NAM CHEONG LIMITED
(Incorporated in Bermuda)
(Company Registration Number 25458)

QUALIFIED OPINION BY INDEPENDENT AUDITORS ON THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023 AND VARIANCE BETWEEN THE UNAUDITED FINANCIAL STATEMENTS AND AUDITED FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

QUALIFIED OPINION

In compliance with Rule 704(5) of the Listing Manual, the Board ("Board") of Directors of Nam Cheong Limited (the "Company", and together with its subsidiaries, the "Group") would like to announce that its independent auditors, Foo Kon Tan LLP (the "Auditors"), have issued a qualified opinion in their report (the "Independent Auditor's Report") in relation to the preparation of the financial statements of the Group and the Company for the financial year ended 31 December 2023 (the "Financial Statements").

A copy of the Independent Auditor's Report is annexed to this announcement.

VARIANCE

The Board refers to the unaudited financial statement announcement for the financial year ended 31 December 2023 dated 29 February 2024 ("Unaudited FY2023 Results"), the Board wishes to announce that certain adjustments have been made to Audited FY2023 Financial Statements as compared to what was disclosed in the Unaudited FY2023 Results.

The details and explanations of the variances between the Unaudited FY2023 Results and the Audited FY2023 Financial Statements are set out below:

(a) Consolidated Statement of Profit or Loss and Other Comprehensive Income

	Unaudited FY2023 Results RM'000	Audited FY2023 Financial Statements RM'000	Variance RM'000	Notes
Other income	85,273	90,500	5,227	Mainly due to the recognition of fair value gain on long term trade payables in FY2023.
Other operating expenses	(3,110)	(12,022)	(8,912)	Mainly due to the under recognition of unrealised foreign exchange loss on translation of foreign subsidiaries.
Finance Cost	(27,919)	(27,407)	512	Mainly due to the over accrual of interest on loans and borrowings.
Taxation	(42,096)	(23,360)	18,736	Mainly due to the adjustment for over provision of current year taxation and deferred taxation
Profit for the year	147,360	162,923	15,563	

(b) Statements of Financial Position

	Group (RM'000)		Company (RM'000)		Variance		
	Unaudited FY2023 Results	**Audited FY223 Financial Statements**	**Unaudited FY2023 Results**	**Audited FY2023 Financial Statements**	**Group (RM'000)**	**Company (RM'000)**	**Notes**
Non-current Assets	557,309	562,248	-	-	4,939	-	**Group** Mainly due to the under recognition of property, plant and equipment.
Current Assets	341,945	349,087	491	491	7,142	-	**Group** Mainly due to the reclassification of advances to trade creditors from trade and other payables to trade and other receivables.
Non-current liabilities	18,156	36,498	-	-	18,342	-	**Group** Mainly due to the reclassification of the non-current portion of the trade payables from Current Liabilities to Non-Current Liabilities amounting to RM28.1 million, which is net off with the adjustment for overprovision of deferred taxation of RM9.8 million.

(b) Statements of Financial Position (Cont'd.)

	Group (RM'000)		Company (RM'000)		Variance		
	Unaudited FY2023 Results	Audited FY223 Financial Statements	Unaudited FY2023 Results	Audited FY2023 Financial Statements	Group (RM'000)	Company (RM'000)	Notes
Current liabilities	1,412,029	1,377,023	875,189	870,490	(35,006)	(4,699)	**<u>Group</u>** Mainly due to (1) the reclassification of the non-current portion of the trade payables from Current Liabilities to Non-Current Liabilities and the reclassification of the advances to trade creditors from trade and other payables to trade and other receivables amounting to RM22.1 million; (2) adjustment of overprovision of current year taxation amounting to RM9.0 million; and (3) the over accrual of loans and borrowings amounting to RM4.6 million. **<u>Company</u>** Mainly due to the over accrual of loans and borrowings.
Total equity	(530,931)	(502,186)	(874,698)	(869,999)	28,745	4,699	

