SHS HOLDINGS LTD.

Crafting Tomorrow's Innovations

Annual Report 2023

TABLE OF CONTENTS

CORPORATE PROFILE

ABOUT SHS HOLDINGS LTD.

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

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

ENGINEERING & CONSTRUCTION

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

CORPORATE PROFILE

SOLAR ENERGY

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

CORPORATE PROFILE

CORROSION PREVENTION

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

STRATEGIC INVESTMENTS

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

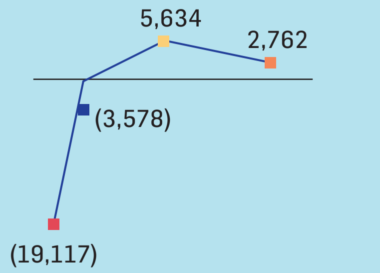
FINANCIAL HIGHLIGHTS

PROFIT & LOSS ACCOUNT (S$'000)	FY2023	FY2022	FY2021	FY2020
Revenue	82,204	87,222	55,200	35,146
Gross Profit	12,934	19,065	9,319	7,003
Profit /(Loss) before tax	3,366	5,748	(3,623)	(20,296)
Profit /(Loss) after tax				
– Continuing Operations	2,762	5,634	(3,578)	(19,117)
– Discontinued Operations	–	–	(2,326)	(2,556)
Profit/(Loss) Attributable to Owners of the Company				
– Continuing Operations	2,495	5,056	(3,359)	(18,412)
– Discontinued Operations	–	–	611	(857)
Per Share Data (Cents):				
Profit /(Loss) Per Share – Basic and Diluted (Continuing Operations)	0.40	0.80	(0.49)	(2.69)
Net Asset Backing	22.37	21.50	20.27	20.46
Dividends Proposed/Paid	1,736	2,136	–	–

STATEMENT OF FINANCIAL POSITION (S$'000)	FY2023	FY2022	FY2021	FY2020
Total Assets	184,794	166,964	176,348	265,754
Total Liabilities	48,236	35,525	38,055	131,963
Shareholders' Equity	136,161	131,126	138,403	140,178
Non-Controlling Interests	397	313	(110)	(6,387)
Total Equity	136,558	131,439	138,293	133,791

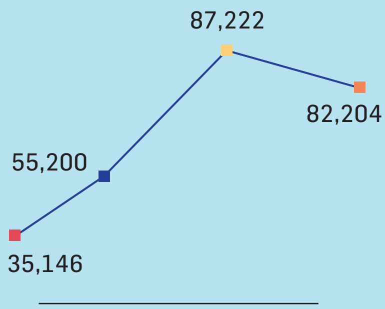
REVENUE BY BUSINESS SEGMENTS (Continuing Operations) (S$'000)	FY2023	FY2022	FY2021	FY2020
Corrosion Prevention	16,679	16,368	15,952	13,920
Engineering & Construction	33,134	60,348	28,966	16,086
Solar Energy	18,865	10,506	10,281	4,750
Others	13,526	–	–	–

PROFIT/(LOSS) (S$'000)



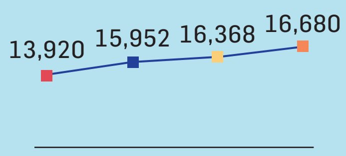
Net Profit/(Loss) from Continuing Operations

REVENUE (S$'000)

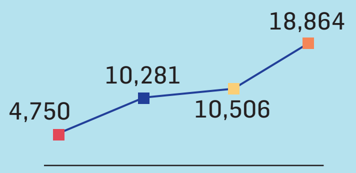


Group Revenue

REVENUE BY BUSINESS SEGMENTS (S$'000)



Corrosion Prevention



Solar Energy

FY2020 FY2021
FY2022 FY2023

CHAIRMAN'S STATEMENT

DEAR SHAREHOLDERS,

Geopolitics and inflationary pressures dominated the macro-economic landscape in FY2023, exacerbating the challenges of doing business all over the world. Such an environment requires us to exercise even more prudence and vigilance, while sound decision-making is a top priority in order to circumnavigate such complex and volatile situations.

FINANCIAL HIGHLIGHTS

In the year just ended 31 December 2023, the Group turned in a net profit attributable to shareholders of S$2.5 million on the back of revenue reaching S$82.2 million.

