in accounting and audit, business and financial management, law and engineering, and none of the AC members is a former partner or director of company's existing auditing firm or auditing corporation: (a) within a period of two years commencing on the date of their ceasing to be a partner of the auditing firm or director of the auditing corporation; and in any case, (b) for as long as they have any financial interest in the auditing firm or auditing corporation. The Board considers that the members of the AC are appropriately qualified to discharge the responsibilities of the AC.

The AC has explicit authority to investigate any matter within its terms of reference. It has full access to and the co-operation of Management and the full discretion to invite any Director or executive officer to attend its meetings, and has reasonable resources to enable it to discharge its functions properly.

The AC's scope of work is governed by written terms of reference. Specifically, the AC meets on a periodic basis to perform the following functions:

- (a) Review the significant financial reporting issues and judgements so as to ensure the integrity of the financial statements of the Company and any announcements relating to the Company's financial performance;
- (b) Review the assurance from the CEO and the CFO on the financial records and financial statements;
- (c) Assist the Board of Directors in the identification and monitoring of areas of significant business risks with the help of internal and external auditors;
- (d) Review the effectiveness of the financial and accounting control systems and management of financial and business risks;
- (e) Review compliance with the Listing Manual and the Code of Corporate Governance;
- (f) Review with the external and internal auditors their respective audit plans, reports and their evaluation of the adequacy and effectiveness of the Group's system of risk management and internal controls;
- (g) Recommend the appointment of auditors and to review the level of audit fees;
- (h) Review the independence of the Company's auditors on an annual basis;
- (i) Review the adequacy of the internal audit function;
- (j) Review the Group's half yearly and annual reports and announcements before they are submitted to the Board for approval;
- (k) Review interested person transactions; and
- (l) Review the Company's risk of becoming subject to, or violating, any Sanctions Law and ensure timely and accurate disclosures to SGXNet and other relevant authorities.

CORPORATE GOVERNANCE REPORT

The AC has reviewed and is satisfied with the level of co-operation rendered by Management to the external auditors. The AC is also of the view that the scope of audit, experience levels of staff and quality of the audits are adequate. The AC also convened a meeting with the external auditors and internal auditors without the presence of Management to discuss matters relating to the audits.

The AC has considered and concurred with the selection of the two Key Audit Matters (“KAMs”) presented in the Independent Auditor’s Report on the Financial Statements as representing those audits and accounting matters during the year which required significant judgement and use of subjective assumptions.

During the course of the year, the AC was regularly briefed and updated on the progress and development of matters and issues arising from the Group’s investments in GL Lighting Holding Pte Ltd (“GLH”) including strategic, business and commercial assessments. In addition, the AC was also briefed and updated on the Group’s assessment of net realisable value of inventories.

The AC and the Group’s auditors have met on a few occasions, and once without the presence of Management, to consider and discuss on the accounting aspects and issues arising from the KAMs. The AC was provided with a detailed understanding of the nature and scope of audit to be performed by the auditors in respect of the KAMs and also how these were identified as KAMs. The AC also reviewed the other issues highlighted by the auditors to determine together with the auditors if these require to be highlighted as KAMs. In relation to the KAMs, the AC considered the look-backward analysis to assess Management’s ability to perform accurate forecasts and key assumptions employed in the DCF models such as the revenue growth rates, terminal values, WACC rates, general market condition and outstanding sales orders. Other business variables that could significantly impact the DCF models were also considered. The AC also considered the judgement and estimation in assessment of net realisable value of inventories. The results of the audit work and the accounting outcomes thereof were closely monitored and considered by the AC.

Based on the above, the AC was generally satisfied that the KAMs were adequately addressed by Management and the external auditors. The AC also concurs with the respective accounting treatments and effects adopted by Management and agreed to by the external auditors.

The AC, having reviewed all non-audit services provided by the external auditors, are satisfied that the nature and extent of such services would not affect the independence and objectivity of the external auditors.

Both the AC and Board have reviewed the appointment of different auditors for its subsidiaries and/or significant associated and joint venture companies and are satisfied that the appointment of different auditors would not compromise the standard and effectiveness of the audit of the Company and the Group.

Accordingly, the Company has complied with Rules 712 and 716 of the Listing Rules of the SGX-ST.

The AC members take measures to keep abreast of changes of accounting standards and issues which have a direct impact on financial statements through attending training and seminars as well as receiving updates from the Group’s external auditors.

SHAREHOLDER RIGHTS AND ENGAGEMENT

Shareholder Rights and Conduct of General Meetings

Principle 11: 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.

(a) Shareholder rights

Shareholders are informed of shareholders’ meetings through notices contained in the Company’s annual report or circulars sent to all Shareholders. These notices are also posted onto the SGXNet within the mandatory period. 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 (“Alternative Arrangements Order”), the Company’s AGM on 22 April 2021 was held by way of electronic means, through “live webcast” and “audio-only means”. The notice of AGM was not published in the newspapers, but was instead disseminated to Shareholders and published on SGXNet and the Company’s website. The Company had also published a letter to Shareholders, together with the notice of AGM, detailing the alternative arrangements for the AGM held on 22 April 2021, during the COVID-19 pandemic. Shareholders participated in the AGM via electronic means, and their questions in relation to any resolutions set out in the notice of

AGM were sent to the Company in advance of the AGM. There were no questions raised and thus no responses were published on SGXNet or the Company's website. Prior to the AGM, the Company will provide their responses to the substantial queries via SGXNet and the Company's website, if any. Subsequently, minutes of the AGM would be published on the SGXNet and the Company's website within one (1) month after the AGM .

The Company has separate resolutions at general meetings on each substantially separate issue. This is to ensure that shareholders are given the right to express their views and exercise their voting rights on each resolution separately. Where the resolutions are "bundled", the reasons and material implications for doing so will be provided in the annual report and related documents, including the notice of general meeting.

All Directors, key management staff, the Company's external auditors and legal advisors (if necessary) attend the general meetings of the Company. The procedures of general meetings provide Shareholders the opportunity to ask questions relating to each resolution tabled for approval and open communication are encouraged by the Shareholders with the Directors on their views on matters relating to the Company. The Company's external auditors will also be present to address Shareholders' queries on the conduct of the audit and the preparation and content of the auditor's report.

For FY2020, all Directors were present at the last AGM held on 22 April 2021 via electronic means.

The Company supports active shareholder participation at general meetings. A proxy form is available together with notice of annual general meeting to all Shareholders. The Company's constitution allows a shareholder to appoint up to two (2) proxies to attend and vote on his behalf at the meeting through proxy forms deposited seventy-two (72) hours before the meeting. The Company strongly encourages and supports Shareholders to participate at the general meetings of the Company. While the Company's Constitution currently provides for a limit of up to two (2) proxies for each Shareholder (including nominee companies), the Company has, in compliance with the spirit of the Code, allowed nominee companies to specify, in writing, the names of the beneficial shareholders of the Company who are attending the Company's general meetings as observers.

(b) Communications with Shareholders

It is the Group's intention to ensure that all shareholders are treated fairly and equitably to ensure their ownership rights are met. Timely and transparent disclosures are made to ensure all shareholders are informed of any changes in the Group or its business which would be likely to materially affect the price or value of the Company's shares.

Shareholders are given the opportunity to attend and vote at general meetings. The rules, including voting procedures, that govern general meetings of shareholders are also clearly communicated.

The Company ensures that timely and adequate disclosures of information on matters of material impact or significance relating to the Group are made to shareholders of the Company through SGXNET and other information channels, in compliance with the requirements set out in the Listing Manual of the Singapore Exchange Securities Trading Limited, with particular reference to the Corporate Disclosure Policy set out therein.

For the AGM for FY2020, minutes of general meeting, including relevant substantial comments or queries from shareholders relating to the agenda of the meeting and responses from the Board or the Management have been released on the SGXNET and the Company's website within one month from the general meeting.

The half yearly and full year results announcements, annual reports, dividend declaration and notices of book closure are announced via SGXNET or issued within the prescribed period under the Listing Manual.

The Group does not presently have a prescribed dividend policy. A final dividend of 0.5 cents per share has been declared for the financial year ended 31 December 2021.

Engagement with Shareholders

Principle 12: 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.

At general meetings, shareholders of the Company will be given the opportunity to present their views and to put questions regarding the Group to Directors and Management. The Directors and Management will be present at these meetings to address any questions that shareholders may have. The external auditors will also be present to assist the Board in addressing queries by shareholders relating to audit matters.

CORPORATE GOVERNANCE REPORT

Currently, the Constitution of the Company allows a member of the Company to appoint up to two proxies to attend and vote at general meetings. Pursuant to Section 181 of the Companies Act 1967 (the "Companies Act"), a member of the Company who is a relevant intermediary is entitled to appoint more than two proxies to attend and vote in his stead. "Relevant intermediary" has the meaning ascribed to it in Section 181 of the Companies Act.

Separate resolutions on each distinct issue are tabled at general meetings and voting on each resolution by poll is carried out systematically with proper recording of votes cast and the resolution passed.

The Company currently does not have an investor relations policy. However, the investor relations of the Company have been conducted based on the following principles:

- (a) make immediate announcement via SGXNet in regard to information deemed to be price-sensitive;
- (b) provide timely information pertaining to financial results announcements which helps shareholders and potential investors make informed decisions; and
- (c) Encourage the active participation of shareholders during AGMs or any other general meetings of the Company.

The Company provides contact details which were publicly published on the Company's website at <https://www.bhglobal.com.sg/contact-us/>, through which the shareholders may contact the Company with questions and the Company may respond to such questions.

MANAGING STAKEHOLDERS RELATIONSHIPS

Engagement with Stakeholders

Principle 13: 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.

The Group has identified stakeholders as those who are impacted by the Group's business and operations as well as those who have a material impact on the Group's business and operations. The Company engages its stakeholders through various channels to ensure that the business interests of the Group are balanced against the needs and interests of its stakeholders.

The strategy and key areas of focus in relation to the management of stakeholder relationships during the reporting period has been disclosed.

The Company maintains a corporate website at <http://www.bhglobal.com.sg> to communicate and engage with stakeholders.

Sustainability Committee

The Group Sustainability Committee ("SC") comprises:

Mr Vincent Lim Hui Eng (Chairman)
 Mr Patrick Lim Hui Peng (Member)
 Mr Mark Weng Kwai (Member)

The SC was formed in 2016 and headed by the Executive Chairman and Chief Executive Officer. The SC's responsibilities, as set out in its written terms of reference approved by the Board, are in the area of the Group's environmental, social and governance policies in line with SGX's guidelines and regulations. The Company is in the midst of finalising its Sustainability Report for FY2021. It will be made available to the shareholders on the SGXNet and the Company's website by 30 April 2022.

Whistleblowing Policy

Pursuant to the amended Rule 1207 (18A) and (18B) of the SGX Mainboard Rules (effective from 1 January 2022), the Management has put in place a whistleblowing policy and procedures duly endorsed by the AC and approved by the Board, through which employees of the Company may raise concerns about possible improprieties in matters of financial management and reporting, misconduct or wrongdoing relating to the Company.

The following is a brief summary:

(a) The Company has designated an independent function to investigate whistleblowing reports made in good faith.

The whistleblower may report to the Lead Independent Director when he or she has a reasonable belief that there is serious malpractice relating to any wrongful activities or wrongdoings. Where the implications involve the Board/ AC members and/or Management, the Lead Independent Director will report directly to the Board Chairman.

A whistleblower may either submit their report to Lead Independent Director via email at whistleblow@bhglobal.com.sg or call the hotline at +65 6210 8088 or mail the report in an envelope marked as "Private and Confidential" to the following address:

To: Lead Independent Director
c/o: BH Global Corporation Ltd
8 Penjuru Lane, Singapore 609189

(b) The Company ensures that the identity of the whistleblower is kept confidential.

The Whistleblowing Policy is intended to safeguard the whistleblower's identity, and therefore undertakes to treat all whistleblowing reports as confidential. All reports of violation or suspected violations will be kept confidential to the extent possible, consistent with the need to conduct adequate investigation, or unless otherwise required by law. Every effort will be made to protect the whistleblower's identity.

(c) The Company discloses its commitment to ensure protection of the whistleblower against detrimental or unfair treatment.

Upon making a disclosure in good faith, based on reasonable grounds and in accordance with the procedures set out in the Whistleblowing Policy, the whistleblower's identity will be protected i.e. kept confidential unless otherwise required by law or for purposes of any proceedings by or against the Group. However, the Group will honor the request of the whistleblower if he or she requests that his or her identity remain confidential.

If a situation arises where the report launched by the whistleblower cannot be proceeded with without revealing the identity of the whistleblower, the Lead Independent Director/ AC member(s) will discuss with the whistleblower to determine the best available options, taking into consideration the request of the whistleblower and the interests of the Group.

Where a whistleblower makes a report under this policy in good faith, reasonably believing it to be true; the whistleblower will be protected from harassment or victimisation within the Group, dismissal, disciplinary procedures or any other form of retaliatory action should the disclosure turn out to be inaccurate or false. Retaliation includes harassment and adverse employment consequences.

The Group will not tolerate punishment or unfair treatment when concerns are raised in good faith. A whistleblower who reports a contravention or a concern will be given protection and shall in no way be put at a disadvantage as a result of his or her report.

(d) The Audit Committee is responsible for oversight and monitoring of whistleblowing.

The Board, with the support of the AC, maintains oversight of any major issue arising from the Whistleblowing Policy and/ or other enquires into the conduct of the whistle-blowing process.

The main roles and responsibilities of the AC includes the following:

- Reviews preliminary reports provided by the Lead Independent Director, establish whether there are any grounds for further action and provide recommendation of matters to be investigated when required;
- For issues that require immediate attention, the AC decides on the corrective or remedial action, or (as the case may be) disciplinary action or to pursue any legal action to be taken, when required;
- Review and report to the BOD the results of the investigations and recommendations for corrective or remedial action, or (as the case may be) disciplinary action or to pursue any legal action to be taken; and
- On an ongoing basis, the AC will assist the Board to review the whistle-blowing policy and update the necessary to be consistent with the Mainboard Rules requirement.

CORPORATE GOVERNANCE REPORT

Dealings in Securities

The Company has procedures in place in line with Rule 1207(19) in relation to dealings in the Company's securities by its officers. The Company has informed its officers not to deal in the Company's shares whilst they are in possession of unpublished material price sensitive information and during the period commencing one month before the announcement of the Group's half-yearly and full-year financial results, and ending on the date of announcement of the relevant results, also known as the blackouts period. The Officers of the Company are discouraged from dealing in the Company's securities on a short-term basis.

The Directors and the senior management are also advised of the relevant provisions under the Securities and Futures Act of Singapore to prohibit dealing with the Company's securities on short-term considerations or while in possession of unpublished material price-sensitive information in relation to the securities. Directors and employees are expected to observe the insider trading laws at all times even when dealing in securities within permitted trading periods. To facilitate compliance, reminders via electronic mail are issued prior to the applicable trading blackouts.

Directors who deal with Company's shares are required to notify the Company Secretary to make necessary announcements in accordance with the requirements of the SGX-ST.

In view of the above, the Company has complied with the SGX-ST's Listing Rules on best practices on dealing in the Company's securities in the FY2021.

Interested Person Transactions

The Company has adopted an internal policy in respect of any transaction with interested persons and set out the procedures for review and approval of such transactions.

All interested person transactions will be documented and submitted on a quarterly basis to the AC for its review to ensure that such transactions are carried out at arm's length basis and on normal commercial terms, and are not prejudicial to the interests of the Company and its minority shareholders.

The Company has not entered into interested person transactions with aggregate value of more than S\$100,000 during FY2021 pursuant to Rule 907 of the Listing Manual of the SGX-ST.

Material Contracts

Save for the service contracts entered between the Executive Directors and the Company, there were no other material contracts entered into by the Company or its subsidiaries, involving the interests of the CEO or any director or controlling shareholder either subsisting at the end of the financial year or if not then subsisting, which were entered into since the end of the previous financial year.

Corporate Disclosure

The Company believes that a high level of disclosure is essential to enhance the standard of corporate governance. Hence, the Company is committed to provide a high level of disclosure in all public announcements, press releases and annual reports.



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DIRECTORS' STATEMENT

The directors present their statement to the members together with the audited consolidated financial statements of BH Global Corporation Limited (the "Company") and its subsidiary corporations (collectively, the "Group") and the statement of financial position and statement of changes in equity of the Company for the financial year ended 31 December 2021.

In the opinion of the directors:

- (i) the consolidated financial statements of the Group and the statement of financial position and statement of changes in equity of the Company as set out on pages 51 to 109 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 31 December 2021 and of the financial performance, changes in equity and cash flows of the Group and changes in equity of the Company for the financial year then ended in accordance with the provisions of the Companies Act 1967 (the "Act") and Singapore Financial Reporting Standards (International); and
- (ii) at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

Directors

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

Vincent Lim Hui Eng	(Executive Chairman and Chief Executive Officer)
Patrick Lim Hui Peng	(Executive Director and Chief Operating Officer)
Loh Weng Whye	(Lead Independent Non-executive)
Winston Kwek Choon Lin	(Independent Non-executive)
Henry Tan Song Kok	(Independent Non-executive)

Arrangement to enable directors to acquire benefits

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 object 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.

Directors' interest in shares or debentures

The directors of the Company holding office at the end of the financial year had no interests in the shares or debentures of the Company and related corporations as recorded in the Register of Directors' Shareholdings kept by the Company under Section 164 of the Act, except as follows:

	Number of ordinary shares			
	Shareholdings registered in their own names		Shareholdings in which a director is deemed to have an interest	
	At	At	At	At
	1.1.2021	31.12.2021	1.1.2021	31.12.2021
The Company				
Vincent Lim Hui Eng	2,392,930	2,392,930	238,692,444	238,692,444
Patrick Lim Hui Peng	2,392,930	2,392,930	238,692,444	238,692,444
Loh Weng Whye	135,000	135,000	–	–
Immediate and ultimate holding company				
<u>Beng Hui Holding (S) Pte Ltd</u>				
Vincent Lim Hui Eng	420,000	420,000	–	–
Patrick Lim Hui Peng	420,000	420,000	–	–

The deemed interests of Vincent Lim Hui Eng and Patrick Lim Hui Peng in the shares of the Company are by virtue of their shareholdings in Beng Hui Holding (S) Pte Ltd. At 31 December 2021, Beng Hui Holding (S) Pte Ltd holds 238,692,444 shares in the Company.

By virtue of Section 7 of the Act, the directors, Vincent Lim Hui Eng and Patrick Lim Hui Peng are deemed to have an interest in the shares held by the Company in its wholly-owned subsidiary corporations.

DIRECTORS' STATEMENT (Cont'd)

Directors' interest in shares or debentures (cont'd)

Vincent Lim Hui Eng and Patrick Lim Hui Peng, by virtue of their interest of not less than 20% of the issued share capital of the Company are deemed to have an interest in the shares held by the Company in the following subsidiary corporations that are not wholly-owned by the Group.

	Number of ordinary shares			
	Shareholdings registered in their own names		Shareholdings in which a director is deemed to have an interest	
	At 1.1.2021	At 31.12.2021	At 1.1.2021	At 31.12.2021
Subsidiary corporations				
<u>BH Marine & Offshore Engineering Pte. Ltd.</u> (Under liquidation)				
Vincent Lim Hui Eng	–	–	300,000	300,000
Patrick Lim Hui Peng	–	–	300,000	300,000
<u>SASA APAC Pte. Ltd.</u>				
Vincent Lim Hui Eng	–	–	1	1
Patrick Lim Hui Peng	–	–	1	1
<u>Athena Dynamics Pte. Ltd.</u>				
Vincent Lim Hui Eng	–	–	475,000	1,535,000
Patrick Lim Hui Peng	–	–	475,000	1,535,000
<u>Athena International Holdings Pte. Ltd.</u>				
Vincent Lim Hui Eng	–	–	425,000	425,000
Patrick Lim Hui Peng	–	–	425,000	425,000
<u>Omnisense Systems Private Limited</u>				
Vincent Lim Hui Eng	–	–	274,353	274,353
Patrick Lim Hui Peng	–	–	274,353	274,353
<u>BOS Offshore & Marine Pte. Ltd.</u>				
Vincent Lim Hui Eng	–	–	500,000	500,000
Patrick Lim Hui Peng	–	–	500,000	500,000
<u>Sea Forrest Technologies Pte. Ltd.</u> (formerly known as BOS Engineering International Pte Ltd)				
Vincent Lim Hui Eng	–	–	500,010	400,008
Patrick Lim Hui Peng	–	–	500,010	400,008
<u>Sea Forrest Engineering Pte. Ltd.</u>				
Vincent Lim Hui Eng	–	–	–	10,000
Patrick Lim Hui Peng	–	–	–	10,000
<u>Sea Forrest Power Solutions Pte. Ltd.</u> (formerly known as BOS Power Solutions Pte Ltd)				
Vincent Lim Hui Eng	–	–	10,000	10,000
Patrick Lim Hui Peng	–	–	10,000	10,000

The directors' interests in the shares of the Company at 21 January 2022 were the same as those as at 31 December 2021.

DIRECTORS' STATEMENT (Cont'd)

Share options

No option to take up unissued shares of the Company or its subsidiary corporations was granted during the financial year.

There were no shares issued during the financial year by virtue of the exercise of options to take up unissued shares of the Company or its subsidiary corporations whether granted before or during the financial year.

There were no unissued shares of the Company or its subsidiary corporations under option at the end of the financial year.

Audit Committee

The members of the Audit Committee during the financial year and at the date of this report are:

Henry Tan Song Kok	(Chairman)
Loh Weng Whye	(Member)
Winston Kwek Choon Lin	(Member)

The Audit Committee carried out its functions specified in Section 201B(5) of the Companies Act. Their functions are detailed in the Corporate Governance Report contained in the Annual Report.

The Audit Committee is satisfied with the independence and objectivity of the independent auditor and has nominated Baker Tilly TFW LLP for re-appointment as independent auditor of the Company at the forthcoming Annual General Meeting.

Independent auditor

The independent auditor, Baker Tilly TFW LLP, has expressed its willingness to accept re-appointment.

On behalf of the directors

Vincent Lim Hui Eng
Director

Patrick Lim Hui Peng
Director

31 March 2022

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF BH GLOBAL CORPORATION LIMITED

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of BH Global Corporation Limited (the "Company") and its subsidiaries (the "Group") as set out on pages 51 to 109, which comprise the statements of financial position of the Group and of the Company as at 31 December 2021, and the consolidated income statement, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows of the Group and the statement of changes in equity of the Company for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements of the Group and the statement of financial position and statement of changes in equity of the Company are properly drawn up in accordance with the provisions of the Companies Act 1967 (the "Act") and Singapore Financial Reporting Standards (International) ("SFRS(I)") so as to give a true and fair view of the consolidated financial position of the Group and the financial position of the Company as at 31 December 2021 and of the consolidated financial performance, consolidated changes in equity and consolidated cash flows of the Group and of the changes in equity of the Company for the year ended on that date.