(c) Consolidated Statement of Cash Flows

	Unaudited FY2023 Results RM'000	Audited FY2023 Financial Statements RM'000	Variance RM'000	Notes
Net cash generated from operating activities	36,640	24,302	(12,338)	Mainly due to the offsetting between the Changes in trade and other receivables and Purchase of property, plant and equipment to reflect the non cash nature of the transaction arising from the contra between the acquisition cost of vessel with the trade receivables.
Net cash used in investing activities	(32,588)	(19,761)	12,827	
Net cash used in financing activities	(7,984)	(8,473)	(489)	

This announcement is to be read in conjunction with the attached Independent Auditor's Report and the Audited FY2023 Financial Statements.

BY ORDER OF THE BOARD
NAM CHEONG LIMITED

Kong Wei Fung
Cheok Hui Yee
Company Secretaries

14 May 2024

Report on the Audit of the Financial Statements

Qualified Opinion

We have audited the financial statements of Nam Cheong Limited (the "Company") and its subsidiaries (the "Group"), which comprise the consolidated statement of financial position of the Group and the statement of financial position of the Company as at 31 December 2023, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows of the Group for the year then ended, and notes to the financial statements, including material accounting policy information.

In our opinion, except for the possible effects of the matters described in the Basis for Qualified Opinion section of our report, the accompanying consolidated financial statements of the Group and the statement of financial position of the Company are properly drawn up in accordance with the International Financial Reporting Standards ("IFRS") 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 2023 and of the consolidated financial performance, consolidated changes in equity and consolidated cash flows of the Group for the year ended on that date.

Basis for Qualified Opinion

1. **Impairment assessment of cost of investment in subsidiaries and amount due from subsidiaries (Note 4)**

   As at 31 December 2023, the Company's cost of investment in subsidiaries and the amount due from subsidiaries (which formed part of net investment in subsidiaries) amounted to RM1,144,799,000 and RM1,561,733,000 respectively. Allowance for impairment amounting to RM1,144,799,000 and RM1,561,733,000 respectively were provided as at year end. As at 31 December 2023, the impairment assessment provided by management was not prepared in accordance with IAS 36 Impairment of Assets, and therefore we were unable to obtain sufficient appropriate audit evidence to assess whether the impairment provided should be reversed, either in full or partially. We were, therefore, unable to assess whether the carrying amount of nil balance for the cost of investment in subsidiaries and the amount due from subsidiaries as at 31 December 2023 was correctly stated.

2. **Inventories (Note 8)**

   As at 31 December 2023, the Group's inventories included work in progress at net realisable value of RM23,001,000. This work in progress represents costs incurred for unsold vessels under construction and include certain work in progress vessels which have been written down to nil value. The allowances for write-down on inventories as at 31 December 2023 amounted to RM76,705,000. We were unable to obtain sufficient appropriate audit evidence to assess whether the allowance for write down on these inventories are appropriate as management did not carry out any assessment as at year end. We were unable to establish whether the circumstances that previously caused the inventories to be written down still exist as at year end.

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Basis for Qualified Opinion (Cont'd)

3. **Unquoted debt securities at FVOCI (Note 7)**

   As at 31 December 2023, the Group's other investments include unquoted debt securities at FVOCI which has been recorded at nil value after fair value adjustment and impairment. Management was unable to provide us with sufficient appropriate audit evidence on the appropriateness of the fair value adjustments and impairment provided. Accordingly, we were unable to assess whether the fair value of the investment was correctly stated as at year end as well as the adequacy and appropriateness of the disclosures in Note 7.