This was led by the strong performance of our Solar Energy business which secured more contracts and sold more inverters and peripherals during the year while our Corrosion Prevention unit clinched more jobs but was hit by rising costs and intense price competition. The Engineering & Construction segment, however, dampened our performance with fewer projects year-on-year.

In the latter part of the year in review, the Group entered into additional trading businesses hence causing the upsurge of the trading revenue.

As of 31 December 2023, the Group's total equity rose to S$136.6 million, from S$131.4 million a year earlier, resulting from the profits contributed during the year and the revaluation surplus on our leasehold properties. Our cash and cash equivalents position, at S$36.4 million, provides us sufficient liquidity to meet the Group's obligations and operational needs.

DIVIDEND

The Directors are pleased to propose a first and final dividend of 0.284 Singapore cent per ordinary share. If approved at the upcoming Annual General Meeting, this dividend will be paid at a date to be announced in due course.

BUSINESS PROSPECTS

Construction demand in Singapore is expected to remain robust which will provide further upside for our steel engineering business. While we build our order books, we will also look to bolster our Design Studio business under the Engineering & Construction segment in the road ahead.

As Singapore and the region makes its energy transition, the momentum will continue to boost our Solar Energy segment as demand for roof-top solar solutions, solar panels and inverters grow. The wholesale electricity market in Singapore, which has been experiencing much price volatility, is also turning to solar alternatives.

CHAIRMAN'S STATEMENT

Meanwhile our Corrosion Prevention business, while benefiting from a surge of orders in FY2023, will continue to face margin pressures with rising costs and intense competition. We will continue to take a measured and prudent approach in order to protect our margin.

APPRECIATION

FY2023 was a very challenging year on the macro-economic front and certainly for many businesses. It certainly was for our Group as well. Given the extenuating circumstances, we have done reasonably well.

To this end, I would like to express my appreciation to my Board colleagues, our management and staff for all of the hard work extended during the year. On behalf of the Board, we would also like to convey our heartfelt gratitude to our business partners, customers and other stakeholders for their unwavering cooperation and support.

Let us all look forward to another rewarding year ahead.

MR TENG CHOON KIAT
Executive Chairman

GROUP CEO'S OPERATIONS AND FINANCIAL REVIEW

DEAR SHAREHOLDERS,

In FY2023, the Group posted a 5.8% dip in revenue to S$82.2 million, largely due to fewer projects from our Engineering & Construction ("EC") unit which drove sales down by 45.1% year-on-year. Thankfully, this was mitigated by our two other business segments – namely, Corrosion Prevention ("CP"), which received an upswing in job orders from site and blasting jobs, and our Solar Energy ("SE") business which secured more solar EPC contracts in the later half of the year. Sales from these two segments rose 1.9% and 79.6% respectively.

In addition in the second half of FY2023, the Group entered into additional trading businesses hence causing an upsurge in trading revenue.

FINANCIALS

S$'000	FY2023	FY2022	Change (%)
Revenue	82,204	87,222	(5.8)
Gross Profit	12,934	19,065	(32.2)
Other Income	3,207	2,447	31.1
Total Operating Expenses (OPEX)	(11,676)	(14,245)	(18.0)
Finance Costs	(1,099)	(689)	59.5
Net Profit Attributable to Shareholders	2,495	5,056	(50.7)

In line with the decline in Group revenue, gross profit similarly decreased by 32.2% impacted by the intense competitive, labour-intensive CP industry as well as the high inflationary business environment overall.

The high interest rate environment globally also contributed to a 31.1% increase in Other Income to S$3.2 million from the interest earned from fixed deposits.

Total OPEX was lower by 18.0% year-on-year mainly due to the strategic cost-cutting measures implemented during the second half of the financial year as well as the overall slide in revenue.

Finance costs increased by 59.5% to S$1.1 million, arising from the significant rise in the interest rates for the term loans and interest charges for trust receipts.

Subsequently, the Group achieved net profit attributable to shareholders of S$2.5 million, which was a 50.7% decline year-on-year.

As of 31 December 2023, the Group's earnings per ordinary share was 0.4 Singapore cent, down from 0.8 cent a year ago while its net asset per ordinary share rose from 21.50 cents to 22.37 cents.