Basis for opinion

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 opinion.

Key Audit Matters

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

Impairment assessment of loan to, amount due from and investment in an associated company

(Refer to Notes 2(y), 12, 16 and 20 to the financial statements)

The key audit matter:

An associated company, GL Lighting Holding Pte Ltd ("GLH") and its subsidiaries incurred a net loss of \$2,463,000 during the financial year ended 31 December 2021 and as of that date, its total and current liabilities exceeded its total and current assets by \$494,000 and \$15,123,000 respectively.

The carrying amounts of loan to, amount due from and investment in an associated company at 31 December 2021 for the Group and the Company were \$4,000,000, \$1,231,000, and \$Nil respectively.

The impairment assessment of the Group's loan to, amount due from and investment in GLH is considered to be significant to our audit as it requires the application of significant judgement and use of assumptions by management. The Group assessed the impairment of its loan to, amount due from and investment in GLH based on the value-in-use of GLH using the discounted cash flow ("DCF") method. The Group applied the general approach in measuring the expected credit loss ("ECL") for the loan and amount due from GLH.

The determination of recoverable amount using the DCF model involves significant judgement and estimates in the forecasting and projection of sales and operating cash flows for the next five years. The DCF model also requires assumptions on terminal growth rate and weighted average cost of capital ("WACC"). The assessment of ECL requires management to estimate and make assumptions on probability of default and loss given default. A small change in the assumptions can have a significant impact on the net carrying amounts of loan to, amount due from and investment in GLH.

INDEPENDENT AUDITOR'S REPORT (Cont'd)

TO THE MEMBERS OF BH GLOBAL CORPORATION LIMITED

Report on the Audit of the Financial Statements (cont'd)

Key Audit Matters (cont'd)

Impairment assessment of loan to, amount due from and investment in an associated company (cont'd)

(Refer to Notes 2(y), 12, 16 and 20 to the financial statements) (cont'd)

How the matter was addressed in our audit:

Our audit procedures include understanding the business and operating environment of GLH and discussing with management of GLH to understand the basis of cash flows forecasted. We evaluated the management's forecast based on existing order book status, management's plan and general market conditions in the markets where GLH sells to. We assessed various inputs used by management to estimate the WACC rate, growth rate and the gross profit margin used. We considered alternative outcomes by performing sensitivity analysis. We also evaluated management's credit loss assessment of the loan to an associated company and assessed the reasonableness of management's assumptions applied in the assessment. Our work also includes assessing whether there are indications of possible management bias in the inputs used. We also reviewed the adequacy of disclosures made in the financial statements.

Assessment of net realisable value of inventories

(Refer to Notes 2(y) and 17 to the financial statements)

The key audit matter:

The Group's inventories totalled \$31,017,000 accounted for approximately 37% of the Group's total assets as at 31 December 2021. As disclosed in Note 2(j) to the financial statements, inventories are stated at the lower of cost and net realisable value. Management reviews for slow-moving and obsolete inventories and for inventories where there are declines in net realisable value below cost, and writes down inventories for any such declines. Management estimates the net realisable value for inventories by taking into consideration the current economic condition, historical sales record, inventory ageing analysis, and subsequent sales. Write-down of inventories to their net realisable values charged to the Group's profit or loss for the current financial year amounted to \$231,000 (2020: \$943,000). The write-down to net realisable value for slow-moving and obsolete inventories is considered a key audit matter, as it requires management to exercise judgement in identifying slow-moving and obsolete inventories and making estimates of the net realisable value to determine the appropriate level of write-down required. Any significant changes in anticipated future selling prices and saleability may affect the carrying value of the inventories.

How the matter was addressed in our audit:

Our audit procedures include understanding management's process over the monitoring and review of inventory obsolescence, the identification of slow-moving inventories, and the policy in place to determine the level of write down required. We evaluated management's assessment of slow-moving and obsolete inventories by reviewing the age of inventory and comparing to historical sales record and subsequent sales. We verified that inventories are recorded at the lower of cost and net realisable value by comparing, on a sample basis, the recorded unit cost of inventories against recent/subsequent selling prices and reviewing management's assessment and basis for inventories with no subsequent sales. We tested the integrity of the inventory ageing report, on a sampling basis, in order to conclude that the inventory ageing report can be relied upon for the assessment of allowance for inventory obsolescence. We observed and inquired management for any identified obsolete or slow-moving inventories during our stocktake observation. We also reviewed the adequacy of disclosures made in the financial statements.

Other Information

Management is responsible for the other information. The other information comprises the information included in the Annual Report 2021 but does not include the financial statements and our auditor's report thereon.

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

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

Responsibilities of management and directors for the financial statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Act and SFRS(I), 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.

INDEPENDENT AUDITOR'S REPORT (Cont'd)

TO THE MEMBERS OF BH GLOBAL CORPORATION LIMITED

Report on the Audit of the Financial Statements (cont'd)

Responsibilities of management and directors for the financial statements (cont'd)

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 auditors' 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 skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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

INDEPENDENT AUDITOR'S REPORT (Cont'd)

TO THE MEMBERS OF BH GLOBAL CORPORATION LIMITED

Report on Other Legal and Regulatory Requirements

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

The engagement partner on the audit resulting in this independent auditor's report is Khor Boon Hong.

Baker Tilly TFW LLP
Public Accountants and
Chartered Accountants
Singapore

31 March 2022

CONSOLIDATED INCOME STATEMENT

For the financial year ended 31 December 2021

		Group	
	Note	2021 \$'000	2020 \$'000
Revenue	3	46,841	53,219
Cost of sales		(27,403)	(26,132)
Gross profit		19,438	27,087
Other operating income			
- Interest		192	236
- Others		911	1,898
Selling and distribution expenses		(9,740)	(12,109)
Administrative expenses		(6,668)	(6,359)
Finance costs	4	(605)	(905)
Reversals of impairment losses on financial assets		1,389	917
Gain/(loss) on deconsolidation of subsidiaries		65	(4,532)
Profit from operations		4,982	6,233
Share of results of joint ventures		539	422
Share of results of associated companies		(788)	(626)
Profit before tax		4,733	6,029
Tax expense	5	(302)	(1,176)
Profit for the financial year	6	4,431	4,853
Profit/(loss) attributable to:			
Equity holders of the Company		4,968	3,218
Non-controlling interests		(537)	1,635
		4,431	4,853
Earnings per share (expressed in cents per share)			
Basic and diluted	8	1.66	1.07

The accompanying notes form an integral part of these financial statements.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the financial year ended 31 December 2021

	2021 \$'000	Group 2020 \$'000
Profit for the financial year	4,431	4,853
Other comprehensive (loss)/income:		
<i>Items that are or may be reclassified subsequently to profit or loss:</i>		
Currency translation differences arising on consolidation	(20)	(228)
Share of other comprehensive income/(loss) of joint ventures	30	(29)
Share of other comprehensive income of associated companies	157	152
	167	(105)
<i>Item that will not be reclassified subsequently to profit and loss:</i>		
Currency translation differences arising on consolidation	5	45
Other comprehensive income/(loss) for the financial year, net of tax	172	(60)
Total comprehensive income for the financial year	4,603	4,793
Total comprehensive income/(loss) attributable to:		
Equity holders of the Company	5,135	3,113
Non-controlling interests	(532)	1,680
	4,603	4,793

The accompanying notes form an integral part of these financial statements.

STATEMENTS OF FINANCIAL POSITION

As at 31 December 2021

	Note	Group		Company	
		2021 \$'000	2020 \$'000	2021 \$'000	2020 \$'000
Non-current assets					
Property, plant and equipment	9	18,330	18,812	–	–
Investment in subsidiaries	10	–	–	11,663	11,764
Investment in joint ventures	11	2,390	2,198	949	949
Investment in associated companies	12	–	630	–	2,485
Deferred tax assets	13	481	11	163	–
Intangible assets	14	3,521	3,234	–	–
Financial assets at fair value through profit or loss	15	5	4	–	–
Loan to an associated company	16	4,000	4,000	4,000	4,000
Total non-current assets		28,727	28,889	16,775	19,198
Current assets					
Inventories	17	31,017	33,038	–	–
Contract assets	18	1,139	1,045	–	–
Trade receivables	19	10,253	8,204	–	–
Other receivables	20	3,829	3,346	3,546	3,648
Tax recoverable		65	–	–	–
Cash and cash equivalents	21	9,601	12,070	443	2,448
Total current assets		55,904	57,703	3,989	6,096
Total assets		84,631	86,592	20,764	25,294
Non-current liabilities					
Deferred tax liabilities	13	250	256	–	–
Borrowings	22	4,789	3,787	1,067	1,867
Lease liabilities	23	8,180	8,371	–	–
Total non-current liabilities		13,219	12,414	1,067	1,867
Current liabilities					
Contract liabilities	18	3,359	3,069	–	–
Trade payables		5,794	3,027	–	–
Other payables and accruals	24	3,995	5,495	9,394	13,387
Provisions	25	102	1,004	–	–
Borrowings	22	2,857	9,443	800	800
Lease liabilities	23	471	517	–	–
Tax payable		1,347	1,336	–	–
Total current liabilities		17,925	23,891	10,194	14,187
Total liabilities		31,144	36,305	11,261	16,054
Net assets		53,487	50,287	9,503	9,240
Equity					
Share capital	26	58,535	58,535	58,535	58,535
Currency translation reserve		(411)	(570)	–	–
Capital reserves	28	(1,977)	(1,977)	–	–
Accumulated losses		(2,980)	(6,517)	(49,032)	(49,295)
Equity attributable to equity holders of the Company, total		53,167	49,471	9,503	9,240
Non-controlling interests		320	816	–	–
Total equity		53,487	50,287	9,503	9,240

The accompanying notes form an integral part of these financial statements.

STATEMENTS OF CHANGES IN EQUITY

For the financial year ended 31 December 2021

	Attributable to equity holders of the Company				Total \$'000	Non- controlling interests \$'000	Total equity \$'000
	Share capital \$'000	Currency translation reserve \$'000	Capital reserves \$'000	Accumulated losses \$'000			
Group							
At 1 January 2021	58,535	(570)	(1,977)	(6,517)	49,471	816	50,287
Profit/(loss) for the financial year	–	–	–	4,968	4,968	(537)	4,431
<i>Other comprehensive (loss)/income</i>							
Currency translation differences arising on consolidation	–	(20)	–	–	(20)	5	(15)
Share of other comprehensive income of joint ventures	–	30	–	–	30	–	30
Share of other comprehensive income of associated companies	–	157	–	–	157	–	157
Other comprehensive income for the financial year, net of tax	–	167	–	–	167	5	172
Total comprehensive income/(loss) for the financial year	–	167	–	4,968	5,135	(532)	4,603
Changes in ownership interest in subsidiaries that did not result in loss of control (Note 10(d))	–	–	–	69	69	31	100
Loss on deconsolidation of a deregistered subsidiary (Note 10(e))	–	(8)	–	–	(8)	5	(3)
Dividend (Note 27)	–	–	–	(1,500)	(1,500)	–	(1,500)
At 31 December 2021	58,535	(411)	(1,977)	(2,980)	53,167	320	53,487

The accompanying notes form an integral part of these financial statements.

STATEMENTS OF CHANGES IN EQUITY (Cont'd)

For the financial year ended 31 December 2021

Group	Attributable to equity holders of the Company						Non-controlling interests	Total equity
	Share capital	Currency translation reserve	Equity component of convertible loan notes	Capital reserves	Accumulated losses	Total		
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
At 1 January 2020	58,535	(465)	36	(2,010)	(9,735)	46,361	(5,372)	40,989
Profit for the financial year	–	–	–	–	3,218	3,218	1,635	4,853
<i>Other comprehensive (loss)/ income</i>								
Currency translation differences arising on consolidation	–	(228)	–	–	–	(228)	45	(183)
Share of other comprehensive loss of joint ventures	–	(29)	–	–	–	(29)	–	(29)
Share of other comprehensive income of associated companies	–	152	–	–	–	152	–	152
Other comprehensive (loss)/ income for the financial year, net of tax	–	(105)	–	–	–	(105)	45	(60)
Total comprehensive (loss)/ income for the financial year	–	(105)	–	–	3,218	3,113	1,680	4,793
Changes in ownership interest in subsidiaries that did not result in loss of control	–	–	–	(3)	–	(3)	(22)	(25)
Loss on deconsolidation of a subsidiary in liquidation	–	–	–	–	–	–	4,530	4,530
Repayment of convertible loan notes	–	–	(36)	36	–	–	–	–
At 31 December 2020	58,535	(570)	–	(1,977)	(6,517)	49,471	816	50,287

The accompanying notes form an integral part of these financial statements.

STATEMENTS OF CHANGES IN EQUITY (Cont'd)

For the financial year ended 31 December 2021

	Share capital \$'000	Accumulated losses \$'000	Total equity \$'000
Company			
At 1 January 2020	58,535	(51,557)	6,978
Profit and total comprehensive income for the financial year	–	2,262	2,262
At 31 December 2020	58,535	(49,295)	9,240
Profit and total comprehensive income for the financial year	–	1,763	1,763
Dividend (Note 27)	–	(1,500)	(1,500)
At 31 December 2021	58,535	(49,032)	9,503

The accompanying notes form an integral part of these financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the financial year ended 31 December 2021

	2021 \$'000	2020 \$'000
Cash flows from operating activities		
Profit before tax	4,733	6,029
Adjustments for:		
Amortisation of intangible assets	120	73
Depreciation of property, plant and equipment	1,712	1,391
Fair value (gain)/loss on financial assets at fair value through profit or loss	(1)	5
Foreign exchange difference	(35)	37
(Gain)/loss on deconsolidation of subsidiaries	(65)	4,532
Gain on disposal of property, plant and equipment	(38)	(24)
Gain on lease modification	(1)	–
Intangible assets written off	29	264
Impairment loss on intangible assets	–	40
Interest expense	605	905
Interest income	(192)	(236)
Provision for warranty	158	555
Reversal of provision for liabilities	(514)	–
Reversal of provision for warranty	(546)	(72)
Share of results of joint ventures	(539)	(422)
Share of results of associated companies	788	626
Operating cash flows before working capital changes	6,214	13,703
Inventories	2,021	(4,517)
Contract assets	(93)	1,539
Contract liabilities	290	2,565
Receivables	(1,853)	4,631
Payables	836	(4,432)
Currency translation adjustments	(36)	(192)
Cash from operations	7,379	13,297
Income tax paid	(839)	(465)
Net cash from operating activities	6,540	12,832

The accompanying notes form an integral part of these financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS (Cont'd)

For the financial year ended 31 December 2021

	Note	2021 \$'000	2020 \$'000
Cash flows from investing activities			
Costs shared by third party for development costs		550	–
Development costs		(1,068)	(1,323)
Dividends received from a joint venture		377	784
Government grant received for development costs		182	–
Interest received		–	3
Net cash outflow on acquisition of a subsidiary	10(c)	(38)	–
Net cash inflow/(outflow) from changes in non-controlling interests in subsidiaries	10(d)	100	(25)
Net cash outflow from deconsolidation of subsidiaries	10(e)	(70)	–
Proceeds from disposal of property, plant and equipment		67	57
Purchase of property, plant and equipment	9(b)	(827)	(284)
Net cash used in investing activities		(727)	(788)
Cash flows from financing activities			
Decrease/(increase) in fixed deposits under pledge and restricted cash		31	(5)
Dividend paid to shareholders	27	(1,500)	–
Drawdown of borrowings		3,000	2,000
Net repayment of short-term borrowings		(7,564)	(5,239)
Repayment of borrowings		(1,020)	(800)
Repayment of lease liabilities		(642)	(393)
Interest paid		(605)	(905)
Repayment of convertible loan notes		–	(727)
Drawdown from/(repayment to) ultimate holding company		22	(75)
Net cash used in financing activities		(8,278)	(6,144)
Net (decrease)/increase in cash and cash equivalents		(2,465)	5,900
Cash and cash equivalents at beginning of financial year		11,836	5,996
Effects of exchange rate changes on cash and cash equivalents		27	(60)
Cash and cash equivalents at end of financial year	21	9,398	11,836

The accompanying notes form an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

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

1 Corporate information

The Company (Co. Reg. No. 200404900H) is incorporated and domiciled in Singapore and is listed on the Main Board of Singapore Exchange Securities Trading Limited ("SGX-ST"). The address of its registered office is 8 Penjuru Lane, Singapore 609189.

The principal activity of the Company is that of investment holding. The principal activities of its subsidiaries are disclosed in Note 10.

The Company's immediate and ultimate holding company is Beng Hui Holding (S) Pte Ltd, incorporated in Singapore.

2 Summary of significant accounting policies

a) Basis of preparation

The financial statements are presented in Singapore Dollars (\$), which is the Company's functional currency and all financial information presented in Singapore Dollars are rounded to the nearest thousand (\$'000) except when otherwise indicated. The financial statements have been prepared in accordance with the provisions of the Companies Act 1967 and Singapore Financial Reporting Standards (International) ("SFRS(I)"). The financial statements have been prepared under the historical cost convention except as disclosed in the accounting policies below.

The preparation of financial statements in conformity with SFRS(I) requires the use of 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 and historical experiences and various other factors that are believed to be reasonable under the circumstances, actual results may ultimately differ from those estimates.

Use of estimates and judgements

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

The areas involving a higher degree of judgement in applying accounting policies, or areas where assumptions and estimates have a significant risk of resulting in material adjustment within the next financial year are disclosed in Note 2(y).

The carrying amounts of cash and cash equivalents, trade and other current receivables and payables (other than lease liabilities) approximate their respective fair values due to the relatively short-term maturity of these financial instruments.

New and revised standards

In the current financial year, the Group has adopted all the new and revised SFRS(I) and SFRS(I) Interpretations ("SFRS(I) INT") that are relevant to its operations and effective for the current financial year. Changes to the Group's accounting policies have been made as required, in accordance with the transitional provisions in the respective SFRS(I) and SFRS(I) INT.

The adoption of these new and revised SFRS(I) and SFRS(I) INT did not have any material effect on the financial results or position of the Group and the Company.

New and revised standards not yet effective

New standards, amendments to standards and interpretations that have been issued at the end of the reporting period but are not yet effective for the financial year ended 31 December 2021 have not been applied in preparing these financial statements. None of these are expected to have a significant effect on the financial statements of the Group and the Company.

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

For the financial year ended 31 December 2021

2 Summary of significant accounting policies (cont'd)

b) Revenue recognition

Trading in goods - marine cables, lighting equipment and accessories

The Group transfers control and recognises a sale when they deliver goods to their customers and there is no unfulfilled obligation that could affect the customer's acceptance of the products. Revenue from these sales is recognised based on the price specified in the contract. A receivable is recognised when the goods are delivered as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due.

For protective reasons, a portion of the contract consideration is received upfront, and the remaining consideration is received from customers when goods are delivered to the customers. As such, no financing component has been recognised as the payment terms are for reasons other than financing.

Marine surveillance systems and thermal scanners

The Group manufactures and sells marine surveillance systems and thermal scanners and provide maintenance services in relation to the products sold. Revenue from these sales is recognised based on the price specified in the contract.

The Group transfers control and recognises a sale when they deliver goods to their customers and there is no unfulfilled obligation that could affect the customer's acceptance of the products. A receivable is recognised when the goods are delivered as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due. A contract asset is recognised when the Group has performed under the contract but has not yet billed the customer.

Revenue from maintenance services is recognised as performance obligations satisfied over time using input method, based on the stage of completion determined as the proportion of the total time expected to perform the service that has elapsed at the end of the reporting period. The transaction price allocated to maintenance services is recognised as a contract liability at the time of the initial sales transaction and is released on a straight-line basis over the period of service.

Cybersecurity solutions

The Group sells and distributes cybersecurity platform solutions to corporate customers. The performance obligations of the Group include the delivery of hardware and licenses, the completion of training and professional services in the implementation of cybersecurity solutions, and the completion of ad-hoc professional services not related to the implementation of cybersecurity solutions. Revenue from these sales is recognised based on the price specified in the contract.

Revenue and receivables are recognised when the hardware and licenses are delivered and accepted by customers as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due. Professional services related to the implementation of cybersecurity solutions are recognised over time by reference to the Group's progress towards completion of the implementation services using input method, based on the proportion of contract costs incurred to date over the estimated total costs. Costs incurred that are not related to the contract or that do not contribute towards satisfying a performance obligation are excluded from the measurement of progress and instead are expensed as incurred. A contract asset is recognised when the Group has performed under the contract but has not yet billed the customer. A contract liability is recognised when the Group has not yet performed under the contract but has received advanced payment from the customer.

Engineering services

The Group provides engineering services such as marine pipe installation, procurement and construction management for electrical, instrumentation and telecommunications systems for onshore and offshore facilities. Revenue from engineering services is recognised as performance obligations satisfied over time using input method, measured by reference to the Group's progress towards completion, based on the proportion of costs incurred to date to the estimated total costs. Costs incurred that are not related to the performance obligations or that do not contribute towards satisfying a performance obligation are excluded from the measurement of progress and instead are expensed as incurred. For contracts where the Group does not have an enforceable right to payment, revenue is recognised only when the performance obligations are fulfilled, and the customers have accepted in accordance with the sales contract. If the value of engineering services rendered exceeds payments received from the customer, a contract asset is recognised.

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

For the financial year ended 31 December 2021

2 Summary of significant accounting policies (cont'd)

b) Revenue recognition (cont'd)

Interest income

Interest income is recognised using the effective interest method.

Dividend income

Dividend income is recognised when the right to receive payment is established, it is probable that the economic benefits associated with the dividend will flow to the Group, and the amount of the dividend can be reliably measured.

c) Subsidiaries

Subsidiaries are entities controlled by the Group. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

In the Company's statement of financial position, investments in subsidiaries are accounted for at cost less accumulated impairment losses, if any. On disposal of the investment, the difference between disposal proceeds and the carrying amounts of the investments are recognised in profit or loss.

d) Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at the end of the reporting period. Subsidiaries are consolidated from the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

Consolidated financial statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances. If a member of the group uses accounting policies other than adopted in the consolidated financial statements for like transactions and events in similar circumstances, appropriate adjustments are made to its financial statements in preparing the consolidated financial statements.