4. **Foreign currency translation reserve as at 31 December 2022 and 1 January 2022 and the impact on other comprehensive income (Note 14)**

   We were unable to obtain sufficient appropriate audit evidence about the foreign currency translation reserves as at 31 December 2022 and 1 January 2022 amounting to RM185,901,000 and RM213,335,000 respectively arising from the prior year adjustments in Note 32 (iv) because management was not able to provide reconciliation to support the balances as at 31 December 2022 and 1 January 2022 and the possible impact on the other comprehensive income for the financial year ended 31 December 2023. Our opinion on the current period's financial statements is also modified because of the possible effect of this matter on the comparability of the current period's figures and the corresponding figures.

We conducted our audit in accordance with International Standards on Auditing ("ISAs"). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with International Ethics Standards based on Accountants' Code of Ethics for Professional Accountants ("IESBA 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 IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified 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. In addition to the matter described in the *Basis of Qualified Opinion* section we have determined the matters described below to be the key audit matters to be communicated in our report.

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Key Audit Matters (Cont'd)

Resolution of disclaimer of opinion issued for the financial year ended 31 December 2022

The audit report dated 12 April 2023 on the financial statements for the previous year ended 31 December 2022 contained a disclaimer of opinion on the following matters:

1. Liabilities and going concern

1(a) Liabilities with Non-Fujian Group Shipyards

Financial year ended 31 December 2022

The audit opinion for the financial year ended 31 December 2022 was disclaimed in respect of the liabilities and going concern as the Group was unable to provide us independently verifiable supporting evidence to corroborate management's representation that the balance sum of the remaining ten shipbuilding contracts (the "Contracts") had not been incurred and all liabilities related to the Contracts had been accounted for as at 31 December 2022. We were unable to assess the financial impact of any provision for onerous contracts, provision for restructuring expenses and/or contingent liabilities that may arise from the default on contractual obligations.

There were no alternative audit procedures that we could perform to satisfy ourselves by alternative means concerning the Group's liabilities in respect of the work performed on the Contracts as at 31 December 2022 and potential contingent liabilities that may arise from the default on contractual obligations.

Financial year ended 31 December 2023

As disclosed in Note 2(e), written agreements have been entered into with Non-Fujian Group Shipyards and the confirmation of balances from third party has been received and prior year error has been corrected retrospectively (see Note 32) in the comparative information presented in the financial statements. The disclaimer opinion on liabilities solely in respect of this outstanding exposure of liabilities with Non-Fujian Group Shipyards was discharged.

1(b) Going concern in relation to Debt Restructuring Exercise

Financial year ended 31 December 2022

The audit opinion for the financial year ended 31 December 2022 was disclaimed in respect of the going concern as the Scheme Meeting is yet to convene to approve the New NCL Scheme. There is no assurance or reasonable certainty that the New NCL Scheme will be approved or successfully concluded.

There were no practicable audit procedures that we could perform to form an opinion on whether management has considered all relevant events and conditions when making assessment on the Group's and the Company's ability to continue as going concern.

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Key Audit Matters (Cont'd)

Resolution of disclaimer of opinion issued for the financial year ended 31 December 2022 (Cont'd)

1. Liabilities and going concern (Cont'd)

1(b) Going concern in relation to Debt Restructuring Exercise (Cont'd)

Financial year ended 31 December 2023

With the completion of debt restructuring exercise on 30 March 2024, which occurred subsequent to the financial year ended 31 December 2023, the disclaimer opinion on going concern solely in respect of this debt restructuring exercise matter will be discharged. The resolution of this point is discussed in more detail under the Key Audit Matters – Assessment of the going concern basis in preparation of the financial statements (refer to Note 2(e) to the financial statements).

2. Provision for financial guarantee

Financial year ended 31 December 2022

The audit opinion for the financial year ended 31 December 2022 was disclaimed in respect of the provision for financial guarantee to its joint venture, P.T. Bahtera Niaga Indonesia ("BNI") in respect of a term loan granted to BNI. In 2020, BNI has defaulted the term loan repayment and letter of demand was issued to the Company.