Our cash and cash equivalents stood at a healthy position of S$36.4 million and this was mainly due to:

- Net cash used in operating activities of S$14.3 million as a result of the payment of advances to suppliers for on-going projects;
- Net cash used in investing activities of S$1.6 million for capital expenditures; and
- Net cash used in financing activities for the dividend payout of $2.14 million, net repayment of trust receipts, amounting to S$2.8 million, and net repayment of term loan amounting to S$1.3 million.

SEGMENTAL RESULTS

S$'000	FY2023	FY2022	Change (%)
Corrosion Prevention ("CP")			
Revenue	16,679	16,368	1.9
Gross Profit	2,152	6,786	(68.3)
Gross Profit Margin	12.9%	41.5%	(28.6)pp
Engineering & Construction ("EC")			
Revenue	33,134	60,348	(45.1)
Gross Profit	7,719	10,474	(26.3)
Gross Profit Margin	23.3%	17.4%	5.9pp
Solar Energy ("SE")			
Revenue	18,865	10,506	79.6
Gross Profit	2,902	1,805	60.8
Gross Profit Margin	15.4%	17.2%	(1.8)pp
Others ("O")			
Revenue	13,526	–	NM
Gross Profit	161	–	NM
Gross Profit Margin	1.2%	NM	NM

NM – Not Meaningful

Pp – percentage point

CORROSION PREVENTION

During the year in review, CP revenue grew by 1.9% to S$16.7 million from an upswing of job orders from site and blasting jobs.

However, gross profit was sharply reduced, by 68.3% to S$2.2 million, affected by the intense competition in the industry. Gross profit margin similarly decreased by 28.6 percentage points to 12.9%.

GROUP CEO'S OPERATIONS AND FINANCIAL REVIEW

ENGINEERING & CONSTRUCTION

Revenue from EC segment decreased by 45.1% to S$33.1 million from fewer projects in FY2023. Gross profit similarly dipped 26.3% to S$7.7 million. However, gross profit margin jumped by 5.9 percentage points to 23.3% due to the completion of high-value projects as well as from the effective cost control measures that were undertaken during the year.

SOLAR ENERGY

The Solar Energy segment was the brightest spark in our Group, posting nearly 80% surge in revenue to S$18.9 million, boosted by the increase in solar EPC contracts and inverter sales.

Gross profit also rose by 60.8% to S$2.9 million. However, gross profit margin slid 1.8 percentage points to 15.4%.

OTHER

In FY2023, the Group's additional trading activities generated sales of S$13.5 million and gross profit of S$161,000.

OUTLOOK

Against the backdrop of economic volatility and geopolitical conflicts, the Group continues to tread very carefully in decision-making and in dealing with the pressures that affect our businesses. Despite the uncertainties, we are encouraged by the positive economic outlook in Singapore and in the region.

ENGINEERING & CONSTRUCTION

Despite fewer contracts secured in FY2023, we are of the view that our steel engineering business is progressing smoothly. While we focus on ensuring that these projects complete successfully and on time, we are concurrently exploring opportunities to expand our project portfolio. Meanwhile, we are also actively looking to boosting orders for our Design Studio business in the quarters ahead.

SOLAR ENERGY

Our Solar Energy business continues to capitalize on the burgeoning growth of the green energy sector. Singapore's wholesale electricity market has experienced prolonged periods of heightened price volatility, driving a surge in the adoption of solar energy solutions as viable alternatives.

As such, our business of installing rooftop solar systems, distribution of solar panels and complementary peripherals are poised for further growth, particularly in Singapore and the region.

While we refrain from making immediate commitments to new solar development projects, we are, at the same time, actively exploring potential opportunities to expand our portfolio.

CORROSION PROTECTION

In spite of the higher number of jobs that boosted the CP segment's revenue in FY2023, we are adopting a prudent approach in our order management strategy, in view of the intensely competitive dynamics of the industry coupled with rising costs and restructuring of our major customers. We will exercise caution in accepting additional orders to ensure effective management and sustained profitability.

CONCLUSION

In view of the uncertainties in the global landscape, we are adopting prudence in our day-to-day operations as we take a cautious and vigilant stance in strategic decision-making.

Given the extremely challenging conditions that we operate in, the Group has done reasonably well. We deeply appreciate the hard work that our management and staff have put in to make it work. Let us all be even more agile as we look forward to a more rewarding year ahead.

NG HAN KOK, HENRY
Group Chief Executive Officer

BOARD OF DIRECTORS

MR TENG CHOON KIAT
EXECUTIVE CHAIRMAN

Present Directorship
SHS Holdings Ltd.