The financial statements of the parent and its subsidiaries used in the preparation of the consolidated financial statements are prepared as of the same reporting date. When the reporting dates of the parent and a subsidiary are different, the subsidiary prepares, for consolidation purposes, additional financial statements as of the same date as the financial statements of the parent unless it is impracticable to do so.

Intragroup balances and transactions, including income, expenses and dividends, are eliminated in full. Profits and losses resulting from intragroup transactions that are recognised in assets, such as inventory and property, plant and equipment, are eliminated in full.

Business combinations are accounted for using the acquisition method. The consideration transferred for the acquisition comprises the fair value of the assets transferred, the liabilities incurred and the equity interests issued by the Group. The consideration transferred also includes the fair value of any contingent consideration arrangement and the fair value of any pre-existing equity interest in the subsidiary. Acquisition-related costs are recognised as expenses 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.

Any excess of the fair value of the consideration transferred in the business combination, the amount of any non-controlling interest in the acquiree (if any) and the fair value of the Group's previously held equity interest in the acquiree (if any), over the fair value of the net identifiable assets acquired is recorded as goodwill. Goodwill is accounted for in accordance with the accounting policy for goodwill stated in Note 2(f). In instances where the latter amount exceeds the former and the measurement of all amounts has been reviewed, the excess is recognised as gain from bargain purchase in profit or loss on the date of acquisition.

Contingent consideration transferred by the acquirer will be recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration (other than measurement period adjustment) are recognised in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

For the financial year ended 31 December 2021

2 Summary of significant accounting policies (cont'd)

d) Basis of consolidation (cont'd)

Non-controlling interests are that part of the net results of operations and of net assets of a subsidiary attributable to the interests which are not owned directly or indirectly by the equity holders of the Company. They are shown separately in the consolidated income statement, statement of comprehensive income, statement of changes in equity and statement of financial position. Total comprehensive income is attributed to the non-controlling interests based on their respective interests in a subsidiary, even if this results in the non-controlling interests having a deficit balance.

For non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the acquiree's net assets in the event of liquidation, the Group elects on an acquisition-by-acquisition basis whether to measure them at fair value, or at the non-controlling interests' proportionate share of the acquiree's net identifiable assets, at the acquisition date. All other non-controlling interests are measured at acquisition-date fair value or, when applicable, on the basis prescribed by SFRS(I) appropriate for the specific circumstances.

In business combinations achieved in stages, previously held equity interests in the acquiree are remeasured to fair value at the acquisition date (i.e. the date the Group attains control) and any corresponding gain or loss, if any, is recognised in profit or loss.

Changes in the Company's ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions (ie transactions with owners in their capacity as owners). The carrying amount of the controlling 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 attributable to owners of the Company.

When a change in the Company's ownership interest in a subsidiary results in a loss of control over the subsidiary, the assets and liabilities of the subsidiary including any goodwill, non-controlling interest and other components of equity related to the subsidiary are derecognised. Amounts recognised in other comprehensive income in respect of that entity are also reclassified to profit or loss or transferred directly to retained earnings if required by a specific SFRS(I).

Any retained equity interest in the previous subsidiary is remeasured at fair value at the date that control is lost. The difference between the carrying amount of the retained interest at the date control is lost, and its fair value is recognised in profit or loss.

e) Associated companies and joint ventures

An associated company is an entity over which the Group has significant influence but not control or joint control, over the financial and operating policies of the entity. Significant influence is presumed to exist generally when the Group holds 20% or more but not exceeding 50% of the voting power of another entity.

A joint venture is an arrangement in which the Group has joint control, whereby the Group has rights to the net assets of the arrangement, rather than rights to its assets and obligations for its liabilities.

Investments in associated companies and joint ventures are accounted for in the consolidated financial statements using the equity method of accounting, less impairment losses, if any.

Investments in associated companies and joint ventures are initially recognised at cost. The cost of an acquisition is measured at the fair value of the assets given, equity instruments issued or liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition.

Subsequent to initial recognition, the consolidated financial statements include the Group's share of the post-acquisition profit or loss and other comprehensive income of equity-accounted investees, after adjustments to align the accounting policies with those of the Group, from the date that significant influence or joint control commences until the date that significant influence or joint control ceases.

Distributions received from associated companies and joint ventures are adjusted against the carrying amount of the investment. When the Group's share of losses in an associated company and joint venture equals or exceeds its interest in the associated company and joint venture, including any other unsecured non-current receivables, the Group does not recognise further losses, unless it has obligations or has made payments on behalf of the associated company and joint venture.

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

For the financial year ended 31 December 2021

2 Summary of significant accounting policies (cont'd)

e) Associated companies and joint ventures (cont'd)

Any excess of the cost of acquisition over the Group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities of the associated company or joint venture recognised at the date of acquisition is recognised as goodwill. The goodwill is included within the carrying amount of the investment and is assessed for impairment as part of the investment. Any excess of the Group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities over the cost of acquisition, after reassessment, is recognised immediately as income in the Group's profit or loss.

Where a group entity transacts with an associate or joint venture of the Group, unrealised gains are eliminated to the extent of the Group's interest in the relevant associate or joint venture. Unrealised losses are also eliminated unless the transactions provide evidence of impairment of the assets transferred.

In the Company's financial statements, investments in associated companies and joint ventures are carried at cost less accumulated impairment loss, if any. On disposal of investment in associated companies or joint ventures, the difference between the disposal proceeds and the carrying amount of the investment is recognised in profit or loss.

f) Goodwill

Goodwill is initially measured at cost and is subsequently measured at cost less any accumulated impairment losses.

The Group tests goodwill annually for impairment, or more frequently if there are indications that goodwill might be impaired.

For the purpose of impairment testing, goodwill is allocated to each of the Group's cash-generating units expected to benefit from the synergies of the combination. Cash-generating units to which goodwill has been allocated are tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than the carrying amount of the unit, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit. An impairment loss recognised for goodwill is not reversed in subsequent periods.

On disposal of a subsidiary, associated company or a jointly controlled entity, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

The Group's policy for goodwill arising on the acquisition of associate and joint venture is described in Note 2(e).

g) Property, plant and equipment

Property, plant and equipment are initially recognised at cost and subsequently carried at cost less accumulated depreciation and any impairment in value.

The cost of property, plant and equipment initially recognised includes its purchase price and any cost that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

Dismantlement, removal or restoration costs are included as part of the cost of property, plant and equipment if the obligation for dismantlement, removal or restoration is incurred as a consequence of acquiring or using the asset.

The cost of replacing a component of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the component will flow to the Group, and its cost can be measured reliably. The carrying amount of the replaced component is derecognised.

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

For the financial year ended 31 December 2021

2 Summary of significant accounting policies (cont'd)

g) Property, plant and equipment (cont'd)

On disposal of an item of property, plant and equipment, the difference between the net disposal proceeds and its carrying amount is taken to profit or loss.

Depreciation

Depreciation is calculated on a straight-line basis to allocate the depreciable amount of property, plant and equipment over their expected useful lives. The estimated useful lives are as follows:

	Number of years
Extension, addition and alteration works	10 to 45
Motor vehicles	2 to 5
Warehouse equipment and fittings	5
Computers and office equipment	3
Furniture, fittings and renovation	5
Plant and machinery	5

The leasehold properties are depreciated based on the shorter of 45 years or lease period.

The residual values, estimated useful lives and depreciation method of property, plant and equipment are reviewed, and adjusted as appropriate, at each reporting date. The effects of any revision are recognised in profit or loss when the changes arise.

Fully depreciated assets are retained in the financial statements until they are no longer in use.

h) Intangible assets

Research and development costs

Research and development costs are expensed as incurred, except for development costs which relate to the design and testing of new or improved materials, products or processes which are recognised as an asset to the extent that it is expected that such assets will generate future economic benefits.

Deferred development costs are amortised from the date of commercial production of the product or from the date the process is put into use. Such costs are currently being amortised on a straight-line basis over their useful lives, not exceeding 10 years.

Intangible assets acquired in a business combination

Intangible assets acquired in a business combination are identified and recognised separately from goodwill. Such intangible assets are recorded at their fair values at the acquisition date.

Subsequent to initial recognition, intangible assets acquired in a business combination are carried at cost less accumulated amortisation and accumulated impairment losses. The estimated useful lives are as follows:

	Number of years
Technology	10
Maintenance contracts	1 to 3

Trademarks and licenses

Acquired trademarks and licences are stated at cost less accumulated amortisation and accumulated impairment losses. Amortisation is calculated using the straight-line method to allocate the cost of trademarks and licenses over 20 years, which is the shorter of their estimated useful lives and periods of contractual rights.

The amortisation period and amortisation method of intangible assets other than goodwill are reviewed at least at the end of each reporting period. The effects of any revision are recognised in profit or loss when the changes arise.

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

For the financial year ended 31 December 2021

2 Summary of significant accounting policies (cont'd)

i) Impairment of non-financial assets excluding goodwill

At each reporting date, the Group assesses the carrying amounts of its non-financial assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs of disposal and value-in-use. In assessing value-in-use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (cash-generating unit) in prior years. A previously recognised impairment loss for an asset other than goodwill is only reversed if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. A reversal of an impairment loss is recognised immediately in profit or loss.

j) Inventories

Inventories are stated at the lower of cost and net realisable value. The cost of inventories comprises costs of purchases and those costs that have been incurred in bringing the inventories to their present condition and location.

Cost is determined on the following basis:

Marine electrical equipment, consumables and others	-	first-in first-out
Marine surveillance systems and thermal scanners	-	first-in first-out
Marine pipes	-	weighted average

Net realisable value is the estimated selling price in the ordinary course of business, less the costs of completion and selling expenses.

k) Leases

The Group assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange of consideration.

When a Group entity is the lessee

The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets.

Right-of-use assets

Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets, as follows:

	Number of years
Leasehold properties	2 to 30

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

The Group applies SFRS(I) 1-36 *Impairment of Assets* to determine whether a right-of-use asset is impaired and accounts for any identified impairment loss as described in Note 2(i).

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

For the financial year ended 31 December 2021

2 Summary of significant accounting policies (cont'd)

k) Leases (cont'd)

When a Group entity is the lessee (cont'd)

Lease liabilities

At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating the lease, if the lease term reflects the Group exercising the option to terminate.

Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

The lease liabilities are presented as a separate line in the statements of financial position.

In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured (and a corresponding adjustment to the related right-of-use asset made) if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

Short-term leases and leases of low-value assets

Lease payments on short-term leases (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option) and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

l) Income taxes

Income tax on the profit or loss for the year comprises current and deferred tax. Current and deferred tax are recognised in profit or loss except to the extent that they relate to items recognised outside profit or loss, either in other comprehensive income or directly in equity in which the tax is also recognised outside profit or loss (either in other comprehensive income or directly in equity respectively).

Current tax is the expected tax payable or recoverable on the taxable income for the current year, using tax rates enacted or substantively enacted at the end of the reporting period, and any adjustment to tax payable or recoverable in respect of previous years. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions, where appropriate, on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is provided using the liability method, on all temporary differences at the end of the reporting period arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements except where 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 at the time of the transaction, affects neither the accounting nor taxable profit or loss.

Deferred income tax is provided on temporary differences arising on investments in subsidiaries, associated companies and joint ventures, except where the timing of the reversal of the temporary difference can be controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences can be utilised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on currently enacted or substantively enacted tax rates at the end of the reporting period.

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

For the financial year ended 31 December 2021

2 Summary of significant accounting policies (cont'd)

m) Financial assets

Recognition and derecognition

Regular way purchases and sales of financial assets are recognised on trade-date - the date on which the Group commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership.

Financial assets are initially measured at fair value. Transaction costs that are directly attributable to the acquisition of financial assets (other than financial assets at fair value through profit or loss) are added to the fair value of the financial assets on initial recognition. Transaction costs directly attributable to acquisition of financial assets at fair value through profit or loss are recognised immediately in profit or loss. Trade receivables without a significant financing component is initially measured at transaction prices.

Classification and measurement

All financial assets are subsequently measured in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

The Group classifies its financial assets in the following measurement categories:

- Amortised cost; and
- Fair value through profit or loss ("FVTPL").

The classification is based on the entity's business model for managing the financial asset and the contractual cash flow characteristics of the financial assets.

The Group reclassifies financial assets when and only when its business model for managing those assets changes.

Subsequent measurement

Debt instruments

Debt instruments include cash and cash equivalents and trade and other receivables (excluding prepayments, advance payment to suppliers and tax recoverable). The subsequent measurement categories, depending on the Group's business model for managing the asset and cash flow characteristics of the asset are as follows:

Amortised cost

The Group measures financial assets at amortised cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows; and
- The contractual 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.

Financial assets at amortised cost are subsequently measured using the effective interest rate (EIR) method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired. Interest income from these financial assets is included in interest income using the EIR method.

Equity instruments

The Group subsequently measures all its equity investments at their fair values. Equity investments are classified as FVTPL with movements in their fair values recognised in profit or loss in the period in which the changes arise and presented in "other operating income".

On disposal of an equity investment, the difference between the carrying amount and sales proceed amount would be recognised in profit or loss. Dividends from equity investments are recognised in profit or loss and presented in "other operating income".

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

For the financial year ended 31 December 2021

2 Summary of significant accounting policies (cont'd)

m) Financial assets (cont'd)

Impairment

The Group recognises an allowance for expected credit losses ("ECLs") for financial assets carried at amortised cost. 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 impairment methodology applied depends on whether there has been a significant increase in credit risk. 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 ECL). 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 ECL).

For trade receivables and contract assets that do not have a significant financing component, the Group applies a simplified approach to recognise a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted as appropriate for current conditions and forward-looking factors specific to the debtors and the economic environment.

If the Group has measured the loss allowance for a financial asset at an amount equal to lifetime ECL in the previous reporting period but determines at the current reporting date that the conditions for lifetime ECL are no longer met, the Group measures the loss allowance at an amount equal to 12-month ECL at the current reporting date.

The Group recognises an impairment gain or loss in profit or loss for all financial assets with a corresponding adjustment to their carrying amount through a loss allowance account.

Offset

Financial assets and liabilities are offset and the net amount presented on the statement of financial position when, and only when the Group has a legal right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

n) Cash and cash equivalents

For the purpose of presentation in the consolidated statement of cash flows, cash and cash equivalents comprise cash on hand, deposits with financial institutions which are subject to an insignificant risk of changes in value and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value and excludes pledged deposits.

o) Financial liabilities

Financial liabilities include trade and other payables (excluding GST payables, provision for unutilised leave, deferred grant income and provision for warranty), borrowing and lease liabilities. Financial liabilities are recognised on the statement of financial position when, and only when, the Group becomes a party to the contractual provisions of the financial instrument.

The financial liabilities are recognised initially at fair value, plus, in the case of financial liabilities other than fair value through profit or loss, directly attributable transaction costs.

Subsequent to initial recognition, financial liabilities not at fair value through profit or loss and other than financial guarantees are measured at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the liabilities are derecognised, and through the amortisation process. A financial liability is derecognised when the obligation under the liability is extinguished.

p) Financial guarantees

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 specific debtor fails to make payment when due in accordance with the original or modified terms of a debt instrument.

Financial guarantee contracts are initially recognised at their fair values.

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

For the financial year ended 31 December 2021

2 Summary of significant accounting policies (cont'd)

p) Financial guarantees (cont'd)

Subsequent to initial measurement, the financial guarantees are stated at the higher of the amount initially recognised less cumulative amount of income recognised in accordance with the principles of SFRS(I) 15 and the amount of expected credit loss computed using the impairment methodology under SFRS(I) 9.

q) Share capital

Proceeds from issuance of ordinary shares are recognised as share capital in equity. Incremental costs directly attributable to the issuance of ordinary shares are deducted against share capital.

r) Provisions for other liabilities

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past event, and it is probable that an outflow of economic resources will be required to settle that obligation and the amount can be estimated reliably. Provisions are measured at management's best estimate of the expenditure required to settle the obligation at the end of the reporting date. Where the effect of the time value of money is material, the amount of the provision shall be discounted to present value using a pre-tax discount rate that reflects the current market assessment of the time value of money and risks specific to the obligation.

When discounting is used, the increase in the provision due to passage of time is recognised as a finance cost in profit or loss.

s) Contingencies

A contingent liability is:

- (a) a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group; or
- (b) a present obligation that arises from past events but is not recognised because:
 - (i) it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or
 - (ii) the amount of the obligation cannot be measured with sufficient reliability.

A contingent asset is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group.

Contingent liabilities and assets are not recognised on the statements of financial position of the Group and the Company, except for contingent liabilities assumed in a business combination that are present obligations and which the fair values can be reliably determined.

t) Borrowing costs

Borrowing costs, which comprise interest and other costs incurred in connection with the borrowing of funds, are capitalised as part of the cost of a qualifying asset if they are directly attributable to the acquisition, construction or production of that asset. Capitalisation of borrowing costs commences when the activities to prepare the asset for its intended use or sale are in progress and the expenditures and borrowing costs are incurred. Borrowing costs are capitalised until the assets are substantially completed for their intended use or sale. All other borrowing costs are recognised in the profit or loss using the effective interest method.

u) Employee benefits

Defined contribution plans

Defined contribution plans are post-employment benefit plans under which the Group pays fixed contributions into separate entities such as the Central Provident Fund, and will have no legal or constructive obligation to pay further contributions once the contributions have been paid. Contributions to defined contribution plans are recognised as an expense in the period in which the related service is performed.

Employee leave entitlement

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

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

For the financial year ended 31 December 2021

2 Summary of significant accounting policies (cont'd)

v) Foreign 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 that entity operates ('the functional currency'). The consolidated financial statements of the Group and the statement of financial position and statement of change in equity of the Company are presented in Singapore Dollars, which is the Company's functional currency.

Transactions and balances

Transactions in a currency other than the functional currency ("foreign currency") are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Currency translation gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

Non-monetary items measured at fair values in foreign currencies are translated using the exchange rates at the date when the fair values are determined.

Translation of Group entities' financial statements

The results and financial position of all the Group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the Group's presentation currency are translated into the presentation currency as follows:

- (i) Assets and liabilities are translated at the closing rates at the end of the reporting period;
- (ii) Income and expenses are translated at average exchange rates (unless the average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated using the exchange rates at the dates of the transactions); and
- (iii) All resulting exchange differences are recognised in the currency translation reserve within equity.

On consolidation, exchange differences arising from the translation of the net investment in foreign operations (including monetary items that, in substance, form part of the net investment in foreign entities), and of borrowings and other currency instruments designated as hedges of such investments, are recognised in other comprehensive income and accumulated in a separate component of equity under the header Currency Translation Reserve.

Goodwill and fair value adjustments arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the closing rate.

On disposal of a foreign group entity, the cumulative amount of the currency translation reserve relating to that particular foreign entity is reclassified from equity and recognised in profit or loss when the gain or loss on disposal is recognised.

w) Government grants

Government grants are recognised at their fair value where there is reasonable assurance that the grant will be received and all attaching conditions will be complied with. Where the grant relates to an asset, the grant is presented in the statements of financial position by deducting the grant in arriving at the carrying amount of the asset and is recognised in profit or loss over the life of the depreciable asset as a reduced depreciation expense.

When the grant relates to an expense item, it is recognised in profit or loss over the period necessary to match them on a systematic basis to the costs that it is intended to compensate.

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

For the financial year ended 31 December 2021

2 Summary of significant accounting policies (cont'd)

x) Segment reporting

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with other components of the Group. Operating segments are reported in a manner consistent with the internal reporting provided to the Group's chief operating decision maker for making decisions about allocating resources and assessing performance of the operating segments.

y) Critical accounting judgements and key sources of estimation uncertainty

Critical judgement in applying the entity's accounting policies

In the process of applying the Group's accounting policies, management has made the following judgement that has the most significant effect on the amounts recognised in the financial statements (apart from those involving estimations, which are dealt with in the subsequent paragraphs).

Joint control over Dream Marine Ship Spare Parts LLC ("DMS")

As described in Note 11, the equity interest held by the Company in DMS is 34%. However, the Company is entitled to 70% of the net profit of DMS based on the shareholders' agreement between the Company and other joint venturers.

The Company has joint control over this investee as under the contractual arrangement, unanimous consent is required from all parties to the agreements for all relevant activities.

Management considered that the joint arrangement is structured as a limited company and provides the Company and the parties to the agreement with rights to the net assets of the limited company under the arrangement. Accordingly, this arrangement is classified as a joint venture.

Key sources of estimation uncertainty

The key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below.

Impairment of non-financial assets

The Group assesses whether there are any indicators of impairment for all non-financial assets at each reporting date. Goodwill are tested for impairment annually and at other times when such indicators exist. Other non-financial assets (including investment in subsidiaries, joint ventures and associated companies and finite life intangible assets) are tested for impairment when there are indicators that the carrying amounts may not be recoverable. An impairment exists when the carrying value of an asset or the cash-generating unit exceeds its recoverable amount, which is the higher of its fair value less costs to sell and its value-in-use.

When value-in-use calculations are undertaken, management is required to estimate the expected future cash flows from the asset or cash-generating unit and a suitable discount rate, in order to determine the present value of those cash flows. Further details of the key assumptions applied in the impairment assessment for investment in associated companies and the carrying amounts of investments in subsidiaries, associated companies and intangible assets are described in Notes 10, 12 and 14 respectively.

Calculation of expected credit loss allowance

When measuring expected credit loss ("ECL"), the Group and the Company use reasonable and supportable forward-looking information, which is based on assumptions and forecasts of future economic conditions as well as consideration of the implication of the COVID-19 pandemic on the assumptions. Loss given default is an estimate of the loss arising on default. It is based on the difference between the contractual cash flows due and those that the lender would expect to receive, taking into account cash flows from collateral and integral credit enhancements.

Probability of default constitutes a key input in measuring ECL. Probability of default is an estimate of the likelihood of default over a given time horizon, the calculation of which includes historical data, assumptions and expectations of future conditions.

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

For the financial year ended 31 December 2021

2 Summary of significant accounting policies (cont'd)

y) Critical accounting judgements and key sources of estimation uncertainty (cont'd)

Key sources of estimation uncertainty (cont'd)

Calculation of expected credit loss allowance (cont'd)

As the calculation of loss allowance on amount due from and loan to an associated company is subject to assumptions and forecasts, any changes to these estimations will affect the amounts of loss allowance recognised and the carrying amounts of amount due from and loan to an associated company. The carrying amounts of amount due from and loan to an associated company at 31 December 2021 were \$1,231,000 (2020: \$1,006,000) and \$4,000,000 (2020: \$4,000,000) respectively.

Management determines the loss allowance on trade receivables and contract assets by categorising them based on their credit profiles, historical loss patterns and historical payment profiles. The Group also assesses at the end of the reporting period whether there is any objective evidence that the receivables and contract balances from individual customers is credit-impaired based on factors such as insolvency, financial difficulties of the customer or significant delay in repayments.