There was no independent bank confirmation from the bank, and we were unable to satisfy ourselves that the provision made by management was adequate, as we have no evidence to suggest that the bank will not charge the Company a financial penalty or accrue interest on the outstanding amount due to them. There were no alternative audit procedures that we could perform to satisfy ourselves by alternative means concerning the adequacy of the provision for financial guarantee. Consequently, we were unable to determine whether any adjustment was required which may have a consequential significant effect on the profit or loss for the year ended 31 December 2022 and statement of financial position as at 31 December 2022.

Financial year ended 31 December 2023

In the current financial year, we were able to perform alternative procedure by obtaining confirmation from the scheme manager to confirm that it would be reasonable to assume the maximum claim by the bank in relation to the proportionate guarantee provided by the Company in respect of the loan facility granted to BNI. In addition, with the prior years' understatement now corrected retrospectively (see Note 32) as presented in the comparative information presented in the financial statements, the disclaimer opinion in respect of term loan granted to BNI was discharged.

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Key Audit Matters (Cont'd)

<u>Assessment of the going concern basis in preparation of the financial statements (refer to Note 2(e) to the financial statements)</u>

Risk:

As at 31 December 2023, the Group's and Company's current liabilities exceeded their current assets by RM1,027,936,000 and RM869,999,000 respectively. In addition, the Group's and the Company's total liabilities exceeded their total assets by RM502,186,000 and RM869,999,000 respectively.

The financial statements have been prepared by management on a going concern basis, the validity of which is premised on the future cash flow forecast of the Group for the next 12 months from the end of the reporting period.

During the financial year, the Group has entered into written agreements with the Non-Fujian Group Shipyards to extend the delivery period for certain contracts as well as to terminate the remaining contracts to reduce its financial exposure. Consequently, the ability of the Group and the Company to continue as going concerns is mainly subject to the completion of the Restructuring Exercise as disclosed in Note 2(e).

As disclosed in Note 2(e) to the financial statements, the Group has breached the payments for Bilateral Facilities Debt, Term Loan Principal and Term Loan Cash Interest of Sustainable Debt during the previous financial years. In assessing whether the Group and the Company can meet their debt obligation for at least 12 months from the reporting period, a cash flow forecast prepared by the management took into consideration of the completion of debt restructuring exercise; and the written agreement entered with Non-Fujian Group Shipyards for the settlement of remaining shipbuilding contracts. The key assumptions include sufficient cash inflows are generated by the Group's chartering segment, based on reasonable expectations of daily charter rates, vessel utilisation and low default rates by its customers, to generate sufficient operating cash inflows.

Based on the cash flow forecast and having regard to the completion of the Restructuring Exercise (the pro forma consolidated financial statements after the completion of the debt restructuring exercise showed the Group's financial position turning from a net current liabilities and net liabilities position to a net current assets and net assets position respectively), the Directors believe that the Group has sufficient working capital and financial resources to enable them to meet their liabilities as and when they fall due and continue as going concern for at least 12 months from the date of this report.

In the previous financial year, the Group announced the New NCL Scheme ("Scheme") to restructure the debt of the Group to rehabilitate the Group as a going concern. During the financial year, the Group and the Company obtained creditors' approval for the Scheme on 3 November 2023. The Scheme was subsequently sanctioned by the High Court of Malaya on 21 December 2023. Subsequent to the financial year ended 31 December 2023, the proposed resolutions related to the restructuring was approved by the Company's shareholders at a Special General Meeting for inter alia the issuance of new shares pursuant to the restructuring. As such, the Group concluded the debt restructuring exercise via Scheme and the Debt Restructuring Master Agreement ("DRMA").

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Key Audit Matters (Cont'd)

Assessment of the going concern basis in preparation of the financial statements (refer to Note 2(e) to the financial statements) (Cont'd)

Risk: (Cont'd)

Following the issuance and allotment of the Conversion Shares, Settlement Shares and Placement Shares by the Company on 12 March 2024, and together with the payment of Conversion Cash by the Company to eligible creditors pursuant to the Scheme on or before 14 March 2024, the Scheme and the DRMA have become fully effective and unconditional on 30 March 2024.