Present Principal Commitments
Entraco Group of Companies

Past Directorship held over the preceding five years
Nil

Past Principal Commitment held over the preceding five years
Nil

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

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

Present Directorship
SHS Holdings Ltd.

Present Principal Commitments
SHS Holdings Ltd.

Past Directorship held over the preceding five years
Nil

Past Principal Commitment held over the preceding five years
Nil

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

BOARD OF DIRECTORS

MR LEE GEE AIK
INDEPENDENT DIRECTOR

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

Present Principal Commitments
AlphaRock Family Office Pte Ltd

Past Directorship held over the preceding five years
Nil

Past Principal Commitment held over the preceding five years
Nil

Mr Lee Gee Aik was appointed as an Independent Director, Chairman of the Audit Committee and member of the Remuneration Committee on 24 July 2015. On 1 March 2018, he was appointed lead independent director. He was appointed member of the Nominating Committee on 15 March 2019 and subsequently Chairman of the Nominating Committee on 30 September 2022. Mr Lee is currently the Chief Financial Officer ("**CFO**") of AlphaRock Family Office Pte Ltd, a multi-family office. He played a key role as Executive Vice Chairman of E2-C Capital Holdings Ltd (nka Astaka Holdings Limited) in its successful RTO. Mr Lee is an accountant with many years of experience in assurance, financial and taxation work having been with KPMG (Singapore and USA) and as a practicing public accountant in Singapore. He also has experience in the hospitality industry with his involvement with an international hotel chain.

Mr Lee qualified as a Chartered Certified Accountant with The Association of Chartered Certified Accountants, United Kingdom. He also has a Master of Business Administration from Henley Management College, United Kingdom. He is currently a Fellow with The Association of Chartered Certified Accountants, United Kingdom and the Institute of Singapore Chartered Accountants. Presently, he also serves as an independent director on the board of Anchun International Holdings Limited, CH Offshore Limited and Uni-Asia Group Limited, and a non-independent non-executive director of Astaka Holdings Limited.

MR OH ENG BIN, KENNETH
INDEPENDENT DIRECTOR

Present Directorship
SHS Holdings Ltd.
Sapphire Corporation Limited

Present Principal Commitments
Dentons Rodyk & Davidson LLP

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

Past Principal Commitment held over the preceding five years
Nil

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

Having been in legal practice for more than 20 years, Kenneth's practice focus is on Blockchain & Distributal Ledger Technology ("**DLT**"), Corporate Finance – in particular early/late stage private equity as well as public equity capital markets transactions such as Initial Public Offer ("**IPO**") and Reversed Take Over ("**RTO**") on the Singapore Exchange – and Merger and Acquisition ("**M&A**"). Kenneth also advises on capital markets services licensing and compliance, and on a wide range of general corporate advisory work including joint ventures, corporate restructuring and debt restructuring.

BOARD OF DIRECTORS

(MR OH ENG BIN, KENNETH CONT'D)

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

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

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

MR OONG WEI YUAN, RON
INDEPENDENT DIRECTOR

Present Directorship
SHS Holdings Ltd

Present Principal Commitments
Dentons Rodyk & Davidson LLP

Past Directorship held over the preceding five years
Nil

Past Principal Commitments held over the preceding five years
Nil

Mr Ron Oong was appointed as Independent Director of SHS Holdings Ltd. on 30 September 2022. He is currently a member of the Audit, Nominating and Remuneration Committees. Mr Oong is a partner in Dentons Rodyk & Davidson LLP's Banking and Finance department as well as Infrastructure and Energy department. Mr Oong focuses his practice in the areas of mergers and acquisition, infrastructure, energy and banking and finance (including project finance). He has handled numerous transactions involving joint venture of project sponsors and construction and operation of infrastructures, including hydroelectric power, solar power, wind power and waste-to-energy power plants. He has also advised many companies on their energy procurement, including corporate Power Purchase Agreement ("**PPA**") with solar developers, virtual PPAs, private PPAs and electricity retail agreements with electricity retailers. Mr Oong is recognised in legal directory Legal 500 for both Banking and Finance and Projects and Energy. Mr Oong holds a Bachelor of Law degree (Honours) and a Bachelor of Social Science (Economics) degree (Honours), both from National University of Singapore, and is admitted to the Singapore Bar and the English Bar.