Based on the simplified approach, there was no significant exposure to the expected credit loss on trade receivables and contract assets except for a subsidiary which using provision matrix to calculate ECLs for trade receivables. The provision rates are based on days past due for groupings of various customer segments that have similar loss patterns.

The Group determined the ECL of trade receivables by making a full allowance for debtors regarded as credit-impaired where one or more credit impairment events have occurred and using a provision matrix for remaining trade receivables. The Group estimates the expected credit loss rates for each category of past due status of the debtors based on historical credit loss experience, adjusted as appropriate to reflect current conditions and forecasts of future economic conditions with consideration on the impact of COVID-19 pandemic and how these conditions will affect the Group's ECL assessment.

As the calculation of impairment loss allowance on trade receivables is subject to assumptions and forecasts, any changes to these estimations will affect the amounts of loss allowance recognised and the carrying amounts of receivables. Details of ECL measurement and carrying value of trade receivables at the end of the reporting period are disclosed in Notes 19 and 31(c).

Estimation of net realisable values of inventories

Management reviews for slow-moving and obsolete inventories and for inventories where there are declines in net realisable value below cost, and writes down inventories for any such declines. Management estimates the net realisable value for inventories by taking into consideration the current economic condition, historical sales record, inventory ageing analysis, and subsequent sales. Such an evaluation process requires significant judgement as it requires management to exercise judgement in identifying slow-moving and obsolete inventories and making estimates of the net realisable value to determine the appropriate level of write-down required. Any significant changes in anticipated future selling prices and saleability may affect the carrying value of inventories.

The carrying amounts of the Group's inventories at the end of the reporting period and the amount of inventories written down for the financial year are disclosed in Notes 17 and 6 respectively.

Income taxes

Uncertainties exist with respect to the interpretation of complex tax regulations, the amount and timing of future taxable income and deductibility of certain expenditure. Accordingly, 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 reasonable 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. The carrying amounts of the Group's income tax recoverable, income tax payable, deferred tax assets and liabilities at 31 December 2021 were \$65,000, \$1,347,000, \$481,000 and \$250,000 (2020: \$Nil, \$1,336,000, \$11,000 and \$256,000) respectively.

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

For the financial year ended 31 December 2021

2 Summary of significant accounting policies (cont'd)

y) Critical accounting judgements and key sources of estimation uncertainty (cont'd)

Key sources of estimation uncertainty (cont'd)

Estimating the incremental borrowing rate for leases

The Group uses the incremental borrowing rate to measure the lease liabilities because the interest rate implicit in the lease is not readily determinable. The incremental borrowing rate is the rate of interest that a 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. The incremental borrowing rate therefore reflects what the Group "would have to pay", which requires estimation when no observable rates are available (such as for subsidiaries that do not enter into financing transactions) or when they need to be adjusted to reflect the terms and conditions of the lease. The Group estimates the incremental borrowing rate using observable inputs such as market interest rates, when available and is required to make certain entity-specific estimates, such as the subsidiary's stand-alone credit rating. Any change in estimation of incremental borrowing rate may have a significant impact to the determination of lease liabilities and right-of-use asset at the commencement date of the new leasing transactions. The carrying amount of right-of-use assets and lease liabilities are disclosed in Notes 9 and 23 respectively.

3 Revenue

The following table provides a disaggregation disclosure of the Group's revenue by timing of revenue recognition.

	Electrical and Technical Supply \$'000	Security \$'000	Integration Engineering \$'000	Total \$'000
2021				
Timing of revenue recognition				
At a point in time	34,753	7,464	2,497	44,714
Over time	–	1,739	388	2,127
	34,753	9,203	2,885	46,841
2020				
Timing of revenue recognition				
At a point in time	29,325	19,351	2,140	50,816
Over time	–	951	1,452	2,403
	29,325	20,302	3,592	53,219
			2021	Group
			\$'000	2020
Amounts included in contract liabilities at the beginning of the financial year			1,613	414

The Group applies the practical expedient in SFRS(I) 15 and does not disclose information about its remaining performance obligation that is part of a contract that has an original expected duration of one year or less.

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

For the financial year ended 31 December 2021

4 Finance costs

	Group	
	2021	2020
	\$'000	\$'000
Interests on borrowings		
- bank loans	217	377
- invoice financing	9	62
- lease liabilities	379	378
- trust receipts	-	65
- convertible loan notes	-	23
	605	905

5 Tax expense

Tax expense attributable to profit is made up of:

	Group	
	2021	2020
	\$'000	\$'000
Current income tax	1,520	1,318
Deferred tax (Note 13)	(476)	(46)
	1,044	1,272
Over provision of income tax in prior years	(742)	(96)
	302	1,176

The income tax expense on the results of the financial year differs from the amount of income tax determined by applying the Singapore standard rate of income tax due to the following factors:

	Group	
	2021	2020
	\$'000	\$'000
Profit before tax	4,733	6,029
Tax calculated at a tax rate of 17% (2020: 17%)	805	1,025
Singapore statutory stepped income exemption	(17)	(17)
Income not subject to tax	(213)	(219)
Over provision of income tax in prior years	(742)	(96)
Expenses not deductible for tax purposes	167	1,090
Effect of different tax rates in other countries	(9)	39
Utilisation of deferred tax assets not previously recognised	(270)	(1,013)
Deferred tax assets not recognised	428	420
Tax incentive	-	(224)
Tax effect of share of results of associated companies and joint ventures	87	106
Others	66	65
	302	1,176

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

For the financial year ended 31 December 2021

6 Profit for the financial year

	2021 \$'000	Group 2020 \$'000
Profit for the financial year is arrived at after charging:		
Amortisation of intangible assets (Note 14)	120	73
Audit fees paid/payable to:		
- auditors of the Company	203	197
- other auditors*	5	4
Non-audit fees paid/payable to:		
- auditors of the Company	45	28
- other auditors*	2	2
Bad debts written off	9	–
Cost of inventories included in cost of sales	23,440	20,615
Depreciation of property, plant and equipment (Note 9)	1,712	1,391
Directors' fee paid/payable to:		
- directors of the Company	300	300
- directors of the subsidiaries	110	90
Fair value loss on financial assets at fair value through profit or loss	–	5
Foreign exchange loss	–	115
Intangible assets written off (Note 14)	29	264
Impairment loss on intangible assets (Note 14)	–	40
Rental expenses (Note 9(c)):		
- warehouse	6	239
- others	76	15
Provision for warranty (Note 25)	158	555
Staff costs (Note 7)	10,895	11,590
Write down of inventories	231	943
and crediting:		
Dividends received from the liquidation of a subsidiary	–	284
Fair value gain on financial assets at fair value through profit or loss	1	–
Foreign exchange gain	228	–
Reversal of provision for warranty (Note 25)	546	72
Gain on disposal of property, plant and equipment	38	24
Gain on lease modification	1	–
Government grant income**	471	1,441
Interest income:		
- from an associated company	192	233
- others	–	3
Management fee income from an associated company	29	29
Reversal of impairment loss on trade receivables (Note 19)	1,389	917
Reversal of provision for liabilities (Note 25)	514	–

* Includes independent member firms of the Baker Tilly International network.

** Government grant income included \$327,000 (2020: \$1,178,000) recognised during the financial year under the Jobs Support Scheme (the "JSS"). Under the JSS, the Singapore Government co-funded gross monthly wages paid to each local employee through cash subsidies with the objective of helping employers retain local employees. The JSS is a temporary scheme introduced in the Singapore Budget 2020 and had been extended up to 2021 by the Government.

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

For the financial year ended 31 December 2021

7 Staff costs

	2021	Group	2020
	\$'000		\$'000
<i>Key management personnel</i>			
- Salaries and related costs	3,439		3,427
- CPF	171		117
<i>Close family members of key management personnel</i>			
- Salaries and related costs	589		177
- CPF	85		27
<i>Other staff</i>			
- Salaries and related costs	5,678		6,825
- CPF	721		794
<i>Staff training and welfare</i>	212		223
	10,895		11,590

8 Earnings per share

The calculation of the basic and diluted earnings per share attributable to the ordinary equity holders of the Company is based on the following data:

	2021	Group	2020
	\$'000		\$'000
Net profit attributable to equity holders of the Company (\$'000)	4,968		3,218
Weighted average number of ordinary shares outstanding for basic and diluted earnings per share ('000)	300,000		300,000
Basic and diluted earnings per share (cents per share)	1.66		1.07

Basic and diluted earnings per share are calculated by dividing the Group's net profit for the year attributable to shareholders of the Company by the weighted average number of ordinary shares outstanding during the financial year.

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

For the financial year ended 31 December 2021

9 Property, plant and equipment

Group	Leasehold properties \$'000	Extension, addition and alteration works \$'000	Motor vehicles \$'000	Warehouse equipment and fittings \$'000	Computers and office equipment \$'000	Furniture, fittings and renovation \$'000	Plant and machinery \$'000	Total \$'000
2021								
Cost								
At 1.1.2021	15,552	11,082	1,345	794	2,956	1,933	359	34,021
Additions	461	–	365	81	154	114	180	1,355
Disposals	–	–	(224)	(17)	–	–	–	(241)
Written-off	–	–	–	–	(40)	–	(1)	(41)
Derecognition due to early termination	(107)	–	–	–	–	–	–	(107)
Deconsolidation on subsidiaries	–	–	(29)	–	(16)	(7)	–	(52)
Currency translation differences	–	–	4	–	5	10	3	22
At 31.12.2021	15,906	11,082	1,461	858	3,059	2,050	541	34,957
Accumulated depreciation								
At 1.1.2021	3,253	5,225	1,259	784	2,686	1,742	260	15,209
Depreciation charge	936	300	77	40	153	105	101	1,712
Disposals	–	–	(208)	(4)	–	–	–	(212)
Written-off	–	–	–	–	(40)	–	(1)	(41)
Deconsolidation on subsidiaries	–	–	(29)	–	(15)	(6)	–	(50)
Currency translation differences	–	–	–	–	5	4	–	9
At 31.12.2021	4,189	5,525	1,099	820	2,789	1,845	360	16,627
Net carrying value								
At 31.12.2021	11,717	5,557	362	38	270	205	181	18,330

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

For the financial year ended 31 December 2021

9 Property, plant and equipment (cont'd)

Group	Leasehold properties \$'000	Extension, addition and alteration works \$'000	Motor vehicles \$'000	Warehouse equipment and fittings \$'000	Computers and office equipment \$'000	Furniture, fittings and renovation \$'000	Plant and machinery \$'000	Total \$'000
2020								
Cost								
At 1.1.2020	15,146	11,082	1,397	780	2,855	1,820	423	33,503
Additions	471	–	90	14	112	107	29	823
Disposals	–	–	(140)	–	–	–	(96)	(236)
Written-off	(65)	–	–	–	(14)	–	–	(79)
Currency translation differences	–	–	(2)	–	3	6	3	10
At 31.12.2020	15,552	11,082	1,345	794	2,956	1,933	359	34,021
Accumulated depreciation								
At 1.1.2020	2,657	4,855	1,395	753	2,602	1,598	237	14,097
Depreciation charge	661	370	6	31	97	141	85	1,391
Disposals	–	–	(140)	–	–	–	(63)	(203)
Written-off	(65)	–	–	–	(14)	–	–	(79)
Currency translation differences	–	–	(2)	–	1	3	1	3
At 31.12.2020	3,253	5,225	1,259	784	2,686	1,742	260	15,209
Net carrying value								
At 31.12.2020	12,299	5,857	86	10	270	191	99	18,812

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

For the financial year ended 31 December 2021

9 Property, plant and equipment (cont'd)

- a) The net carrying amounts of leasehold properties and extension, addition and alteration works mortgaged to secure banking facilities granted to the Group (Note 22), which included right-of-use assets of \$7,756,000 (2020: \$8,121,000) under lease arrangements, are as below:

	Group	
	2021	2020
	\$'000	\$'000
Leasehold properties	11,361	11,887
Extension, addition and alteration works	5,557	5,857
	16,918	17,744

As at 31 December 2021, the above leasehold properties and extension, addition and alteration works have a fair value of \$30,000,000 (2020: \$30,300,000) (Note 32(c)).

- b) Non-cash transactions

Aggregate cost of property, plant and equipment	1,355	823
Less: additions to right-of-use assets	(528)	(539)
Net cash outflow for purchase of property, plant and equipment	827	284

- c) The Group leases land, office and warehouse premises for its operations. Leases of land generally have lease terms of between 20 and 30 years (2020: 20 and 30 years), office premises have lease terms of 2 years (2020: 2 years) and warehouse premises have lease terms of 2 and 3 years (2020: 2 years).

The Group also has certain leases of machinery and office premises with lease terms of 12 months or less, and leases of office equipment with low values. The Group applies the 'short-term lease' and 'lease of low-value assets' recognition exemptions for these leases as prescribed by SFRS(I) 16.

- (i) Carrying amount of right-of-use assets are as follows:

	Group	
	2021	2020
	\$'000	\$'000
<u>Classified within property, plant and equipment</u>		
Leasehold properties	11,717	12,299
Motor vehicles	120	74
	11,837	12,373

Additions to right-of-use assets during the financial year were \$528,000 (2020: \$539,000).

- (ii) Amounts recognised in the consolidated income statement:

	Group	
	2021	2020
	\$'000	\$'000
<u>Depreciation charge for the year</u>		
Leasehold properties	936	661
Motor vehicles	21	3
<u>Lease expense not included in the measurement of lease liabilities</u>		
Lease expense - short-term leases	76	241
Lease expense - low-value assets leases	6	13
Total (Note 6)	82	254
Interest expense on lease liabilities (Note 4)	379	378

During the financial year, total cash flow for leases amounted to \$1,103,000 (2020: \$1,025,000).

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

For the financial year ended 31 December 2021

10 Investment in subsidiaries

	Company	
	2021 \$'000	2020 \$'000
<u>Unquoted equity shares, at cost</u>		
At 1 January	20,084	20,869
Additional investment in a subsidiary	–	475
Disposal during the year	(101)	(548)
Deconsolidation of subsidiaries	(300)	(712)
At 31 December	19,683	20,084
Movement of allowance for impairment:		
At 1 January	8,320	8,532
Impairment loss (Note 10(f))	–	500
Deconsolidation of a subsidiary under liquidation	(300)	(712)
At 31 December	8,020	8,320
Net carrying amount	11,663	11,764

a) Details of subsidiaries:

Name of subsidiary (Country of incorporation)	Principal activities	Group's effective equity interest held	
		2021 %	2020 %
Beng Hui Marine Electrical Pte. Ltd.* ("BHM") (Singapore)	Wholesaler and retailer of electrical goods, appliances and other related products in marine supply and servicing	100	100
SOPEX Innovations Pte. Ltd.* (Singapore)	Wholesale trade in marine equipment and accessories	100	100
Sea Forrest Technologies Pte. Ltd. (formerly known as BOS Engineering International Pte. Ltd.) * ("SFT") (Singapore)	Investment holding	80	100
Genesis Environtech Pte. Ltd.* ("GEN") (Singapore)	Manufacture and repair of other special purpose machinery	100	100
Global Steel Industries Pte. Ltd.® (Singapore)	Investment holding	–	100
Omnisense Systems Private Limited* ("OMS") (Singapore)	Research and development, manufacture and sale of medical, professional, engineering, scientific and precision equipment	75.7	75.7
ONE BHG Pte. Ltd.* ("ONE BHG") (Singapore)	Manufacture and repair of other special purpose machinery and engineering design and consultancy services in energy management and clean energy system	100	100
Athena International Holdings Pte. Ltd.* ("AIH") (Singapore)	Manufacture and repair of engineering and scientific instruments	85	85
<u>Subsidiary held by GEN</u>			
Blue Sky Ecotech Ltd.*** (Taiwan)	Manufacture and repair of other special purpose machinery and engineering design and consultancy services in energy management and clean energy system	100	100

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

For the financial year ended 31 December 2021

10 Investment in subsidiaries (cont'd)

a) Details of subsidiaries: (cont'd)

Name of subsidiary (Country of incorporation)	Principal activities	Group's effective equity interest held	
		2021 %	2020 %
<u>Subsidiary held by SFT</u>			
BOS Offshore & Marine Pte. Ltd.* ("BOS") (Singapore)	Provision of marine and offshore related services and products	80	100
Sea Forrest Power Solutions Pte. Ltd. (formerly known as BOS Power Solutions Pte. Ltd.) * ("SFP") (Singapore)	Engineering design and consultancy services in energy management and clean energy systems, and wholesale of marine equipment and accessories	80	100
Sea Forrest Engineering Pte. Ltd.* ("SFE") (Singapore)	Ship and offshore structure repairs and modification while afloat	80	–
<u>Subsidiary held by AIH</u>			
Athena Dynamics Pte. Ltd.* (Singapore)	Provision of IT electronics products and solutions	85	85
SASA APAC Pte. Ltd.* (Singapore)	Provision of software consultancy services	85	85
<u>Subsidiary held by OMS</u>			
Omnisense Systems USA, Inc** (USA)	Sales and service of marine equipment	75.7	75.7
* Audited by Baker Tilly TFW LLP			
** Audited by Baker Tilly TFW LLP for the purpose of consolidation			
*** Not required to be audited			
® Under liquidation			

b) Summarised financial information of subsidiaries with material non-controlling interest ("NCI")

The Group has the following subsidiaries that have NCI that are considered by management to be material to the Group:

Name of subsidiary	Principal place of business/ Country of incorporation	Ownership interest held by NCI	
		2021 %	2020 %
Omnisense Systems Private Limited ("OMS Group")	Singapore	24.3	24.3
BOS Offshore & Marine Pte Ltd Singapore ("BOS")	Singapore	20.0	–

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

For the financial year ended 31 December 2021

10 Investment in subsidiaries (cont'd)

- b) Summarised financial information of subsidiaries with material non-controlling interest ("NCI") (cont'd)

The following is the summarised financial information of OMS Group and BOS. These financial information include consolidation adjustments but before inter-company eliminations.

Summarised statement of financial position

	OMS Group		BOS	
	2021 \$'000	2020 \$'000	2021 \$'000	2020 \$'000
Non-current assets	1,554	936	2,176	–
Current assets	8,894	7,996	7,352	–
Non-current liabilities	(312)	(94)	–	–
Current liabilities	(7,600)	(5,640)	(10,876)	–
Net assets/(liabilities)	2,536	3,198	(1,348)	–
Net assets/(liabilities) attributable to NCI	616	777	(270)	–

Summarised statement of comprehensive income

	OMS Group		BOS	
	2021 \$'000	2020 \$'000	2021 \$'000	2020 \$'000
Revenue	5,564	18,474	1,313	–
Other expenses	(6,216)	(11,095)	(3,612)	–
(Loss)/profit before tax	(652)	7,379	(2,299)	–
Income tax credit/(expense)	6	(321)	998	–
(Loss)/profit and total comprehensive income/ (loss) for the year	(646)	7,058	(1,301)	–
Loss/(profit) allocated to NCI	(157)	1,715	(260)	–

Summarised statement of cash flows

Cash flows (used in)/from operating activities	(4,546)	6,700	(1,178)	–
Cash flows (used in)/from investing activities	(642)	(193)	552	–
Cash flows from/(used in) financing activities	4,100	(5,272)	(240)	–
Net (decrease)/increase in cash and cash equivalents	(1,088)	1,235	(866)	–

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

For the financial year ended 31 December 2021

10 Investment in subsidiaries (cont'd)

c) Acquisition of a subsidiary

On 10 March 2021, the Group announced that its subsidiary, Sea Forrest Technologies Pte. Ltd ("SFT"), entered into a sale and purchase agreement with Lee Sze Min to acquire 100% equity interest in Sea Forrest Engineering Pte. Ltd. ("SFE"), an exempt private limited company incorporated in Singapore. The consideration for the acquisition is \$669,000. SFE is engaged in the business of fabrication and afloat repairs for the maritime industry.

	\$'000
Purchase consideration:	
Cash paid	359
Deferred amount	310
	<u>669</u>
Assets and liabilities recognised as a result of the acquisition	
	Fair Value
	\$'000
Cash and cash equivalents	321
Receivables	511
Payables	(263)
Net identifiable assets acquired	569
Add: Goodwill (Note 14)	100
Total consideration	<u>669</u>
Consideration in cash	359
Less: Cash and cash equivalents of subsidiary	(321)
Net cash outflow on acquisition of a subsidiary	<u>38</u>

Impact to the acquisition on profit or loss

The acquired subsidiary contributed revenue of \$1,347,000 and net losses of \$205,000 to the Group. If the acquisition had occurred on 1 January 2021, the Group's revenue and total profit would not have changed significantly. Transaction costs related to the acquisition of \$9,000 have been included in "administrative expenses" in the Group's results for the current financial year.

Goodwill

The acquired subsidiary is involved in the business of ship and offshore structure repairs and modification while afloat. The goodwill of \$100,000 is attributable to significant synergies expected to arise to the Group after the acquisition.

d) Changes in ownership interest in subsidiaries

As a condition for the sale of SFE to SFT, Lee Sze Min acquired a 20% interest in SFT from the Company at S\$100,002 based on the Company's original cost. SFT has 100% equity interest in BOS Offshore & Marine Pte Ltd ("BOS") and Sea Forrest Power Solutions Pte Ltd ("SFP"). Accordingly, the Group's effective equity interest held on BOS and SFP has been diluted from 100% to 80%.

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

For the financial year ended 31 December 2021

10 Investment in subsidiaries (cont'd)

- d) Changes in ownership interest in subsidiaries (cont'd)

The effect of the dilution is as follows:

	Group 2021 \$'000
Net carrying amount of non-controlling interests disposed	31
Net consideration from non-controlling interests, net of transaction costs	100
Net difference recognised in revenue reserve	69
Net cash inflow arising from changes in ownership interests	100

- e) Deregistration/liquidation of subsidiaries

A subsidiary, BH Global Marine India Private Limited ("BHI"), was deregistered and struck off from the Register of Companies in India. Accordingly, BHI was deconsolidated with effect from May 2021 and the gain on deconsolidation of BHI amounted to \$69,000.

Another subsidiary, Global Steel Industries Pte Ltd ("GSI") has been placed under liquidation in September 2021 and a liquidator was appointed. The Group has assessed that it has lost control on GSI upon the appointment of liquidator. Accordingly, GSI was deconsolidated with effect from September 2021 and the loss on deconsolidation of GSI amounted to \$4,000.