We have identified this as a key audit matter because of the level of subjectivity associated with the assumptions applied in the assessment of the going concern of the Group and of the Company that is required to be made by the Directors of the Company, including expectations of future events that are believed to be reasonable under the circumstances and concluding whether there is any material uncertainty.

Our audit procedures included the following:

1. Reviewed management's assessment of the Group's ability to continue as a going concern through discussions, inquiry and inspection of supporting documentation;

2. Evaluated management's plans for future actions in relation to its going concern assessment (e.g. debt restructuring and fund raising through equity) to assess whether the outcome of these plans is likely to improve the situation and whether management's plans are feasible in the circumstances;

3. Requested cash flow forecast from management, evaluated the reliability of underlying data generated to prepare the forecast, and determine whether there is adequate support for assumptions underlying the forecast;

4. Considered whether any additional facts or information have become available since the date on which management made its assessment;

5. Evaluated whether sufficient appropriate audit evidence has been obtained regarding the appropriateness of management's use of the going concern basis of accounting in the preparation of the financial statements;

6. Reviewed the details of the Scheme and DRMA, and assessed the impact to the Group's financial position and cash flows;

7. Inquired the status of the debt settlement arrangement with the other shipyards, and evaluated its validity, feasibility and effectiveness; and

8. Considered the adequacy of the Group's and the Company's disclosures in relation to going concern basis in preparation of the financial statements.

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Key Audit Matters (Cont'd)

Impairment assessment of property, plant and equipment (refer to Note 3 to the financial statements)

Risk:

As at 31 December 2023, the Group's property, plant and equipment amounted to RM543,837,000 as disclosed in Note 3 to the financial statements. The carrying amount of the Group's vessels and leasehold lands and buildings amounted to RM540,936,000, representing 99% of the Group's property, plant and equipment and 59% of the Group's total assets as at 31 December 2023. The Group considered the existence of impairment indicators for vessels and leasehold lands and building and thereon assessed the recoverable amounts of certain vessels and leasehold lands and buildings with carrying amounts of RM1,414,000 and RM15,839,000 respectively. The Group assessed all the vessels to be profit generating except for three vessels which were idle during the financial year ended 31 December 2023. The leasehold lands and buildings held by the Group under shipbuilding segment have reported no revenue in the current and prior years. An impairment loss exists when the net carrying amount of the vessels, leasehold lands and buildings exceeds their recoverable amount, defined as the higher of the fair value less cost of disposal and value-in-use. Significant judgement is involved in the impairment assessment to determine the recoverable amounts.

Management has appointed independent professional valuers to ascertain the recoverable amounts based on the fair value less cost of disposal of vessels and leasehold lands and buildings, determined by reference to the valuation reports, and has considered the reasonableness of the valuations. In preparing the valuation reports, the professional valuers have considered various factors, including the current market conditions of the vessels and leasehold lands and buildings, recent market sales of similar vessels and leaseholds land and buildings, specifications and conditions of each vessel and leasehold lands and buildings as well as the cost to a market participant buyer to acquire or construct a substitute asset of comparable utility, adjusted for obsolescence. No impairment provision was recorded for the vessels and leasehold lands and buildings during the financial year.

Due to the significant judgment involved in estimating the recoverable amounts and the significance of the carrying amounts of the vessels and leasehold lands and buildings, we have determined this as a key audit matter.

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Key Audit Matters (Cont'd)

Impairment assessment of property, plant and equipment (refer to Note 3 to the financial statements) (Cont'd)

Our audit procedures included the following:

1. Reviewed management's assessment of impairment of property, plant and equipment based on external and internal sources of information for indications of impairments.

2. Assessed the appropriateness of management's identification of the cash generating unit ("CGU") to which the property, plant and equipment belongs.

3. Read the terms of engagement of the management's expert engaged by the Group to determine whether there were any matters that might have affected their objectivity or limited the scope of their work.