GROUP MANAGEMENT AND PERSONNEL

SHS GROUP

Mr. Teng Choon Kiat
Executive Chairman

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

Mr. Goh Seng Huat, Daniel
Group Chief Financial Officer

ENGINEERING & CONSTRUCTION

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

Mr. Goh Seng Huat, Daniel
Group Chief Financial Officer

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

Mr. Brandon Ho Keng Guan
Deputy Project Director

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

Mr. Mahalingam Kalimuthu Kumar
EHS Manager

Mr. Phang Ching Siong
Deputy Operations Director

CORROSION PREVENTION

Mr. Lim Peng Chuan, Terence
General Manager

Mr. Goh Seng Huat, Daniel
Group Chief Financial Officer

Mr. Lim Peng Cheng
Production Manager (Plant Operations)

Mr. Goh Sia Teck
Commercial Manager (Site)

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

Mr. Mahalingam Kalimuthu Kumar
EHS Manager

SOLAR ENERGY

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

Mr. Goh Seng Huat, Daniel
Group Chief Financial Officer

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

Mr. Sng Shie Kiat
General Manager (operation)

Ms. Lim Sim Wah, Sharon
Procurement cum Contract Manager

CORPORATE INFORMATION

BOARD OF DIRECTORS

Teng Choon Kiat
Executive Chairman

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

Lee Gee Aik
Lead Independent Director

Oh Eng Bin, Kenneth
Independent Director

Oong Wei Yuan, Ron
Independent Director

AUDIT COMMITTEE

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

NOMINATING COMMITTEE

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

REMUNERATION COMMITTEE

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

COMPANY SECRETARY

Eunice Hooi Lai Fann
appointed 23 February 2023

REGISTERED ADDRESS

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Singapore 638830
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SHARE REGISTRAR

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AUDITORS

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

AUDIT PARTNER-IN-CHARGE

Christopher Bruce Johnson
(since financial year 2021)

PRINCIPAL BANKER

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

SUSTAINABILITY REPORT

BOARD STATEMENT

To our stakeholders,

SHS Holdings Ltd. ("SHS" or the "Group") is pleased to present our seventh Sustainability Report which reports on Group's sustainability performance for the financial period 1 January 2023 to 31 December 2023.

The Group's Sustainability Report draws upon the operational performance of the 5 pillars of its Sustainability Strategy.

BUSINESS INTEGRITY

WE ARE COMMITTED TO PRACTISE AND MAINTAIN A HIGH STANDARD OF TRANSPARENCY

Corporate governance is an important core value of the Group. We do not tolerate corruption or fraud and have established policies to address the business conduct expected of all employees.

The Group's zero-tolerance position towards corruption and fraud is reflected in our "Whistle Blowing Policy" and "Code of Conduct Policy".

ENVIRONMENT SUSTAINABILITY

WE RECOGNISE THE NEED TO ADDRESS THE IMPACT OF CLIMATE CHANGE

As we fully acknowledge global warming and climate change, we are committed to minimising our environmental impact in all our business activities. We are also pursuing a strategy of exploring and developing our business in any area of environmental improvement, in which we can harness our sustainable competitive advantages.

HUMAN CAPITAL

WE ARE COMMITTED TO ATTRACT AND RETAIN TALENTS, AND FOCUS ON THE PERSONAL WELL-BEING OF EMPLOYEES

Our employees contribute to the success of the Group. We invest in our employees' skills upgrading and their career development. We adopt merit-based recruitment practices, and our hiring policies ensure that recruitment is based on qualifications, skills and competency of individuals.

HEALTH & SAFETY

WE PLACE THE SAFETY OF OUR EMPLOYEES AS OUR FIRST AND FOREMOST PRIORITY

We are fully cognizant of the fact that there are health and safety risks in running some of our businesses especially at the front-lines, and prioritise worker safety programmes in all our work sites. Now that the world has gone past the COVID-19 pandemic, we continue to practise many health and safety protocols.

Our operations are fully compliant with legislated workplace health and safety standards and we have a Health, Safety & Fire Environment ("HSE") Committee to oversee workplace health and safety matters.

QUALITY

WE ARE DRIVEN BY OUR VISION TO STRIVE TO PROVIDE "PRODUCTS AND SERVICES KNOWN FOR ITS QUALITY"

The Group subscribes to best practices and complies with all relevant legislations and requirements pertaining to the health and safety impacts of products and services, which are the foundations of our product and service quality.