- (i) Carrying amounts of asset and liabilities deconsolidated:

	Group 2021 \$'000
Property, plant and equipment	2
Trade and other receivables	27
Cash and cash equivalents	70
Trade and other payables	(167)
Net liabilities derecognized	(68)
Less: non-controlling interest	(5)
Net liabilities deconsolidated	(73)
Reclassification of currency translation	8
Gain on deconsolidation of subsidiaries	65
Proceeds from deconsolidation	-

- (ii) Net cash outflow arising on deconsolidation:

	Group 2021 \$'000
Cash and cash equivalents in subsidiaries deconsolidate	70

- f) Company level - Impairment review of investment in subsidiaries

In 2020, management performed impairment review on its investment in ONE BHG because of the continuing losses incurred. Impairment losses of \$500,000 was recognised in the Company's profit or loss for the financial year ended 31 December 2020 to write down the investment in ONE BHG to its recoverable amount of \$500,000. The recoverable amount of ONE BHG has been determined by Management based on net assets value of the subsidiary as at the end of previous financial period, which approximates the recoverable amount of the investment in subsidiary.

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

For the financial year ended 31 December 2021

11 Investment in joint ventures

- a) The Group's investment in joint ventures are summarised below:

	2021 \$'000	Group 2020 \$'000
<i>Carrying amount</i>		
Dream Marine Ship Spare Parts Trading LLC ("DMS")	2,390	2,198
Gulf Specialty Steel Industries LLC ("GSSI")	-	-
	2,390	2,198

- b) Included in investment in joint ventures of the Company and the Group is an amount of \$865,000 (2020: \$865,000) being equity loan due from a joint venture.

- c) The following information relates to the joint ventures at the end of the financial year:

Name of joint venture (Country of incorporation)	Principal activities	Group's effective equity interest held	
		2021 %	2020 %
Dream Marine Ship Spare Parts Trading LLC# (Dubai, UAE)	Trading in electrical components and spare parts of ships and boats	34	34
Joint venture held by Global Steel Industries Pte Ltd			
Gulf Specialty Steel Industries LLC^ (Sultanate of Oman)	Manufacturer and supplier of specialty steel wire and other types of wire	-	51

^ Liquidated during the year

Audited by another firm of auditors

In accordance with the shareholders' agreement between the Company and other joint venturers of DMS, the Company is entitled to 70% of the net profit of DMS. However, the Company's equity interest held in DMS is 34%.

All of the above joint ventures are accounted for using the equity method in these consolidated financial statements.

- d) Summarised financial information for material joint ventures based on their financial statements (adjusted by the Group for equity accounting purpose) and a reconciliation to the carrying amounts of the investments in the consolidated financial statements are as follows:

	2021 \$'000	DMS 2020 \$'000
<i>Income Statement items:</i>		
Revenue	2,552	3,066
Profit after tax	771	607
Other comprehensive loss	43	(41)
Total comprehensive income	814	566
Dividends received from joint ventures	377	784
The above profit for the financial year includes the following:		
Depreciation and amortisation	37	58
<i>Statement of financial position items:</i>		
Non-current assets	175	94
Current assets	3,237	3,327
Current liabilities	(1,233)	(1,517)
Net assets	2,179	1,904
The above amounts of assets and liabilities include the following:		
Cash and cash equivalents	531	657

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

For the financial year ended 31 December 2021

11 Investment in joint ventures (cont'd)

- d) Summarised financial information for material joint ventures based on their financial statements (adjusted by the Group for equity accounting purpose) and a reconciliation to the carrying amounts of the investments in the consolidated financial statements are as follows: (cont'd)

Reconciliation of the above summarised financial information to the carrying amount of the interest in joint ventures recognised in the consolidated financial statements:

	2021 \$'000	DMS 2020 \$'000
Net assets of the joint ventures	<u>2,179</u>	1,904
Group's share of net assets based on proportion of ownership interest	1,525	1,333
Equity loan to a joint venture	865	865
Carrying amount of investment	<u>2,390</u>	2,198

12 Investment in associated companies

- a) The Group's investment in associated companies are summarised below:

	2021 \$'000	Group 2020 \$'000
Carrying amount		
GL Lighting Holding Pte Ltd ("GLH") and its subsidiaries ("GLH Group")	–	630
BOS Marine Offshore Engineering Corporation ("BOSMEC")	–	–
	<u>–</u>	630

The carrying amount of investment in GLH Group is stated net of accumulated impairment losses as follows:

	2021 \$'000	Group 2020 \$'000
Accumulated impairment losses:		
At beginning of financial year/at end of financial year	<u>9,663</u>	9,663

- b) The following information relates to the associated companies:

Name of associates (Country of incorporation)	Principal activities	Group's effective equity interest held	
		2021 %	2020 %
GL Lighting Holding Pte Ltd ("GLH")* (Singapore)	Investment holding	43	43
Subsidiaries held by GLH			
General Luminaire (Shanghai) Co., Ltd ("SGL")** (People's Republic of China)	Research and development, manufacturing and selling LED lighting modules and fixtures	43	43
General Luminaire (Kunshan) Co., Ltd ("KGL")** (People's Republic of China)	Design, manufacturing and trading LED lighting modules and fixtures	43	43
Arco Illumination Pte Ltd* (Singapore)	Wholesale of lighting related products and fixtures	43	43

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

For the financial year ended 31 December 2021

12 Investment in associated companies (cont'd)

b) The following information relates to the associated companies: (cont'd)

Name of associates (Country of incorporation)	Principal activities	Group's effective equity interest held	
		2021 %	2020 %
Subsidiaries held by GLH (cont'd)			
General Luminaire Co., Ltd** (Taiwan)	Trading business of LED lighting modules and fixtures	43	43
Subsidiary held by KGL			
Kunshan Yonglong Precision Optical Industrial Co., Ltd ** (People's Republic of China)	Trading of LED lighting modules and fixtures	43	43
Associate held by Sea Forrest Technologies Pte Ltd			
BOS Marine Offshore Engineering Corporation ("BOSMEC")*** (Japan)	Provision of engineering, procurement and designing services, licensing of patents and construction works to marine and offshore industry	28	35

* Audited by Baker Tilly TFW LLP

** Audited by independent overseas member firms of Baker Tilly International

*** Not required to be audited

All of the above associated companies are accounted for using the equity method in these consolidated financial statements.

- c) The associated companies in the People's Republic of China are subject to local exchange control regulations. These regulations place restrictions on the amount of currency that can be remitted out of the country.
- d) Summarised financial information for GLH Group and BOSMEC based on its financial statements (adjusted by the Group for equity accounting purpose) and a reconciliation to the carrying amounts of the investments in the consolidated financial statements are as follows:

	GLH Group		BOSMEC	
	2021 \$'000	2020 \$'000	2021 \$'000	2020 \$'000
<i>Income Statement items:</i>				
Revenue	12,569	14,591	3,720	4,443
Loss after tax	(2,463)	(1,378)	(329)	(270)
Other comprehensive income/(loss)	366	352	-	(18)
Total comprehensive losses	(2,097)	(1,026)	(329)	(288)
<i>Statement of financial position items:</i>				
Non-current assets	15,853	15,573	92	110
Current assets	6,781	6,086	1,728	1,464
Non-current liabilities	(1,224)	(3,569)	(1,449)	(1,089)
Current liabilities	(21,904)	(16,624)	(1,336)	(1,195)
Net (liabilities)/assets	(494)	1,466	(965)	(710)
Group's share on net assets based on proportion of ownership interest				
	-	630	-	-
Goodwill on acquisition	9,663	9,663	-	-
Less: accumulated impairment losses	(9,663)	(9,663)	-	-
Carrying amount of investment	-	630	-	-

The Group has not recognised its current year's share of losses of BOSMEC amounting to \$92,000 (2020: \$95,000) because the Group's cumulative share of losses has exceeded its interest in BOSMEC and the Group has no obligation in respect of these losses.

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

For the financial year ended 31 December 2021

12 Investment in associated companies (cont'd)

- e) Impairment review of investment

The Company's investment in associated companies are summarised below:

	Company	
	2021 \$'000	2020 \$'000
<u>Carrying amount</u>		
GL Lighting Holding Pte Ltd ("GLH") and its subsidiaries ("GLH Group")	-	2,485

During the financial year, the Company performed an impairment review on its investment in GLH Group because of the continuing losses incurred by the associated companies. The recoverable amount of the investment in GLH Group has been determined based on a value-in-use method using cash flow projections from forecasts approved by management covering a five-year period and taking into consideration of the COVID-19 pandemic and the challenging market conditions.

An impairment loss of \$2,485,000 was recognised in the Company's profit or loss for the financial year ended 31 December 2021 to fully write down the carrying cost of investment in GLH Group.

The key assumptions used in the value-in-use calculations were:

Revenue growth rates: 2022 to 2026 compound annual growth rate of 21% (2020: 2021 to 2025 compound annual growth rate of 19%)

Pre-tax discount rate: 14.2% (2020: 16.6%)

Terminal growth rate: 1.5% (2020: 2.5%)

The most significant assumption used in the value-in-use calculations is the projected revenue growth rate. Should the actual results vary from management's estimates, the estimated recoverable amount of the investment and the impairment charge would be as follows:

	Company	
	Estimated recoverable amount \$'000	Reversal of impairment charge \$'000
Revenue 2% higher than the management's projections	689	689
Revenue 2% lower than the management's projections	-	-

13 Deferred tax

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when the deferred income taxes relate to the same fiscal authority.

The movements in the deferred tax account are as follows:

	Group		Company	
	2021 \$'000	2020 \$'000	2021 \$'000	2020 \$'000
At 1 January	(245)	(291)	-	-
Tax credited to profit or loss (Note 5)	476	46	163	-
At 31 December	231	(245)	163	-

Presented on the statements of financial position:

<i>Non-current</i>				
Deferred tax assets	481	11	163	-
Deferred tax liabilities	(250)	(256)	-	-
	231	(245)	163	-

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

For the financial year ended 31 December 2021

13 Deferred tax (cont'd)

The following are the major deferred tax assets/(liabilities) recognised by the Group and the movements thereon, during the financial year.

	Recognition of current year's tax loss \$'000	Undistributed profits from joint ventures \$'000	Others \$'000	Total \$'000
Group				
2021				
At 1 January 2021	–	(237)	(8)	(245)
Credited/(charged) to profit or loss	470	19	(13)	476
At 31 December 2021	470	(218)	(21)	231
2020				
At 1 January 2020	–	(299)	8	(291)
Credited/(charged) to profit or loss	–	62	(16)	46
At 31 December 2020	–	(237)	(8)	(245)

	Group	
	2021	2020
	\$'000	\$'000
Unrecognised deductible temporary differences:		
Unutilised tax losses	26,060	26,505
Excess of book over tax depreciation	3,978	3,661
Other deductible temporary differences	1,293	229
	31,331	30,395

Deferred tax assets of \$5,326,000 (2020: \$5,167,000) have not been recognised in respect of the above deductible temporary differences as future profit streams are uncertain. Unutilised tax losses do not have any expiry dates subject to the conditions imposed by law.

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

For the financial year ended 31 December 2021

14 Intangible assets

	Goodwill \$'000	Acquired technology \$'000	Maintenance contracts \$'000	Development costs \$'000	License fee \$'000	Total \$'000
Group Cost						
At 1 January 2020	4,733	2,920	141	4,370	40	12,204
Additions	–	–	–	1,323	–	1,323
Written off	–	–	–	(264)	–	(264)
At 31 December 2020	4,733	2,920	141	5,429	40	13,263
Additions	100	–	–	1,068	–	1,168
Written off	–	–	–	(35)	–	(35)
Costs shared from third party	–	–	–	(550)	–	(550)
Government grant	–	–	–	(182)	–	(182)
At 31 December 2021	4,833	2,920	141	5,730	40	13,664
Accumulated amortisation						
At 1 January 2020	–	438	117	1,506	–	2,061
Charge for the year	–	–	–	73	–	73
At 31 December 2020	–	438	117	1,579	–	2,134
Charge for the year	–	–	–	120	–	120
At 31 December 2021	–	438	117	1,699	–	2,254
Accumulated impairment						
At 1 January 2020	4,548	2,482	24	801	–	7,855
Impairment charge	–	–	–	–	40	40
At 31 December 2020	4,548	2,482	24	801	40	7,895
Written off	–	–	–	(6)	–	(6)
At 31 December 2021	4,548	2,482	24	795	40	7,889
Net carrying amount						
At 31 December 2021	285	–	–	3,236	–	3,521
At 31 December 2020	185	–	–	3,049	–	3,234

In 2020, an impairment loss of \$40,000 was recognised for license fee to write down costs in relation to the scrubber project, which was discontinued during the previous financial year.

Impairment test for goodwill

Goodwill acquired in a business combination is allocated to the cash generating units (CGUs) that are expected to benefit from that business combination. The carrying amount of goodwill is allocated as follows:

	2021 \$'000	Group 2020 \$'000
<u>Security segment:</u>		
Athena Dynamics Pte Ltd ("ADPL")	185	185
<u>Integration Engineering segment:</u>		
Sea Forrest Engineering Pte Ltd ("SFE")	100	–
	285	185

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

For the financial year ended 31 December 2021

14 Intangible assets (cont'd)

Impairment test for goodwill (cont'd)

Key assumptions used in value-in-use calculation

The recoverable amounts of the CGUs are determined from value-in-use calculations. The key assumptions for the value-in-use calculations are those regarding the discount rates, growth rates and expected changes to selling prices and direct costs during the period. Management estimates discount rates using pre-tax rates that reflect current market assessments of the time value of money and the risks specific to the CGUs. The growth rates are based on industry growth forecasts. Changes in selling prices and direct costs are based on past performances and expected developments in the market.

The Group's value-in-use calculations used cash flow forecasts derived from the most recent financial budgets approved by management covering a five-year period. These key inputs and assumptions were estimated by management based on prevailing economic and other conditions at the end of the reporting period, including the current market conditions due to COVID-19 pandemic. The key assumptions applied to the 5-year cash flow projections are as follows:

	ADPL	SFE
2021		
Terminal value growth rate	1.0%	1.5%
Pre-tax discount rate	14.2%	12.2%
2020		
Terminal value growth rate	2.5%	–
Pre-tax discount rate	14.5%	–

Management has considered that a reasonably possible change in two key assumptions, revenue growth rates and discount rate, will not result in any impairment charge to be recorded.

15 Financial assets at fair value through profit or loss

	2021 \$'000	Group	2020 \$'000
Quoted equity shares	5		4

16 Loan to an associated company

The loan to an associated company is provided by the Company to support the associated company's working capital. The loan bears variable interest rate ranging from 4.17% to 4.20% (2020: 4.17% to 5.53%) per annum, unsecured and repayable on demand. The Company has undertaken not to demand repayment of this loan within the next 12 months from the reporting date.

17 Inventories

	2021 \$'000	Group	2020 \$'000
Raw material	3,384		2,524
Work in progress	1,021		618
Finished goods	26,612		29,896
	31,017		33,038

Raw materials, consumables and changes in finished goods and work in progress included as cost of sales amounted to \$23,440,000 (2020: \$20,615,000).

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

For the financial year ended 31 December 2021

18 Contract assets and contract liabilities

The Group receives payments from customers based on a billing schedule as established in contracts. Contract assets relate to the Group's rights to consideration for work completed but not billed at the reporting date. Contract liabilities relate to advance consideration received from customers, billings in excess of revenue recognised to-date and deferred revenue. Contract liabilities are recognised as revenue as (or when) the Group satisfies the performance obligations under its contracts.

The following table provides information about contract assets and contract liabilities from contracts with customers.

	2021	Group	
	\$'000	2020	1.1.2020
		\$'000	\$'000
Trade receivables (Note 19)	10,253	8,204	13,548
Contract assets	1,139	1,045	2,584
Contract liabilities	3,359	3,069	504

Contract assets increased as the Group provided more services ahead of the agreed payment schedules. Contract liabilities increased due to increase in advance payments from customers and increase in deferred revenue.

19 Trade receivables

	2021	Group
	\$'000	2020
		\$'000
Trade receivables	14,184	13,572
Less: allowance for impairment	(3,931)	(5,368)
	10,253	8,204

Movement in allowance for impairment of trade receivables is as follows:

	2021	Group
	\$'000	2020
		\$'000
At 1 January	5,368	6,461
Reversal during the financial year (Note 6)	(1,389)	(917)
Allowance written off during the financial year	(48)	(176)
At 31 December	3,931	5,368

Included in trade receivables are amounts of \$748,000 (2020: \$252,000) and \$Nil (2020: \$193,000) due from an associated company and a joint venture.

20 Other receivables

	Group		Company	
	2021	2020	2021	2020
	\$'000	\$'000	\$'000	\$'000
Amount due from an associated company	1,423	1,191	1,231	1,006
Amount due from ultimate holding company	–	3	–	3
Sundry deposits	485	322	–	–
Prepayments	299	310	34	20
Amounts due from subsidiaries (Note a)	–	–	3,910	21,339
Advance payment to suppliers	1,461	997	–	–
Advance billing from supplier	–	200	–	–
Sundry receivables	39	242	–	38
GST receivable	132	91	–	–
	3,839	3,356	5,175	22,406
Less: allowance for impairment				
- subsidiaries (Note a)	–	–	(1,629)	(18,758)
- other receivable	(10)	(10)	–	–
	3,829	3,346	3,546	3,648

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

For the financial year ended 31 December 2021

20 Other receivables (cont'd)

Movements in allowance for impairment are as follows:

	Group		Company	
	2021 \$'000	2020 \$'000	2021 \$'000	2020 \$'000
At 1 January	10	–	18,758	63,602
Allowance made during the financial year	–	10	–	53
Allowance written off during the financial year	–	–	(17,129)	(44,897)
At 31 December	10	10	1,629	18,758

The amounts due from an associated company is non-trade in nature, unsecured, interest-free and repayable on demand.

(a) Amounts due from subsidiaries

	Company	
	2021 \$'000	2020 \$'000
Interest-free advances	1,632	18,877
Loans at variable interest rates	2,278	2,462
	3,910	21,339
Less: allowance for impairment	(1,629)	(18,758)
	2,281	2,581

The amounts due from subsidiaries are non-trade in nature, unsecured and repayable on demand. Loans to subsidiaries are at interest rates ranging from 2.84% to 3.34% (2020: 2.75% to 5%) per annum based on the average cost of funds incurred by the Group. During the year, the Company waived interest charges on principal loans amount of \$18,877,000 (2020: \$44,932,000).

21 Cash and cash equivalents

	Group		Company	
	2021 \$'000	2020 \$'000	2021 \$'000	2020 \$'000
Cash at bank and on hand	9,598	12,036	443	2,448
Fixed deposits	3	34	–	–
	9,601	12,070	443	2,448

For the purpose of presenting the consolidated statement of cash flows, cash and cash equivalents comprise the following at the end of the reporting period:

	Group	
	2021 \$'000	2020 \$'000
Cash and short-term deposits	9,601	12,070
Cash restricted in use	(200)	(200)
Fixed deposits (pledged)	(3)	(34)
Cash and cash equivalents	9,398	11,836

Fixed deposits of \$3,000 (2020: \$34,000) are pledged to banks to cover bankers' letter of guarantees, credit facilities and bank overdraft. The interest rates of fixed deposits at 31 December 2021 were 0.23% to 0.45% (2020: 0.4% to 0.7%) per annum.

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

For the financial year ended 31 December 2021

22 Borrowings

	Group		Company	
	2021 \$'000	2020 \$'000	2021 \$'000	2020 \$'000
Term loan (secured)	1,867	2,667	1,867	2,667
Term loans (unsecured)	4,779	2,000	-	-
Working capital loans (secured)	1,000	8,400	-	-
Invoice financing (unsecured)	-	163	-	-
Total borrowings	7,646	13,230	1,867	2,667

Presented on the statements of financial position:

Non-current	4,789	3,787	1,067	1,867
Current	2,857	9,443	800	800
	7,646	13,230	1,867	2,667

The secured term loan is pledged by legal mortgage of the Group's leasehold property and extension, addition and alteration works (Note 9), corporate guarantee from its associated companies, GL Lighting Holding Pte. Ltd. and Arco Illumination Pte. Ltd., fixed charge over the shares of GL Lighting Holding Pte. Ltd. and debenture over Arco Illumination Pte. Ltd.

The unsecured term loans are covered by a corporate guarantee from the Company.

The working capital loans are secured by legal mortgage of the Group's leasehold property and extension, addition and alteration works (Note 9) and covered by a corporate guarantee from the Company.

Invoice financing was covered by a corporate guarantee from the Company.

Interest rates at the end of the reporting period were as follows:

Term loan (secured) - Variable rates ranging from 3.17% to 3.20% (2020: 3.17% to 4.64%) per annum.

Term loans (unsecured) - Fixed rate of 2.5% per annum.

Working capital loans - Variable rates ranging from 1.53% to 1.70% (2020: 1.67% to 3.06%) per annum.

Invoice financing bore fixed rate at 0.67% per month calculated on daily basis at the end of the previous reporting period.

The secured term loan and working capital loans are floating rate instruments that are repriced to market interest rates on or near the end of the reporting period. Accordingly, the fair values of these floating rate borrowings approximate their carrying amounts at the end of the reporting period. This fair value measurement for disclosures purposes is categorised in Level 2 of the fair value hierarchy.

The fair values of the unsecured term loans and invoice financing at the end of the reporting period approximate its carrying value as there are no significant changes in the market lending interest rates available to the Group at the end of the reporting period.

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

For the financial year ended 31 December 2021

22 Borrowings (cont'd)

Reconciliation of movements of liabilities to cash flows arising from financing activities:

	Borrowings \$'000	Lease liabilities (Note 23) \$'000	Convertible loan notes \$'000	Amount due to ultimate holding (Note 24) \$'000	Total \$'000
Balance at 1 January 2021	13,230	8,888	–	305	22,423
Changes from financing cash flows:					
- Drawdown	3,000	–	–	22	3,022
- Repayment	(1,020)	(642)	–	–	(1,662)
- Net repayment of short term borrowings	(7,564)	–	–	–	(7,564)
- Interest paid	(226)	(379)	–	–	(605)
Non-cash changes:					
- Interest expense	226	379	–	–	605
- New lease	–	528	–	–	528
- Early termination	–	(108)	–	–	(108)
- Currency translation differences	–	(15)	–	–	(15)
Balance at 31 December 2021	7,646	8,651	–	327	16,624
Balance at 1 January 2020	17,269	8,742	727	380	27,118
Changes from financing cash flows:					
- Drawdown	2,000	–	–	–	2,000
- Repayment	(800)	(393)	(727)	(75)	(1,995)
- Net repayment of short term borrowings	(5,239)	–	–	–	(5,239)
- Interest paid	(504)	(378)	(23)	–	(905)
Non-cash changes:					
- Interest expense	504	378	23	–	905
- New lease	–	539	–	–	539
Balance at 31 December 2020	13,230	8,888	–	305	22,423

23 Lease liabilities

	Group	
	2021 \$'000	2020 \$'000
Current	471	517
Non-current	8,180	8,371
	8,651	8,888

24 Other payables and accruals

	Group		Company	
	2021 \$'000	2020 \$'000	2021 \$'000	2020 \$'000
Amount due to ultimate holding company	327	305	297	302
Accrued operating expenses	2,275	4,144	740	669
Accrual for directors' fees				
- directors of the Company	300	300	300	300
- directors of subsidiaries	100	90	–	–
Amounts due to subsidiaries	–	–	7,965	11,944
Other creditors	946	334	53	76
Deferred grant income	–	273	–	55
GST payable	47	49	39	41
	3,995	5,495	9,394	13,387

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

For the financial year ended 31 December 2021

24 Other payables and accruals (cont'd)

The amounts due to ultimate holding company and subsidiaries are non-trade in nature, unsecured and repayable on demand, except for an amount of \$7,189,000 (2020: \$11,143,000) due to a subsidiary which bears interest rates ranging from 2.84% to 3.34% (2020: 2.75% to 5%) per annum during the financial year, based on the average cost of funds incurred by the Group.