4. Evaluated whether the management's expert had the necessary competence, capability and objectivity for the required purposes. The evaluation of objectivity included inquiry regarding interests and relationships that may create a threat to that expert's objectivity.

5. Engaged an auditor's expert to assist us in evaluating the valuation methodologies and assessing the appropriateness of key assumptions used, inter alia, the specifications and the age of the vessels and leasehold lands and buildings, and the reasonableness of estimates used by the management's expert.

6. Assessed the competency, capability and objectivity of the auditor's expert.

7. Evaluated management's assessment of impairment by comparing the carrying amounts of the vessels and leasehold lands and buildings with their recoverable amounts determined based on fair value less cost of disposal, which is higher than value-in-use, to determine if any impairment loss is required.

8. Considered the adequacy of the Group's disclosures in relation to impairment of property, plant and equipment.

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Key Audit Matters (Cont'd)

Impairment of trade and other receivables (including amounts due from joint ventures and associates) (refer to Note 9 to the financial statements)

Risk:

As at 31 December 2023, the Group's trade and other receivables (including amounts due from joint ventures and associates) amounted to RM254,206,000 representing 28% of the Group's total assets. The Group uses a provision matrix to calculate the expected credit losses ("ECL") for trade and other receivables (including amounts due from joint ventures and associates).

The recoverability of trade and other receivables (including amounts due from joint ventures and associates) is a key element of the Group's working capital management, which is managed on an ongoing basis by management. Management determines impairment of trade receivables by making debtor-specific assessment for credit-impaired debtors. For the remaining group of trade debtors, management provides lifetime expected credit losses using a provision matrix. The provision matrix is based on historical observed default rates, existing market conditions, adjusted for forward looking information at each reporting period. For other receivables, the general 3-stage approach is applied. Credit loss allowance is based on 12-month expected credit loss if there is no significant increase in credit risk since initial recognition of the assets. If there is a significant increase in credit risk since initial recognition, lifetime expected credit loss will be calculated and recognised based on lifetime expected credit loss. The determination of ECL requires the use of management judgement and estimates, and is sensitive to changes in circumstances and economic conditions.

This area is a key audit matter due to the amounts involved, as well as the inherent subjectivity that was involved in making judgement by the management in relation to the assumptions used in the ECL model such as forward-looking macroeconomic factors.

Our audit procedures included the following:

1. Assessed the Group's processes and key controls relating to the monitoring of trade and other receivables (including amounts due from joint ventures and associates) including the process in determining whether a debtor is credit-impaired and the Group's processes in collating the key data sources and assumptions for data used in the ECL model.

2. Tested management's assumptions used to determine the ECLs on the trade and other receivables (including amounts due from joint ventures and associates), by considering the Group's historical credit loss experience, ageing analysis of outstanding receivables, and comparison to forward-looking macroeconomic information affecting the recoverability of trade and other receivables (including amounts due from joint ventures and associates).

3. Considered the age of the debts as well as the trend of collections to identify the collection risks.

4. Obtained receivables confirmations and reviewed for collectability by way of obtaining evidence of receipts from the debtors subsequent to the balance sheet date.

Further, we assessed the adequacy of the Group's disclosures on trade and other receivables (including amounts due from joint ventures and associates), and the related credit risk in Note 29.1 to the financial statements.

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Other information

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

Our opinion on the consolidated 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 consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. As described in the *Basis for Qualified Opinion* section above, we were unable to obtain sufficient appropriate evidence about the abovementioned for the year. Accordingly, we are unable to conclude whether or not the other information is materially misstated with respect to this matter.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with IFRSs, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, 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.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

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

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

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

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

b) 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.

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

d) 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 consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

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

f) 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.

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

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

The engagement partner on the audit resulting in this independent auditor's report is Ong Soo Ann.

Foo Kon Tan LLP
Public Accountants and
Chartered Accountants

Singapore,

13 May 2024