Our products are fully compliant with relevant standards such as the International Organisation for Standardisation ("ISO"), Swedish Standards Institute, British Standards, American Steel Structures Painting Council Standards and the American National Association Corrosion Engineers Standards.

SUSTAINABILITY REPORT

REPORTING FRAMEWORK

The report covers the Group's strategies, policies, practices, performance and targets on economic, environmental, social and governance ("EESG") issues, with reference to:

a. Global Reporting Initiative's ("GRI") Standards

   GRI Standards were first promulgated in 2000 and become the most widely adopted sustainability reporting framework, and

b. Task Force on Climate-related Financial Disclosures (TCFD)

   In line with new SGX Listing Rules on sustainability reporting, the Group is incorporating climate reporting into our report this financial year with reference to TCFD recommendations. TCFD is a reporting framework created by Financial Stability Board (FSB) with recommendations on the types of information that companies should disclose to support investors, lenders, and insurance underwriters in appropriately assessing and pricing risks related to climate change.

Our GRI-based reporting is focused on 9 material factors that have been shortlisted based on key concerns of our management and external stakeholders. These material factors are identified and managed through our five sustainability management pillars – Business Integrity, Environmental Sustainability, Human Capital, Health & Safety, and Quality.

Our TCFD-based reporting follows on from extensive engagement with senior management on the risk and opportunities related to climate change, as we continue into our second year of incorporating climate change into our business management.

SUSTAINABILITY REPORTING EXECUTIVE COMMITTEE – RAISING THE BAR

A key development in our ESG management and reporting efforts this year and going forward is raising the bar with our Sustainability Reporting Executive Committee (SREC), which now operates with a clear Terms of Reference (TOR) endorsed by the Board.

SREC has helped in establishing the organizational structure, authority, responsibilities, and meeting agendas so that more efficient and effective ESG management processes are in place.

Written policies ensure that a clear and consistent set of operating principles and processes are communicated throughout the organisation. The SREC has assisted in the development of an updated set of ESG policies ("Sustainability Management Policy and Procedures").

Directly tackling data collection and analysis challenges, SREC established a comprehensive data collection process and recording methodology. It created an ESG Databook for annual sustainability-related data compilation. Additionally, SREC coordinated internally to improve the efficiency and quality of ESG data.

Last but not least, the SREC has supported our internal auditors in their review of sustainability report processes. Various areas of improvement identified such as in target-setting, performance tracking, data quality are now being progressively addressed.

SUSTAINABILITY REPORT

LOOKING BACK AND AHEAD

The world and Singapore continue to be buffeted by major events with ESG-impacts in 2023.

In the sixth assessment report in March 2023, the Intergovernmental Panel on Climate Change, a body of experts convened by the United Nations, has warned that global average temperatures are estimated to rise 1.5 degrees Celsius above preindustrial levels sometime around "the first half of the 2030s," as humans continue to burn coal, oil and natural gas. Beyond that point, scientists say, the climate impacts will manifest in a range of extreme adversities for humankind.

There is still one last chance to shift course, the new report says. But it would require industrialised nations to join together immediately to slash greenhouse gases roughly in half by 2030 and then stop adding carbon dioxide to the atmosphere altogether by the early 2050s. If those two steps were taken, the world would have about a 50 percent chance of limiting warming to 1.5 degrees Celsius.

(Source: https://www.ipcc.ch/report/ar6/syr/)

We note that at the 2023 edition of the COP28 climate summit in Dubai, UAE, it was the first COP to officially acknowledge that fossil fuels are the root cause of climate change. Furthermore, over 100 countries have officially ratified an agreement triple renewable energy capacity and double the global rate of energy efficiency by 2030.

Meanwhile, in October 2023, the Hamas-Israeli war erupted, causing massive human suffering and keeping tensions higher than ever in the Middle-East region. This new war coupled with the ongoing Ukraine-Russia conflict has continued to raise the risk premium in oil prices, feeding into inflationary pressures around the world.

As we enter 2024, these climate developments serve to confirm that our strategic push into the solar business several years ago, is the most purposeful business pivot for our Group. We will continue to advance our renewables ventures both locally and internationally. In addition, we will continue to strengthen our core business, reinvest in our skills training, health and safety programs, while maintaining our robust governance framework.