25 Provisions

	Group	
	2021	2020
	\$'000	\$'000
Provision for liabilities	–	514
Provision for warranty	102	490
	102	1,004

The provision for liabilities relates to certain subsidiaries and joint ventures that are either in the process of liquidation or under liquidation. The provision for liabilities was reversed to profit or loss during the financial year as the liquidation of Gulf Specialty Steel Industries LLC ("GSSI"), a 51% owned joint venture of the Group, has been completed during the financial year.

	Group	
	2021	2020
	\$'000	\$'000
Movement in provision for liabilities is as follows:		
At 1 January	514	–
Reversal during the year (Note 6)	(514)	514
At 31 December 2021	–	514

The provision for warranty relates mainly to goods sold during the year. The Group gives 12 months warranties on certain products and undertakes to repair or replace items that fail to perform satisfactorily. A provision is recognised at the end of the reporting period for expected warranty claims determined based on current sales levels, and past experience of the level of repairs and returns.

Movement in provision for warranty is as follows:

	Group	
	2021	2020
	\$'000	\$'000
At 1 January	490	7
Additional during the year	158	555
Reversal of provision during the financial year	(546)	(72)
At 31 December	102	490

26 Share capital

	Group and Company			
	2021		2020	
	Number of issued shares \$'000	Total share capital \$'000	Number of issued shares \$'000	Total share capital \$'000
<u>Issued and fully paid capital</u>				
Balance at 1 January and 31 December 2021	300,000	58,535	300,000	58,535

The holders of ordinary shares are entitled to receive dividends as and when declared by the Company. All ordinary shares carry one vote per share without restriction. The ordinary shares have no par value.

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

For the financial year ended 31 December 2021

27 Dividend

	Group	
	2021	2020
	\$'000	\$'000
Tax-exempt one tier final dividend of 0.5 cents (2020: Nil) per share paid in respect of the previous financial year	<u>1,500</u>	–

Subsequent to the end of the financial year, the Directors of the Company recommended that a tax-exempt one tier final dividend of 0.5 cents per ordinary share totalling \$1.5 million be paid for the financial year ended 31 December 2021. The dividend is subject to approval by shareholders at the forthcoming Annual General Meeting and hence the proposed dividend has not been accrued as a liability for the current financial year.

28 Capital reserves

The capital reserves relate to excess of consideration paid over net assets attributable to non-controlling interests in subsidiaries acquired. In 2020, the Company acquired additional equity interest in one of its subsidiaries, BOSI and reduced equity interest in one of the subsidiaries, AIH.

29 Contingent liabilities

	Company	
	2021	2020
	\$'000	\$'000
Corporate guarantees for financing facilities granted by financial institutions to:		
- Subsidiaries	<u>23,700</u>	20,700
Corporate guarantees for financing facilities utilised:		
- Subsidiaries	<u>5,779</u>	10,563

The Company has issued corporate guarantees to financial institutions for financing facilities granted to its subsidiaries. These guarantees are financial guarantee contracts as they require the Company to reimburse the financial institutions if the subsidiaries default on their payments to the financial institutions or otherwise breach any covenants (Note 31(c)).

30 Related party transactions

In addition to information disclosed elsewhere in the financial statements, the following transactions took place between the Group and related parties, who are not members of the Group during the financial year on terms agreed by the parties concerned:

	Group	
	2021	2020
	\$'000	\$'000
<u>With jointly controlled entities</u>		
Dividend income	377	784
Sales of goods	367	357
Purchase of goods	–	219
<u>With associated companies</u>		
Sales of goods	1,281	2,175
Management fee income	29	29
Purchase of goods	2,970	3,163
Interest income	192	233
<u>With ultimate holding company</u>		
Advance from	<u>22</u>	–

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

For the financial year ended 31 December 2021

31 Financial instruments

Categories of financial instruments

Financial instruments at the end of the reporting period are as follows:

	Group		Company	
	2021 \$'000	2020 \$'000	2021 \$'000	2020 \$'000
<i>Financial assets</i>				
Financial assets at amortised cost	25,790	26,022	7,955	10,076
Financial assets, at fair value through profit or loss	5	4	–	–
<i>Financial liabilities</i>				
At amortised cost	25,426	29,868	11,136	15,877

Financial risk management

The Group's activities expose it to market risk (including foreign exchange risk, interest rate risk and commodity price risk), liquidity risk and credit risk. The Group's overall financial risk management strategy seeks to minimise adverse effects from the unpredictability of financial markets on the Group's financial performance.

The Board of Directors provides written principles for overall financial risk management and written policies covering the specific areas above. Such written policies are reviewed periodically by the Board of Directors.

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

a) Market risk

Foreign exchange risk

Foreign currency risk arises on certain sales and purchases transactions that are denominated in currencies other than the respective functional currencies of entities in the Group. The currencies that give rise to this risk are primarily United States Dollar and Euro.

The Group's foreign currency exposures are as follows:

	USD \$'000	EUR \$'000	Others \$'000
At 31 December 2021			
<i>Financial assets</i>			
Cash and cash equivalents	1,945	175	130
Trade and other receivables	7,114	1	287
	9,059	176	417
<i>Financial liabilities</i>			
Trade and other payables	(3,688)	(98)	(235)
Net exposure	5,371	78	182
At 31 December 2020			
<i>Financial assets</i>			
Cash and cash equivalents	2,868	94	111
Trade and other receivables	2,203	93	35
	5,071	187	146
<i>Financial liabilities</i>			
Trade and other payables	(1,369)	(111)	(346)
Net exposure	3,702	76	(200)

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

For the financial year ended 31 December 2021

31 Financial instruments (cont'd)

Categories of financial instruments (cont'd)

Financial risk management (cont'd)

a) Market risk (cont'd)

Foreign exchange risk (cont'd)

The following table demonstrates the sensitivity to a reasonably possible change in the USD exchange rates against the functional currency of the Group's entities, with all other variables held constant, of the Group's profit after tax:

	Group	
	Increase/(decrease) in profit after tax	
	2021	2020
	\$'000	\$'000
USD/SGD		
- strengthened 5%	269	154
- weakened 5%	(269)	(154)

Sensitivity analysis of the Company's foreign exchange risk exposure is not presented as a reasonably possible change of 5% in the foreign currencies exchange rates against the Company's functional currency, with all other variables held constant will have no significant impact on the Company's net profit or loss.

Interest rate risk

The Group's exposure to the risk of changes in interest rates arise mainly from the Group's borrowings. Interest expense from borrowings arises from term loan (secured) and working capital loans (Note 22).

The Company's exposure to interest rate risk is minimal as the impact of interest rate fluctuations on loans to subsidiaries (Note 20(a)) and term loan (Note 22) are insignificant, and the Company has no other interest-bearing liabilities.

Sensitivity analysis of the Group's and Company's interest rate risk exposures are not presented as the impact of an increase/decrease of 50 basis points in interest rates are not expected to be significant.

b) Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting financial obligations due to shortage of funds. The Group's exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and liabilities. The Group manages the liquidity risk by maintaining sufficient cash to enable them to meet their normal operating commitments and having an adequate amount of committed credit facilities (Note 22).

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

	1 year or less \$'000	1 to 5 year \$'000	More than 5 years \$'000	Total \$'000
Group				
2021				
Trade and other payables	9,129	–	–	9,129
Borrowings	3,034	5,141	–	8,175
Lease liabilities	809	2,609	9,644	13,062
	12,972	7,750	9,644	30,366
2020				
Trade and other payables	7,750	–	–	7,750
Borrowings	9,721	3,952	–	13,673
Lease liabilities	883	2,537	10,223	13,643
	18,354	6,489	10,223	35,066

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

For the financial year ended 31 December 2021

31 Financial instruments (cont'd)

Financial risk management (cont'd)

b) Liquidity risk (cont'd)

The table below summarises the maturity profile of the Group's and Company's non-derivative financial liabilities at the end of the reporting period based on contractual undiscounted repayment obligations. (cont'd)

	1 year or less \$'000	1 to 5 year \$'000	More than 5 years \$'000	Total \$'000
Company				
2021				
Trade and other payables	9,269	–	–	9,269
Borrowings	843	1,091	–	1,934
Financial guarantee contracts (Note 29)	5,779	–	–	5,779
	15,891	1,091	–	16,982
2020				
Trade and other payables	13,210	–	–	13,210
Borrowings	871	1,936	–	2,807
Financial guarantee contracts (Note 29)	10,400	–	–	10,400
	24,481	1,936	–	26,417

c) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. For trade receivables, the Group adopts the policy of dealing only with customers of appropriate credit history and obtaining sufficient security where appropriate to mitigate credit risk.

Credit exposure to an individual counterparty is restricted by credit limits that are approved by the Group Finance department based on ongoing credit evaluation. The counterparty's payment profile and credit exposure are continuously monitored at the entity level by the Group Finance department.

The Group's 3 (2020: 3) largest trade receivables amounted to \$2,798,000 (2020: \$2,300,000) and this represented 27% (2020: 28%) of the carrying amounts of trade receivables and of which one major corporate customer represented 12% (2020: 12%) of the carrying amounts of trade receivables. The Company has no significant concentration of credit risk except for the loan to an associated company as disclosed in Note 16.

As the Group and Company do not hold any collateral, the maximum exposure to credit risk is the carrying amount of each class of financial instruments presented on the statements of financial position and the amount of \$23,700,000 (2020: \$20,700,000) relating to corporate guarantees given by the Company to financial institutions for the subsidiaries' borrowings.

The following sets out the Group's internal credit evaluation practices and basis for recognition and measurement of expected credit losses (ECL):

Description of evaluation of financial assets	Basis for recognition and measurement of ECL
Counterparty has a low risk of default and does not have any past due amounts	12-month ECL
Debts that are less than 360 days past due or where there has been a significant increase in credit risk since initial recognition. The presumption of significant increase in credit risk after 30 days past due is not suitable for application in the industries that the Group operates in	Lifetime ECL - not credit-impaired
Debts that are more than 360 days past due or there is evidence of credit impairment	Lifetime ECL - credit-impaired
There is evidence indicating that the Group has no reasonable expectation of recovery of payments such as when the debtor has been placed under liquidation or has entered into bankruptcy proceedings	Write-off

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

For the financial year ended 31 December 2021

31 Financial instruments (cont'd)

Financial risk management (cont'd)

c) Credit risk (cont'd)

Significant increase in credit risk

In assessing whether the credit risk on a financial asset has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial asset as at the reporting date with the risk of a default occurring on the financial asset as at the date of initial recognition. In making this assessment, the Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information, such as future economic and industry outlook, that is available without undue cost or effort.

In particular, the Group considers the following information when assessing whether credit risk has increased significantly since initial recognition:

- Existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations;
- An actual or expected significant deterioration in the operating results/key financial performance ratios of the debtor;
- Significant increases in credit risk on other financial instruments of the same debtor;
- An actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that results in a significant decrease in the debtor's ability to meet its debt obligations.

The Group regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying significant increase in credit risk before the amount becomes past due.

The Group also assumes that the credit risk on a financial instrument has not increased significantly since initial recognition if the financial asset is determined to have low credit risk at the reporting date. A financial instrument is determined to have low credit risk if it has an internal or external credit rating of "investment grade" as per globally understood definition, or the financial asset has a low risk of default; the borrower has a strong capacity to meet its contractual cash flow obligations in the near term; and adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations.

Definition of default

The Group considers the following as constituting an event of default for internal credit risk management purposes as historical experience indicates that receivables that meet either of the following criteria are generally not recoverable.

- When there is a breach of financial covenants by the counterparty; or
- Information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Group, in full (without taking into account any collaterals held by the Group).

Irrespective of the above analysis, the Group considers that default has occurred when a financial asset is more than 360 days past due unless the Group has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

Credit-impaired financial assets

A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred such as evidence that the borrower is in significant financial difficulty, there is a breach of contract such as default or past due event; there is information that it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation; the disappearance of an active market for that financial asset because of financial difficulties; or the purchase or origination of a financial asset at a deep discount that reflects the incurred credit losses.

Estimation techniques and significant assumptions

There has been no change in the estimation techniques or significant assumptions made during the current financial year for recognition and measurement of credit loss allowance.

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

For the financial year ended 31 December 2021

31 Financial instruments (cont'd)

Financial risk management (cont'd)

c) Credit risk (cont'd)

Movements in credit loss allowance are as follows:

	Trade receivables		Other receivables	
	2021 \$'000	2020 \$'000	2021 \$'000	2020 \$'000
Group				
Balance at 1 January	5,368	6,461	10	–
Loss allowance (reversed)/measured				
Lifetime ECL				
- simplified approach	(20)	(553)	–	–
- credit impaired	(1,369)	(364)	–	10
Receivables written off as uncollectable	(48)	(176)	–	–
Balance at 31 December	3,931	5,368	10	10
			Amounts due from subsidiaries	
			2021 \$'000	2020 \$'000
Company				
Balance at 1 January			18,758	63,602
Loss allowance measured:				
Lifetime ECL - credit-impaired			–	53
Receivables written off as uncollectable			(17,129)	(44,897)
Balance at 31 December			1,629	18,758

The credit loss for cash and cash equivalents, contract assets and other receivables are immaterial as at 31 December 2021 and 31 December 2020.

Trade receivables

The Group determines the ECL of trade receivables by making a full allowance for debtors regarded as credit-impaired where one or more credit impairment events have occurred and using a provision matrix for remaining trade receivables.

The contract assets relate to unbilled work-in-progress, 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. Trade receivables and contract assets that shared the same credit risk characteristics and days past due are grouped together in measuring the expected credit losses.

Age brackets of 'not past due' and 'past due 0 to 360 days' were used as it is common for invoices to be repaid anytime within the credit term up to 360 days past due from invoice date in the offshore and marine industry. Receivables past due for more than 360 days were deemed to be credit-impaired. Management does not expect any significant improvement or deterioration in market conditions in the near future.

The Group estimates the expected credit loss rates for each category of past due status of the debtors based on historical credit loss experience, adjusted as appropriate to reflect current conditions and forecasts of future economic conditions with consideration of the impact of COVID-19 pandemic on the ability of the customers to settle the receivables.

There has been no change in the estimation techniques or significant assumptions made during the current financial year.

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

For the financial year ended 31 December 2021

31 Financial instruments (cont'd)

Financial risk management (cont'd)

c) Credit risk (cont'd)

Trade receivables (cont'd)

The Group has recognised a loss allowance of 100% against all trade receivables over 360 days past due because historical experience has indicated that these receivables are generally not recoverable. A trade receivable is written off when there is information indicating that there is no realistic prospect of recovery from the debtor.

The Group's credit risk exposure in relation to trade receivables under SFRS(I) 9 as at 31 December 2021 and 31 December 2020 are set out in the provision matrix below:

	Not past due	Past due 0 to 360 days	Past due 360 days	Credit-impaired	Total
2021					
<i>Electrical and Technical Supply</i>					
Expected loss rate	0.19%	0.17%	100%	100%	
Gross receivables (\$'000)	3,902	2,964	–	3,918	10,784
Loss allowance (\$'000)	8	5	–	3,918	3,931
<i>Security</i>					
Expected loss rate	0%	0%	100%	100%	
Gross receivables (\$'000)	1,087	897	–	–	1,984
Loss allowance (\$'000)	–	–	–	–	–
<i>Integration Engineering</i>					
Expected loss rate	0%	0%	0%	100%	
Gross receivables (\$'000)	584	517	315	–	1,416
Loss allowance (\$'000)	–	–	–	–	–
Total gross receivables (\$'000)	5,573	4,378	315	3,918	14,184
Total loss allowance (\$'000)	(8)	(5)	–	(3,918)	(3,931)
Net carrying amount (\$'000)	5,565	4,373	315	–	10,253

No credit loss allowance is required on the amount past due for 360 days for Integration Engineering as the trade receivables are guaranteed by Lee Sze Min under the sale and purchase agreement in relation to the acquisition of Sea Forrest Engineering Pte Ltd.

	Not past due	Past due 0 to 360 days	Credit-impaired	Total
2020				
<i>Electrical and Technical Supply</i>				
Expected loss rate	0.23%	0.35%	100%	
Gross receivables (\$'000)	2,932	3,678	5,348	11,958
Loss allowance (\$'000)	7	13	5,348	5,368
<i>Security</i>				
Expected loss rate	0%	0%	100%	
Gross receivables (\$'000)	311	733	–	1,044
Loss allowance (\$'000)	–	–	–	–
<i>Integration Engineering</i>				
Expected loss rate	0%	0%	100%	
Gross receivables (\$'000)	139	431	–	570
Loss allowance (\$'000)	–	–	–	–
Total gross receivables (\$'000)	3,382	4,842	5,348	13,572
Total loss allowance (\$'000)	(7)	(13)	(5,348)	(5,368)
Net carrying amount (\$'000)	3,375	4,829	–	8,204

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

For the financial year ended 31 December 2021

31 Financial instruments (cont'd)

Financial risk management (cont'd)

c) Credit risk (cont'd)

Other financial assets at amortised cost

The table below details the credit quality of the Group and Company's financial assets:

	12-month or lifetime ECL	Gross carrying amount \$'000	Loss allowance \$'000	Net carrying amount \$'000
Group 2021				
Cash and cash equivalents with financial institutions	N.A. Exposure Limited	9,601	–	9,601
Loan to an associated company	Lifetime ECL	4,000	–	4,000
Due from an associated company	Lifetime ECL	1,423	–	1,423
Other receivables	Lifetime ECL	10	(10)	–
	N.A. Exposure Limited	513	–	513
2020				
Cash and cash equivalents with financial institutions	N.A. Exposure Limited	12,070	–	12,070
Loan to an associated company	Lifetime ECL	4,000	–	4,000
Due from an associated company	Lifetime ECL	1,191	–	1,191
Other receivables	Lifetime ECL	10	(10)	–
	N.A. Exposure Limited	557	–	557
Company 2021				
Due from subsidiaries	Lifetime ECL	3,910	(1,629)	2,281
Cash and cash equivalents with financial institutions	N.A. Exposure Limited	443	–	443
Loan to an associated company	Lifetime ECL	4,000	–	4,000
Due from an associated company	Lifetime ECL	1,231	–	1,231
2020				
Due from subsidiaries	Lifetime ECL	21,339	(18,758)	2,581
Cash and cash equivalents with financial institutions	N.A. Exposure Limited	2,448	–	2,448
Loan to an associated company	Lifetime ECL	4,000	–	4,000
Due from an associated company	Lifetime ECL	1,006	–	1,006
Other receivables	N.A. Exposure Limited	41	–	41

Amount due from and loan to an associated company

For the amounts due from and loan to an associated company where impairment loss allowance is measured using lifetime ECL, the Group and the Company assessed the latest performance and financial position of the associated company, adjusted for the future outlook of the industry in which the associated company operates in, and concluded that there has been significant increase in the credit risk since the initial recognition of the financial assets. Accordingly, the Group and the Company measured the impairment loss allowance using lifetime ECL.

Financial guarantees

The Company has issued financial guarantees to financial institutions for borrowings of its subsidiaries. These guarantees are subject to the impairment requirements of SFRS(I) 9. The directors do not expect credit loss exposure arising from these guarantees in view of the financial strength of the subsidiaries and that certain borrowings were secured by legal mortgage of one of its subsidiary's leasehold properties.

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

For the financial year ended 31 December 2021

32 Fair value of assets and liabilities

a) Fair value hierarchy

The tables below analyse the fair value measurements by the levels in the fair value hierarchy based on the inputs to the valuation techniques. The different levels are defined as follows:

- i) Level 1 - quoted prices (unadjusted) in active markets for identical assets or liabilities;
- ii) Level 2 - inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly (i.e. derived from prices); and
- iii) Level 3 - inputs for the asset or liability that are not based on observable market data (unobservable inputs).

b) Fair value measurements of assets and liabilities that are measured at fair value

The following table presents the level of fair value hierarchy for each class of assets and liabilities measured at fair value on the statements of financial position at the end of the reporting period:

	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
Group				
2021				
<i>Recurring fair value measurements</i>				
Financial assets				
Financial assets, at fair value through profit or loss				
- quoted equity shares	5	-	-	5
2020				
<i>Recurring fair value measurements</i>				
Financial assets				
Financial assets, at fair value through profit or loss				
- quoted equity shares	4	-	-	4

The fair value of the quoted equity shares is based on quoted market prices at the end of the reporting period.

c) Assets not carried at fair value but for which fair value is disclosed

The fair values of the leasehold properties and extension, addition and alteration works for disclosure purposes are categorised within Level 3 of the fair value hierarchy.

The fair values of the Group's leasehold properties and extension, addition and alteration works were determined based on valuations performed by independent professional valuer, having appropriate professional qualifications and experience in the location and category of property being valued at the of the reporting period, using the comparable sales method as primary method for valuation and used income method as a counter check to the valuation analysis.

Based on the comparable sales method, comparison was made to recent sales transactions of similar properties, preferably in the vicinity. Appropriate adjustments are made for differences in location, age, tenure, area, design and layout, condition, standard of finishes, date of transaction and the prevailing economic conditions affecting the property market, among others, affecting its value. Any significant changes to the adjustments made to market value for differences in location or condition would result in higher or lower fair value measurement. For income method, the estimated annual rent of the property is capitalised over the remaining term of the lease at an appropriate rate, after deducting the property tax payable and other outgoings to arrive at the capital value of property. The current property market is uncertain and the value of the property may be affected by the impact and timing of recovery of the property market impacted by the current COVID-19 pandemic.

d) Fair value of financial instruments by classes that are not carried at fair value and those carrying amounts are reasonable approximation of fair value

The carrying amounts of non-current loan to an associated company and non-current borrowings approximate their fair values at the end of the reporting period, as the market lending rates at the end of the reporting period were not significantly different from either their respective coupon rates of the agreements or market lending rate at the initial measurement date. The basis of determining fair value disclosure purposes at the end of the reporting period are disclosed in Note 22.

The above does not include financial assets and financial liabilities whose carrying amounts measured on the amortised cost basis approximate their fair values due to their short-term nature and where the effect of discounting is immaterial.

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

For the financial year ended 31 December 2021

33 Segment information

For management purpose, the Group is organised into business segments, with each segment representing a strategic business segment that offers different products/services. The Group has four main business segments, Electrical and Technical Supply, Green LED Lighting, Security and Integration Engineering Segments.

Electrical and Technical supply segment comprises trading in goods for marine cables, lighting equipment and accessories. Security segment comprises the business from cybersecurity solutions, marine surveillance systems and thermal scanners. Integration Engineering segment comprises the business from engineering services.

The following tables present revenue, segment results, assets and liabilities, depreciation, other significant non-cash items and capital expenditure information for the Group.

	Electrical and Technical Supply \$'000	Green LED Lighting \$'000	Security \$'000	Integration Engineering \$'000	Corporate \$'000	Elimi- nations \$'000	Total \$'000
2021							
Segment revenue:							
Sales to external customers	34,753	–	9,203	2,885	–	–	46,841
Intersegment sales	177	–	1,115	–	–	(1,292)	–
Total revenue	34,930	–	10,318	2,885	–	(1,292)	46,841
Segment results	9,595	–	593	(2,224)	(2,982)	–	4,982
Share of profit/(loss) from equity - accounted joint ventures and associates	539	(788)	–	–	–	–	(249)
Profit before tax							4,733
Income tax expense							(302)
Profit after tax							4,431
Depreciation and amortisation	1,003	–	581	248	–	–	1,832
Interest income	6	–	–	–	186	–	192
Finance cost	482	–	37	14	72	–	605
Other significant non-cash items	(2,452)	–	(380)	1,323	(514)	–	(2,023)
Segment assets	52,893	–	13,759	11,725	5,708	–	84,085
Unallocated assets							546
Total assets							84,631
<i>Segment assets includes</i>							
Investment in joint ventures and associates	2,390	–	–	–	–	–	2,390
Additions to non-current assets	424	–	1,191	788	–	–	2,403
Segment liabilities	19,054	–	5,364	1,758	3,371	–	29,547
Unallocated liabilities							1,597
Total liabilities							31,144

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

For the financial year ended 31 December 2021

33 Segment information (cont'd)

	Electrical and Technical Supply \$'000	Green LED Lighting \$'000	Security \$'000	Integration Engineering \$'000	Corporate \$'000	Elimi- nations \$'000	Total \$'000
2020							
Segment revenue:							
Sales to external customers	29,325	–	20,302	3,592	–	–	53,219
Intersegment sales	203	–	599	–	–	(802)	–
Total revenue	29,528	–	20,901	3,592	–	(802)	53,219
Segment results	5,904	–	7,953	10	(7,634)	–	6,233
Share of profit/(loss) from equity - accounted joint ventures and associates	422	(626)	–	–	–	–	(204)
Profit before tax							6,029
Income tax expense							(1,176)
Profit after tax							4,853
Depreciation and amortisation	1,100	–	275	89	–	–	1,464
Interest income	9	–	1	–	226	–	236
Finance cost	643	–	46	101	115	–	905
Other significant non-cash items	5	–	778	40	–	–	823
Segment assets	55,090	630	11,508	11,815	7,538	–	86,581
Unallocated assets							11
Total assets							86,592
<i>Segment assets includes</i>							
Investment in joint ventures and associates	2,198	630	–	–	–	–	2,828
Additions to non-current assets	104	–	399	1,643	–	–	2,146
Segment liabilities	23,420	–	5,537	1,129	4,626	–	34,712
Unallocated liabilities							1,593
Total liabilities							36,305

Significant non-cash items (other than depreciation and amortisation) consist of the following:

	Group	
	2021	2020
	\$'000	\$'000
Reversal of impairment loss on trade receivables	(1,389)	(917)
Reversal of provision for liabilities	(514)	–
(Reversal of)/provision for warranty	(388)	483
Write down of inventories	231	943
Intangible assets written off	29	264
Impairment loss on intangible assets	–	40
Others	8	10
	(2,023)	823

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

For the financial year ended 31 December 2021

33 Segment information (cont'd)

Segment results

Performance of each segment is evaluated based on segment profit or loss which is measured differently from the net profit or loss before tax in the consolidated financial statements.

Segment assets

The amounts provided to the Management with respect to total assets are measured in a manner consistent with that of the financial statements. Management monitors the assets attributable to each segment for the purposes of monitoring segment performance and for allocating resources between segments. All assets are allocated to reportable segments other than tax recoverable and deferred tax asset which are classified as unallocated assets.

Segment liabilities

The amounts provided to the Management with respect to total liabilities are measured in a manner consistent with that of the financial statements. All liabilities are allocated to the reportable segments based on the operations of the segments other than tax payable and deferred tax liabilities which are classified as unallocated liabilities.

Geographical information

Revenue and non-current assets information based on the billing location of customers and assets respectively are as follows:

	Revenue		Non-current assets	
	2021 \$'000	2020 \$'000	2021 \$'000	2020 \$'000
Singapore	26,476	27,871	21,274	21,781
Japan	6,566	6,318	–	–
Peru	3,594	–	–	–
India	2,035	545	–	–
People's Republic of China	1,331	138	–	630
Philippines	975	333	–	–
United Arab Emirates	927	857	2,390	2,198
United States of America	818	11,758	450	18
Other countries	4,119	5,399	127	247
	46,841	53,219	24,241	24,874

Other countries comprise Malaysia, Cyprus, Indonesia, United Kingdom, Vietnam, Taiwan and others.

Non-current assets information presented above are non-current assets as presented on the consolidated statement of financial position excluding deferred tax assets, loan to an associated company and other financial assets.

Information about major customer

Revenue of approximately \$5,042,000 (2020: \$4,625,000) are derived from one external customer that contributes 11% (2020: 9%) of the Group revenue and are mainly attributable to the Electrical and Technical Supply Segment (2020: Security Segment).

34 Capital management

The Group's objective when managing capital is to safeguard the Group's ability to continue as a going concern and to maintain an optimal capital structure so as to maximise shareholders' value. In order to maintain or achieve an optimal capital structure, the Group may adjust the amount of dividend payment, return capital to shareholders, issue new shares, buy back issued shares, obtain new borrowings or sell assets to reduce borrowings.

The capital structure of the Group mainly consists of equity and borrowings and the Group's overall strategy remains unchanged from 2020.

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

For the financial year ended 31 December 2021

35 Subsequent events

On 16 February 2022, the Group announced an internal restructuring exercise. Sea Forrest Technologies Pte Ltd, an 80% subsidiary of the Group will transfer its 100% interest in BOS Offshore & Marine Pte Ltd ('BOS') and 35% interest in BOS Marine Offshore Engineering Corporation ('BOSMEC') to One BHG Pte Ltd, a wholly-owned direct subsidiary of the Company, at \$1 each. The effect of the internal restructuring is to increase the Group's effective interest in BOS from 80% to 100%, and in BOSMEC from 28% to 35%.

Details of effects on the Group's profit or loss and cash flows for the financial year ending 31 December 2022 are not disclosed as the accounting for this restructuring is still in progress at the time these financial statements are authorised for issue.

36 Authorisation of financial statements

The consolidated financial statements of the Group and the statements of financial position and statement of changes in equity of the Company for the financial year ended 31 December 2021 were authorised for issue in accordance with a resolution of the directors dated 31 March 2022.

STATISTICS OF SHAREHOLDINGS

SHARE CAPITAL INFORMATION AS AT 23 MARCH 2022

Number of Shares	:	299,999,987
Class of Shares	:	Ordinary Shares
Voting Rights	:	One vote per share

DISTRIBUTION OF SHAREHOLDERS BY SIZE OF SHAREHOLDINGS AS AT 23 MARCH 2022

SIZE OF SHAREHOLDINGS	NO. OF SHAREHOLDERS	%	NO. OF SHARES	%
1 - 99	79	4.35	3,970	0.00
100 - 1,000	181	9.98	85,589	0.03
1,001 - 10,000	1,138	62.73	4,988,611	1.66
10,001 - 1,000,000	409	22.55	21,885,373	7.30
1,000,001 AND ABOVE	7	0.39	273,036,444	91.01
TOTAL	1,814	100.00	299,999,987	100.00

TWENTY LARGEST SHAREHOLDERS AS AT 23 MARCH 2022

	SHAREHOLDER'S NAME	NUMBER OF SHARES HELD	%
1	BENG HUI HOLDING (S) PTE LTD	238,692,444	79.56
2	CITIBANK NOMINEES SINGAPORE PTE LTD	17,447,973	5.82
3	POH CHOO BIN	7,894,025	2.63
4	LIM HUAY HUA	2,392,930	0.80
5	LIM HUI ENG	2,392,930	0.80
6	LIM HUI PENG	2,392,930	0.80
7	LIM CHYE HOON EILEEN	1,823,212	0.61
8	DBS NOMINEES PTE LTD	792,900	0.26
9	UNITED OVERSEAS BANK NOMINEES PTE LTD	636,725	0.21
10	JOSEPHINE GOH LEH HUA	623,232	0.21
11	ALLAN LIM JING LOONG	598,232	0.20
12	JASMIN LIM RUI LI	598,232	0.20
13	JEAN LIM CUI XUAN	598,232	0.20
14	PHILLIP SECURITIES PTE LTD	591,550	0.20
15	SEE YONG HAI	537,500	0.18
16	CHAN KWAN BIAN	527,000	0.18
17	TAN INSURANCE BROKERS PTE LTD	457,300	0.15
18	GINA GOH LAY SUAN	418,000	0.14
19	LI LIYUAN	400,000	0.13
20	NG HIAN CHOW	399,975	0.13
	TOTAL	280,215,322	93.41

SUBSTANTIAL SHAREHOLDERS AS AT 23 MARCH 2022

NAME OF SUBSTANTIAL SHAREHOLDER	DIRECT INTEREST	%	DEEMED INTEREST	%
BENG HUI HOLDING (S) PTE. LTD.	238,692,444	79.56	–	–
LIM HUI ENG	2,392,930	0.80	238,692,444	79.56
LIM HUI PENG	2,392,930	0.80	238,692,444	79.56
LIM HUAY HUA	2,392,930	0.80	238,692,444	79.56
LIM CHYE HOON EILEEN	1,823,212	0.61	238,712,444	79.56

Deemed interests in the shares of the Company are by virtue of the individuals' shareholdings in Beng Hui Holding (S) Pte Ltd.

Rule 723 of the SGX Listing Manual - Free Float

Based on the information available to the Company as at 23 March 2022, approximately 17.39% of the issued Share Capital of the Company is being held by the public and therefore, Rule 723 of Listing Manual of the SGX-ST has been complied with.

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Annual General Meeting (“**AGM**”) of BH GLOBAL CORPORATION LIMITED (the “**Company**”) will be held by way of electronic means on Tuesday, 26 April 2022 at 10.00 a.m. to transact the following business:-

AS ORDINARY BUSINESS

- | | | |
|----|---|-----------------------|
| 1. | To receive and adopt the Directors’ Statement and Audited Financial Statements of the Company for the financial year ended 31 December 2021 and the Auditors’ Report thereon. | (Resolution 1) |
| 2. | To declare a Final Dividend of 0.5 Singapore cent per ordinary share (one-tier tax exempt) for the financial year ended 31 December 2021. | (Resolution 2) |
| 3. | To approve the Directors’ Fees of S\$300,000 for the financial year ended 31 December 2021 (2020: S\$300,000). | (Resolution 3) |
| 4. | To re-elect Mr Patrick Lim Hui Peng, a Director retiring pursuant to Regulation 104 of the Company’s Constitution.
<i>(See Explanatory Note 1)</i> | (Resolution 4) |
| 5. | To re-elect Mr Loh Weng Whye, a Director retiring pursuant to Regulation 104 of the Company’s Constitution.
<i>(See Explanatory Note 2)</i> | (Resolution 5) |
| 6. | To re-appoint Messrs Baker Tilly TFW LLP as auditors of the Company and to authorise the Directors to fix their remuneration. | (Resolution 6) |

AS SPECIAL BUSINESS

To consider and, if thought fit, to pass, with or without modifications, the following resolutions as Ordinary Resolutions:-

7. Share Issue Mandate

“That pursuant to Section 161 of the Companies Act 1967 (the “**Companies Act**”) and Rule 806 of the Listing Manual of the SGX-ST, authority be given to the Directors of the Company to issue shares (“**Shares**”) whether by way of rights, bonus or otherwise, and/or 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) warrants, debentures or other instruments convertible into Shares at any time and upon such terms and conditions and to such persons as the Directors may, in their absolute discretion, deem fit provided that:

- (a) the aggregate number of Shares (including Shares to be issued in pursuance of Instruments made or granted pursuant to this Resolution) does not exceed fifty per centum (50%) of the total number of issued Shares (excluding treasury shares and subsidiary holdings) in the capital of the Company at the time of the passing of this Resolution, of which the aggregate number of Shares and convertible securities to be issued other than on a pro-rata basis to all shareholders of the Company shall not exceed twenty per centum (20%) of the total number of issued Shares (excluding treasury shares and subsidiary holdings) in the share capital of the Company;

- (b) (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 (a) above, the total number of issued Shares (excluding treasury shares and subsidiary holdings) shall be based on the total number of issued Shares (excluding treasury shares and subsidiary holdings) of the Company as at the date of the passing of this Resolution, after adjusting for:
- (i) new Shares arising from the conversion or exercise of convertible securities;
 - (ii) new Shares arising from exercising share options or vesting of share awards, provided the options or awards were granted in compliance with Part VIII of Chapter 8 of the Listing Manual of the SGX-ST; and
 - (iii) any subsequent bonus issue, consolidation or subdivision of Shares;
- adjustments in accordance with sub-paragraphs (i) and (ii) 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 and, in relation to an Instrument, the number of Shares shall be taken to be that number as would have been issued had the rights therein been fully exercised or effected on the date of the making or granting of the Instrument;
- (c) and that such authority shall, unless revoked or varied by the Company in general meeting, continue in force until:
- (i) the conclusion of the Company's 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; or
 - (ii) in the case of Shares to be issued in accordance with the terms of convertible securities issued, made or granted pursuant to this Resolution, until the issuance of such Shares in accordance with the terms of such convertible securities."

(See Explanatory Note 3)

(Resolution 7)

8. **Authority to allot and issue shares under the BH Global Corporation Performance Share Plan 2020**

"That pursuant to Section 161 of the Companies Act, approval be and is hereby given to the Directors of the Company to allot and issue from time to time such number of new Shares in the share capital of the Company as may be required to be issued pursuant to the vesting of awards under the BH Global Corporation Performance Share Plan 2020 (the "**PSP 2020**"), provided always that the aggregate number of additional new Shares to be allotted and issued pursuant to the PSP 2020 and other share scheme(s) to be implemented by the Company (if any) shall not exceed 15% of the total number of issued Shares (excluding treasury shares and subsidiary holdings) of the Company 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 AGM of the Company or the date by which the next AGM of the Company is required by law to be held, whichever is earlier."

(See Explanatory Note 4)

(Resolution 8)

NOTICE OF ANNUAL GENERAL MEETING

9. Authority to Allot and Issue Shares under the BH Global Corporation Employee Share Option Scheme 2020

"That pursuant to Section 161 of the Companies Act, approval be and is hereby given to the Directors of the Company to allot and issue from time to time such number of new Shares in the share capital of the Company as may be required to be issued pursuant to the exercise of options granted in accordance with the provisions of the BH Global Corporation Employee Share Option Scheme 2020 (the "**ESOS 2020**"), provided always that the aggregate number of the ESOS 2020 Shares shall not exceed 15% of the total number of issued Shares (excluding treasury shares and subsidiary holdings) of the Company 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 AGM of the Company or the date by which the next AGM of the Company is required by law to be held, whichever is earlier."

(See Explanatory Note 5)

(Resolution 9)

10. The proposed renewal of the Share Purchase Mandate

" That

(a) for the purposes of Sections 76C and 76E of the Companies Act, and such other laws and regulations as may for the time being be applicable, approval be and is hereby given for the exercise by the Directors of the Company of all the powers of the Company to purchase or otherwise acquire issued and fully paid ordinary shares in the Company (the "**Shares**") not exceeding in aggregate the Prescribed Limit (as hereinafter defined), at such price or prices as may be determined by the Directors of the Company from time to time up to the Maximum Price (as hereinafter defined), whether by way of:

- (i) market purchases (each a "**Market Purchase**") on the SGX-ST; and/or
- (ii) off-market purchases (each an "**Off-Market Purchase**") effected otherwise than on the SGX-ST in accordance with any equal access scheme(s) as may be determined or formulated by the Directors of the Company as they consider fit, which scheme(s) shall satisfy all the conditions prescribed by the Companies Act,

and otherwise in accordance with all other laws, regulations and rules of the SGX-ST as may for the time being be applicable, be and is hereby authorised and approved generally and unconditionally (the "**Share Purchase Mandate**");

(b) unless varied or revoked by the Company in general meeting, the authority conferred on the Directors of the Company pursuant to the Share Purchase Mandate in paragraph (a) of this resolution may be exercised by the Directors of the Company at any time and from time to time during the period commencing from the date of the passing of this resolution and expiring on the earlier of:

- (i) the date on which the next annual general meeting of the Company is held;
- (ii) the date by which the next annual general meeting of the Company is required by law to be held;
- (iii) the date on which purchases or acquisitions of Shares are carried out to the full extent mandated pursuant to the Share Purchase Mandate; or
- (iv) the date on which the authority conferred by the Share Purchase Mandate is varied or revoked by the Company in general meeting, (the "**Relevant Period**");

(Collectively, the "**Relevant Period**");

(c) in this resolution:

“Prescribed Limit” means, subject to the Companies Act, ten per cent. (10%) of the total number of issued Shares of the Company as at the date of the passing of this resolution, unless the Company has effected a reduction of the share capital of the Company in accordance with the applicable provisions of the Companies Act, at any time during the Relevant Period, in which event the total number of issued Shares of the Company shall be taken to be the total number of issued Shares of the Company as altered after such capital reduction. Any Shares which are held as Treasury Shares will be disregarded for the purposes of computing the (10%) limit; and

“Maximum Price”, in relation to a Share to be purchased or acquired pursuant to the Share Purchase Mandate, means an amount (excluding brokerage, commission, stamp duties, clearance fees, applicable goods and services tax and other related expenses) not exceeding:

- (i) in the case of a Market Purchase, one hundred and five per cent. (105%) of the Average Closing Price (as defined hereinafter); and
- (ii) in the case of an Off-Market Purchase pursuant to an equal access scheme, one hundred and twenty per cent. (120%) of the Average Closing Price (as defined hereinafter),

where:

“Average Closing Price” means the average of the closing market prices of the Shares over the last five (5) Market Days on the SGX-ST, on which transactions in the Shares were recorded, before the day of the Market Purchase by the Company or, as the case may be, the date of the making of the offer pursuant to the Off-market Purchase, and deemed to be adjusted for any corporate action that occurs during the relevant five-day period and the day on which the purchases are made;

“day of the making of the offer” means the date on which the Company announces its intention to make an offer for the purchase or acquisition of Shares from its Shareholders, stating therein the purchase price (which shall not be more than the Maximum Price calculated on the foregoing basis) for each Share and the relevant terms of the equal access scheme for effecting the Off-market Purchase; and

“Market Day” means a day on which the SGX-ST is open for trading in securities;

- (d) the Directors of the Company be and are hereby authorised to deal with the Shares purchased or acquired by the Company pursuant to the Share Purchase Mandate in any manner as they think fit, which is permissible under the Companies Act; and
- (e) the Directors of the Company be and are hereby authorised to complete and do all such acts and things (including executing such documents as may be required) as they may consider expedient or necessary to give effect to the transactions contemplated by this resolution.

(See Explanatory Note 6)

(Resolution 10)

11. **To transact any other business which may properly be transacted at an AGM.**

On behalf of the Board

Vincent Lim Hui Eng
Executive Chairman and
Chief Executive Officer
8 April 2022

NOTICE OF ANNUAL GENERAL MEETING

Explanatory Notes:-

1. Mr Patrick Lim Hui Peng (Executive Director and Chief Operating Officer) is the sibling of the Executive Director and Chief Executive Officer, Mr Vincent Lim Hui Eng.

Detailed information on Mr Patrick Lim Hui Peng can be found under the “**Board of Directors**” and “Additional Information on Director seeking re-election pursuant to Rule 720(6) of the Listing Manual of the SGX-ST” sections in the Company’s Annual Report 2021.

2. Mr Loh Weng Whye (Independent Non-Executive) will, upon re-election as Director of the Company, continue to serve as the Chairman of the Remuneration Committee and a member of the Audit Committee and Nominating Committee. He will be considered independent for the purposes of Rule 704(8) of the Listing Manual of the Singapore Exchange Securities Trading Limited.

Detailed information on Mr Loh Weng Whye can be found under the “Board of Directors” and “Additional Information on Director seeking re-election pursuant to Rule 720(6) of the Listing Manual of the SGX-ST” sections in the Company’s Annual Report 2021.

3. The proposed Ordinary Resolution 7, if passed, will empower the Directors from the date of the AGM until the date of the next AGM, to allot and issue Shares and convertible securities in the Company up to an amount not exceeding fifty per centum (50%) of the total number of issued Shares (excluding treasury shares and subsidiary holdings) in the capital of the Company, of which up to twenty per centum (20%) may be issued other than on a pro-rata basis. For the purpose of this resolution, the total number of issued Shares (excluding treasury shares and subsidiary holdings) is based on the Company’s total number of issued Shares (excluding treasury shares and subsidiary holdings) at the time this proposed Ordinary Resolution is passed after adjusting for new Shares arising from the conversion or exercise of convertible securities, the exercise of share options or the vesting of share awards, provided the options or awards granted in compliance with Part VIII of Chapter 8 of the Listing Manual of the SGX-ST and any subsequent bonus issue, consolidation or subdivision of Shares.
4. Ordinary Resolution 8, if passed, will empower the Directors of the Company to allot and issue new Shares pursuant to PSP 2020, provided that the aggregate number of new Shares to be allotted and issued pursuant to the PSP 2020 and other share scheme(s) to be implemented by the Company (if any) shall not exceed 15% of the total number of issued Shares (excluding treasury shares and subsidiary holdings) of the Company. This authority will, unless revoked or varied at a general meeting, expire at the next AGM of the Company or by the date by which the next AGM of the Company is required by law to be held, whichever is earlier.
5. Ordinary Resolution 9, if passed, will empower the Directors of the Company to allot and issue new Shares pursuant to ESOS 2020 provided that the aggregate number of new Shares to be allotted and issued pursuant to the ESOS 2020 and other share-based incentive scheme(s) or plan(s) to be implemented by the Company (if any) shall not exceed 15% of the total number of issued Shares (excluding treasury shares and subsidiary holdings) of the Company. This authority will, unless revoked or varied at a general meeting, expire at the next AGM of the Company or by the date by which the next AGM of the Company is required by law to be held, whichever is earlier.
6. Ordinary Resolution 10, if passed, will empower the Directors of the Company, during the Relevant Period, to purchase or acquire up to 10% of the total number of issued Shares (excluding treasury shares and subsidiary holdings) of the Company as at the date of the passing of this Resolution. Details of the proposed renewal of Share Purchase Mandate, including the sources of funds to be used for the purchase or acquisition, the amount of financing (if any) and the illustrative financial effects on the Group, are set out in the Circular dated 8 April 2022 in relation to the proposed adoption of the share purchase mandate.

Notes:-

1. Pursuant to the COVID-19 (Temporary Measures) Act 2020 (Alternative Arrangements for Meetings for Companies, Variable Capital Companies, Business Trusts, Unit Trusts and Debenture Holders) Order 2020 (the “**Order**”), the Company has the option to hold a virtual meeting, even where the Company is permitted under safe distancing to hold a physical meeting. Due to current COVID-19 situation and the Company’s efforts to minimise physical interactions and COVID-19 transmission risk to a minimum, the AGM of the Company will be held by way of electronic means. Printed copies of this Notice of AGM and the proxy form has been sent to members. This Notice of AGM, with its accompanying proxy form will be made available by electronic means via publication on the Company’s website at the URL <https://www.bhglobal.com.sg>, as well as on the SGX website at the URL <https://www.sgx.com/securities/company-announcements>.

2. Alternative arrangements relating to attendance at the AGM via electronic means (including arrangements by which the meeting can be electronically accessed via live audio-visual webcast or live audio-only stream), submission of questions to the Chairman of the AGM in advance of the AGM, addressing of substantial and relevant questions at the AGM and voting by appointing the Chairman of the AGM as proxy at the AGM, pursuant to the Order, are set out herein.
3. **In the view of the above, a member will not be able to attend the AGM in person. A member (whether individual or corporate) must appoint the Chairman of the AGM as his/her/its proxy to attend, speak and vote on his/her/its behalf at the AGM in accordance with the instructions set out in the proxy form if such member wishes to exercise his/her/its voting rights at the AGM.** The accompanying proxy form for the AGM may also be accessed at the Company's website at the URL <https://www.bhgglobal.com.sg>, and will be made available on the SGX website at the URL <https://www.sgx.com/securities/company-announcements>.
4. Where a member (whether individual or corporate) appoints the Chairman of the AGM as his/her/its proxy, he/she/it must give specific instructions as to voting, or abstentions from voting, in respect of a resolution in the form of proxy, failing which the appointment of the Chairman of the AGM as proxy for that resolution will be treated as invalid.
5. CPF or SRS investors who wish to appoint the Chairman of the AGM as proxy should approach their respective CPF Agent Banks or SRS Operators to submit their votes at least seven (7) working days before the AGM.
6. Members who wish to observe the AGM proceedings via live audio-visual webcast or live audio-only stream will need to pre-register by accessing the Company's website at the URL <https://www.bhgglobal.com.sg> no later than 10.00 a.m. on 23 April 2022. Instructions on how to access the live audio-visual webcast or live audio-only stream of the AGM proceedings will be sent to authenticated members via electronic mail 24 hours before the AGM.
7. Members will not be able to ask questions during the live audio-visual webcast and live audio-only stream of the AGM proceedings. Therefore, it is important for shareholders to submit their questions in advance by entering your questions in the "Q&A" field when completing the pre-registration accessible on the Company's website at the URL <https://www.bhgglobal.com.sg>, or by sending an email to ir@bhgglobal.com.sg. All questions must be submitted by 10.00 a.m. on 18 April 2022. The Company will endeavour to address all substantial and relevant questions received from shareholders prior to the AGM by publishing the responses to those questions on SGX website at the URL <https://www.sgx.com/securities/company-announcements> and the Company's website at the URL <https://www.bhgglobal.com.sg>. Where substantial and relevant questions submitted by shareholders are unable to be addressed prior to the AGM, the Company will address them at the AGM. Members must provide their full names and identification numbers when writing in, along with their email addresses and phone contact numbers.
8. The Chairman of the AGM, as a proxy, need not be a member of the Company.
9. The instrument appointing the Chairman of the AGM as proxy must be submitted to the Company in the following manner:
 - (a) if submitted by post, be lodged with the office of the Company's Share Registrar, Tricor Barbinder Share Registration Services at 80 Robinson Road #11-02, Singapore 068898; or
 - (b) if submitted electronically, be submitted via email to the Company at sg.is.proxy@sg.tricorglobal.com,

in either case, at least 72 hours before the time for holding the AGM, means no later than 10.00 a.m. on 23 April 2022.

Printed copies of this Notice of AGM and the proxy form will be sent to members. A member who wishes to submit an instrument of proxy can download the proxy form, then complete and sign the proxy form, before submitting it by post to the address provided above, or before scanning and sending it by email to the email address provided above.

In view of the current COVID-19 situation and the related safe distancing measures which may make it difficult for members to submit completed proxy forms by post, members are strongly encouraged to submit completed proxy forms electronically via email.

PERSONAL DATA PRIVACY

By submitting an instrument appointing the Chairman of the AGM as proxy to attend, speak and vote at the AGM and/or any adjournment thereof, a member of the Company consents to the collection, use and disclosure of the member's personal data by the Company (or its agents or service providers) for the purpose of the processing, administration and analysis by the Company (or its agents or service providers) of the appointment of the Chairman as proxy 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 or service providers) to comply with any applicable laws, listing rules, regulations and/or guidelines.

DISCLOSURE OF INFORMATION ON DIRECTOR SEEKING RE-ELECTION PURSUANT TO RULE 720(6) OF THE LISTING MANUAL OF THE SGX-ST (THE "LISTING MANUAL")

Mr Patrick Lim Hui Peng, the Director seeking re-election at the forthcoming Annual General Meeting of the Company to be convened on 26 April 2022 ("AGM") (the "Retiring Director").

Pursuant to Rule 720(6) of the Listing Manual of the SGX-ST, the following is the information relating to the Retiring Directors as set out in Appendix 7.4.1 to the Listing Manual of the SGX-ST:

Date of Appointment	23 April 2004
Date of last re-appointment	18 April 2019
Age	55
Country of principal residence	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 Patrick Lim Hui Peng for re-appointment as Executive Director and Chief Operating Officer of the Company. The Board have reviewed and concluded that Mr Patrick Lim Hui Peng possess 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
Job Title (e.g. Lead ID, AC Chairman, AC Member etc.)	Executive Director and Chief Operating Officer and member of the Risk Management Committee and Group Sustainability Committee.
Professional qualifications	Mr Patrick Lim Hui Peng graduated from Ngee Ann Polytechnic with a Diploma in Electrical and Electronic Engineering in 1986.
Working experience and occupation(s) during the past 10 years	Mr Patrick Lim Hui Peng was appointed as Executive Director of BH Global in 2004 and has served as the Chief Operating Officer of the Group since 2008. He is responsible for the Group's operations and strategic planning of the Group's various divisions – Electrical and Technical Supply, Green LED Lighting, Integration Engineering, Cyber Security and Infrared and Thermal Sensing Technology divisions.
Shareholding interest in the listed issuer and its subsidiaries	Direct Interest: 2,392,930 Deemed Interest: 238,692,444
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	Mr Patrick Lim Hui Peng is the sibling of the Executive Director, Mr Vincent Lim Hui Eng.

Conflict of Interest (including any competing business)	No
Undertaking (in the format set out in Appendix 7.7) under Rule 720(1) has been submitted to the listed issuer	Yes
<p>Other Principal Commitments* Including Directorships#</p> <p>Past (for the last 5 years)</p> <p>Present</p>	<p>Past:</p> <p>Tung Hong Pte Ltd BH Auto Services Pte. Ltd. Global Steel Industries Pte. Ltd. PT. BH Marine & Offshore Engineering</p> <p>Present:</p> <p>BH Global Corporation Limited (SGX Listed) Athena Dynamics Pte. Ltd. Athena International Holdings Pte. Ltd. Beng Hui Holding (S) Pte Ltd Beng Hui Marine Electrical Pte. Ltd. BOS Offshore & Marine Pte. Ltd. Genesis Environtech Pte. Ltd. SASA Apac Pte. Ltd. Arco Illumination Pte. Ltd. Omnisense Systems Private Limited One BHG Pte. Ltd. Sopex Innovations Pte. Ltd. Sea Forrest Technologies Pte. Ltd. Sea Forrest Power Solutions Pte. Ltd. Sea Forrest Engineering Pte. Ltd.</p>

DISCLOSURE OF INFORMATION ON DIRECTOR SEEKING RE-ELECTION PURSUANT TO RULE 720(6) OF THE LISTING MANUAL OF THE SGX-ST (THE "LISTING MANUAL")

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
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
c) Whether there is any unsatisfied judgment against him	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
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
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
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
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
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

<p>j) Whether he has ever, to his knowledge, been concerned with the management or conduct, in Singapore or elsewhere, of the affairs of:–</p> <ul style="list-style-type: none"> 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 <p>in connection with any matter occurring or arising during that period when he was so concerned with the entity or business trust?</p>	No
<p>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?</p>	No
<p>Disclosure applicable to the appointment of Director only</p>	
<p>Any prior experience as a director of a listed company?</p> <p>If yes, please provide details of prior experience.</p> <p>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.</p> <p>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).</p>	N.A.

DISCLOSURE OF INFORMATION ON DIRECTOR SEEKING RE-ELECTION PURSUANT TO RULE 720(6) OF THE LISTING MANUAL OF THE SGX-ST (THE "LISTING MANUAL")

Mr Loh Weng Whye, the Director seeking re-election at the forthcoming Annual General Meeting of the Company to be convened on 26 April 2022 ("AGM") (the "Retiring Director").

Pursuant to Rule 720(6) of the Listing Manual of the SGX-ST, the following is the information relating to the Retiring Directors as set out in Appendix 7.4.1 to the Listing Manual of the SGX-ST:

Date of Appointment	3 August 2005
Date of last re-appointment	22 April 2021
Age	76
Country of principal residence	Singapore
The Board's comments on this appointment (including rationale, selection criteria, and the search and nomination process)	<p>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 Loh Weng Whye for re-appointment as Independent Non-Executive Director of the Company. The Board have reviewed and concluded that Mr Loh Weng Whye possess the experience, expertise, knowledge and skills to contribute towards the core competencies of the Board.</p> <p>In addition, the Board, having reviewed independence of Mr Loh Weng Whye and taking into account the deliberations of the NC, is of the view that he is able to exercise independent and objective judgement considering that there are no relationships or circumstances which may affect his judgement and ability to discharge his duties and responsibilities as independent director.</p>
Whether appointment is executive, and if so, the area of responsibility	Non-Executive
Job Title (e.g. Lead ID, AC Chairman, AC Member etc.)	Lead Independent Non-Executive Director, Chairman of the Remuneration Committee and member of the Audit Committee and Nominating Committee.
Professional qualifications	Mr Loh Weng Whye holding MSc (Ind. Engg.) and BEng (Mechanical) degrees, he is a Professional Engineer (Singapore); Fellow of the Institution of Engineers, Singapore, FIES; Fellow of the Singapore Institute of Directors, FSID and Fellow of the Chartered Management Institute, FCMI(UK).
Working experience and occupation(s) during the past 10 years	Since 2012, Mr Loh's working experience and occupations were mainly as directors on the boards of SGX-listed companies and charity organisations.

Shareholding interest in the listed issuer and its subsidiaries	Direct Interest: 135,000
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	No
Conflict of Interest (including any competing business)	No
Undertaking (in the format set out in Appendix 7.7) under Rule 720(1) has been submitted to the listed issuer	Yes
Other Principal Commitments* Including Directorships# Past (for the last 5 years) Present	Past: (same as below) Present: Kwong Wai Shui Hospital Limited - Director Moral Home for the Aged sick Limited – Vice Chairman KWSH Foundation - Director Yangzheng Foundation - Director BH Global Corporation Limited – Lead Independent Director Hatten Land Limited – Independent Director Society of Engineers for Community Services – Vice Chairman

DISCLOSURE OF INFORMATION ON DIRECTOR SEEKING RE-ELECTION PURSUANT TO RULE 720(6) OF THE LISTING MANUAL OF THE SGX-ST (THE "LISTING MANUAL")

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
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
c) Whether there is any unsatisfied judgment against him?	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
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
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
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
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

<p>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?</p>	No
<p>j) Whether he has ever, to his knowledge, been concerned with the management or conduct, in Singapore or elsewhere, of the affairs of:-</p> <ul style="list-style-type: none"> 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 <p>in connection with any matter occurring or arising during that period when he was so concerned with the entity or business trust?</p>	No
<p>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?</p>	No
Disclosure applicable to the appointment of Director only	
<p>Any prior experience as a director of a listed company?</p> <p>If yes, please provide details of prior experience.</p> <p>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.</p> <p>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).</p>	N.A.

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ANNUAL GENERAL MEETING PROXY FORM

IMPORTANT

- Pursuant to the COVID-19 (Temporary Measures) Act 2020 (Alternative Arrangements for Meetings for Companies, Variable Capital Companies, Business Trusts, Unit Trusts and Debenture Holders) Order 2020 (the "Order"), the Company has the option to hold a virtual meeting, even where the Company is permitted under safe distancing to hold a physical meeting. Due to current COVID-19 situation and the Company's efforts to minimise physical interactions and COVID-19 transmission risk to a minimum, the Annual General Meeting ("AGM") of the Company will be held by way of electronic means. Printed copies of the Notice of AGM and proxy form have been sent to members. This Notice of AGM and proxy form will be available to members by electronic means via publication on the Company's website at the URL <https://www.bhglobal.com.sg> as well as on the SGX website at the URL <https://www.sgx.com/securities/company-announcements>.
- Members will not be able to attend the AGM in person. A member (whether individual or corporate) must appoint the Chairman of the AGM as his/her/its proxy to attend, speak and vote on his/her/its behalf at the AGM if such member wishes to exercise his/her/ its voting rights at the AGM.**
- Where a member (whether individual or corporate) appoints the Chairman of the AGM as his/her/its proxy, he/she/it must give specific instructions as to voting, or abstentions from voting, in respect of a resolution in the form of proxy, failing which the appointment of the Chairman of the AGM as proxy for that resolution will be treated as invalid.
- CPF or SRS investors who wish to appoint the Chairman of the AGM as proxy should approach their respective CPF Agent Banks or SRS Operators to submit their votes at least seven (7) working days before the AGM.
- By submitting this proxy form, the member accepts and agrees to the personal data privacy terms set out in the Notice of AGM dated 8 April 2022.
- Please read the notes overleaf which contain instructions on, inter alia, the appointment of the Chairman of the AGM as a member's proxy to attend, speak and vote on his/her/its behalf at the AGM.**

I/We _____ (Name)

_____ (NRIC No./Passport No./Company Registration No.) of

_____ (Address)

being a member/members of **BH GLOBAL CORPORATION LIMITED** (the "Company"), hereby appoint the Chairman of the AGM as *my/our proxy to attend, speak and vote for *me/us and on *my/our behalf, at the AGM of the Company to be convened and held by way of electronic means on **Tuesday, 26 April 2022 at 10.00 am** and at any adjournment thereof in the following manner:

Resolution No.	Ordinary Resolutions	For	Against	Abstain
1.	To receive and adopt the Audited Financial Statements of the Company for the financial year ended 31 December 2021.			
2.	To declare a Final Dividend of 0.5 Singapore cent per ordinary share (one-tier tax exempt) for the financial year ended 31 December 2021.			
3.	To approve the Directors' Fees of S\$300,000 for the financial year ended 31 December 2021.			
4.	To re-elect Mr Patrick Lim Hui Peng as Director.			
5.	To re-elect Mr Loh Weng Whye as Director.			
6.	To re-appoint Messrs Baker Tilly TFW LLP as auditors of the Company and to authorise the Directors to fix their remuneration.			
7.	To approve the Share Issue Mandate.			
8.	Authority to allot and issue shares under the BH Global Corporation Performance Share Plan 2020			
9.	Authority to Allot and Issue Shares under the BH Global Corporation Employee Share Option Scheme 2020			
10.	The proposed renewal of the Share Purchase Mandate			

Please indicate "✓" within the relevant box to vote **For, Against or Abstain** from voting in respect of all your shares for each resolution. Alternatively, you may wish to indicate the number of shares that you wish to vote **For or Against**, and/or **Abstain** from voting, for each resolution in the relevant box. **In the absence of specific directions in respect of a resolution, the appointment of the Chairman of the AGM as your proxy for that resolution will be treated as invalid.**

Voting will be conducted by poll.

Dated this _____ day of _____ 2022.

Signature(s) of Member(s)/Common Seal

Total No. of Shares	No. of Shares
In CDP Register	
In Register of Member	

IMPORTANT: PLEASE READ NOTES OVERLEAF BEFORE COMPLETING THIS PROXY FORM

Notes:

1. Please insert the total number of shares held by you. If you have shares entered against your name in the Depository Register (as defined in Section 81SF of the Securities and Futures Act (Cap 289) of Singapore), you should insert that number. If you have shares registered in your name in the Register of Members of the Company, you should insert that number. 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. If no number is inserted, this form of proxy will be deemed to relate to all the shares held by you.
2. **Due to the current COVID-19 situation in Singapore, a member will not be able to attend the AGM in person. A member (whether individual or corporate) must appoint the Chairman of the AGM as his/her/its proxy to attend, speak and vote on his/her/its behalf at the AGM if such member wishes to exercise his/her/its voting rights at the AGM.** This proxy form may be accessed at the Company's website at the URL <https://www.bhgglobal.com.sg>, and will also be made available on the SGX website at the URL <https://www.sgx.com/securities/company-announcements>.
3. Where a member (whether individual or corporate) appoints the Chairman of the AGM as his/her/its proxy, he/she/it must give specific instructions as to voting, or abstentions from voting, in respect of a resolution in the form of proxy, failing which the appointment of the Chairman of the AGM as proxy for that resolution will be treated as invalid.
4. CPF or SRS investors who wish to appoint the Chairman of the AGM as their proxy should approach their respective CPF Agent Banks or SRS Operators to submit their votes at least seven (7) working days before the AGM.
5. Members who wish to observe the AGM proceedings via live audio-visual webcast will need to pre-register by assessing the Company's website at the URL <https://www.bhgglobal.com.sg> no later than 10.00 a.m. on 23 April 2022. Instructions on how to access the live audio-visual webcast of the AGM proceedings will be sent to authenticated members via electronic mail 24 hours before the AGM.
6. Members will not be able to ask questions during the live audio-visual webcast and live audio-only stream of the AGM proceedings. Therefore, it is important for shareholders to submit their questions in advance by entering your questions in the "Q&A" field when completing the pre-registration accessible on the Company's website at the URL <https://www.bhgglobal.com.sg>, or by sending an email to ir@bhgglobal.com.sg. All questions must be submitted by 10.00 a.m. on 18 April 2022. The Company will endeavour to address all substantial and relevant questions received from shareholders prior to the AGM by publishing the responses to those questions on SGX website at the URL <https://www.sgx.com/securities/company-announcements> and the Company's website at the URL <https://www.bhgglobal.com.sg>. Where substantial and relevant questions submitted by shareholders are unable to be addressed prior to the AGM, the Company will address them at the AGM. Members must provide their full names and identification numbers when writing in, along with their email addresses and phone contact numbers.
7. The Chairman of the AGM, as proxy, need not be a member of the Company.
8. The instrument appointing the Chairman of the AGM as proxy must be submitted to the Company in the following manner:
 - (a) if submitted by post, be lodged with the office of the Company's Share Registrar, Tricor Barbinder Share Registration Services at 80 Robinson Road #11-02, Singapore 068898; or
 - (b) if submitted electronically, be submitted via email to the Company at sg.is.proxy@sg.tricorglobal.com,in either case, at least 72 hours before the time for holding the AGM, means no later than 10.00 a.m. on 23 April 2022.

Printed copies of the Notice of AGM and proxy form have been sent to members. A member who wishes to submit an instrument of proxy can download the proxy form, then complete and sign the proxy form, before submitting it by post to the address provided above, or before scanning and sending it by email to the email address provided above.

In view of the current COVID-19 situation and the related safe distancing measures which may make it difficult for members to submit completed proxy forms by post, members are strongly encouraged to submit completed proxy forms electronically via email.
9. The instrument appointing the Chairman of the AGM as proxy must be under the hand of the appointer or of his attorney duly authorised in writing or, where it is executed by a corporation, be executed either under its seal or under the hand of an officer or attorney duly authorised.
10. The Company shall be entitled to, and will, treat any valid instrument appointing the Chairman of the AGM as a valid instrument appointing the Chairman of the AGM as the member's proxy to attend, speak and vote at the AGM 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.
11. A member may withdraw an instrument appointing the Chairman of the AGM by sending an email to the Company at sg.is.proxy@sg.tricorglobal.com to notify the Company of the withdrawal, at least 72 hours before the time for holding the AGM.
12. Submission by a member of a valid instrument appointing the Chairman of the AGM as proxy at least 72 hours before the time for holding the AGM will supersede any previous instrument appointing a proxy(ies) submitted by that member.
13. The Company shall be entitled to reject the instrument appointing or treated as appointing the Chairman of the AGM as proxy if it is incomplete, improperly completed or illegible or where the true intentions of the appointer are not ascertainable from the instructions of the appointer specified in the instrument appointing or treated as appointing the Chairman of the AGM as proxy (including any related attachment). In addition, in the case of members whose shares are entered against their names in the Depository Register, the Company may reject any instrument appointing or treated as appointing the Chairman of the AGM as proxy lodged if such members are not shown to have shares entered against their names in the Depository Register as at 72 hours before the time appointed for holding the meeting, as certified by The Central Depository (Pte) Limited to the Company.



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