ACKNOWLEDGEMENT

The sustainability-based achievements of the Group can only be made possible by all our employees, business partners, the continued support of our customers as well as shareholders. We extend our heartfelt appreciation to all our stakeholders.

MR. TENG CHOON KIAT
CHAIRMAN, BOARD OF DIRECTORS

SUSTAINABILITY REPORT

ABOUT THIS REPORT

GRI AND TCFD

This Sustainability Report, as approved by the Board, is prepared with reference to the GRI Sustainability Reporting Standards 2021 and the Task Force on Climate-related Financial Disclosures (TCFD) recommendations.

The GRI content index and relevant references are provided on pages 41 and 42 of the report.

REPORTING PERIOD

Our Sustainability Report is published on an annual basis, with this being our seventh report.

This report covers the Financial Year ("FY") 2023, for the period from 1 January 2023 to 31 December 2023.

REPORTING SCOPE

The data, statistics and improvement targets in the report relate to the following operations:

- Corrosion Prevention (See Hup Seng CP Pte Ltd)
- Structural Steel and Facade (Hetat Holdings Pte Ltd)
- Solar Energy (Sinenergy Power International Pte Ltd)

There are no restatements of information in this report. There is no significant change from previous reporting periods in the list of material topics.

AUDIT

We have commenced a preliminary limited scope of internal audit relating to our sustainability reporting processes in this reporting period.

We have not sought external assurance for this reporting period.

FEEDBACK

Your views and opinions are highly valued by us and we welcome any feedback on this report or on any aspect of our sustainability performance.

Kindly provide your feedback to our sustainability team:

Group's CEO (Mr Ng Han Kok Henry) at henry@shsholdings.com.sg.

SUSTAINABILITY REPORT

CORPORATE PROFILE

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

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

ENGINEERING & CONSTRUCTION

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

CORROSION PREVENTION

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

SOLAR ENERGY

The Group diversified into the solar energy sector in 2016, amidst a growing global commitment to renewable energy and environmental sustainability, and the quest for clean and affordable energy-efficient solutions. Through its subsidiary, the Group focuses on solar energy development and EPC works. It has successfully installed various roof-top, photovoltaic systems of all scales for domestic and commercial customers in Singapore.

Furthermore, in FY2023, the Group executed, approximately 20 Engineering Procurement, and Construction (EPC) project accross Singapore, focusing on the installation of solar system for customer.

Furthermore, in FY2023, the group executed approximately 20 Engineering, Procurement, and Construction (EPC) projects across Singapore, focusing on the installation of solar systems for customers. These newly established solar systems have enhanced the energy mix of the clients, reducing their reliance on the power grid.

SUSTAINABILITY REPORT

OUR APPROACH TO SUSTAINABILITY

SUSTAINABILITY GOVERNANCE

The Board of Directors at SHS is responsible for overseeing the Group's business operations and providing leadership in shaping the overall strategy. The Group's commitment to sustainability is championed by the Sustainability Reporting Executive Committee (SREC), which is empowered through a comprehensive and formal terms-of-refence, to oversee the development and implementation of sustainability strategies and initiatives across the entire organisation.

The SREC has been working closely with our internal auditors, who have highlighted a number of areas for improvement. These areas include performance target-setting, performance target tracking and data quality assurance. The Board shall be considering all the recommendations of the internal auditors and SREC and will be making the appropriate budgetary and resource allocations in the coming periods.

The Group's sustainability strategy is formulated and endorsed by the Board. The Board directs the Sustainability Reporting Executive Committee to establish the operational policies and procedures.

The Group Chief Executive Officer oversees the performance of Sustainability Champion in Economic & Governance, Environment and Social domains. Each one of these domains is directed by a senior officer.

SUSTAINABILITY REPORT

OUR SUSTAINABILITY STRATEGY

SHS has a vision to be in a market leadership position in each business segment of the Group.

Our Vision	To Be In The Forefront In Each Area Of Our Business, With Products And Services Known For Its Quality And Cost Competitiveness

This is aligned with placing sustainability at the core of our operations through focusing on five areas:

Strategic Focus	Business Integrity, Environmental Sustainability, Human Capital, Health & Safety, and Quality

STAKEHOLDER ENGAGEMENT

By engaging and collaborating with our stakeholders, we are better able to address sustainability challenges and opportunities for our business. We engage with our stakeholders regularly and incorporate relevant and appropriate feedback into our planning and actions.

Our various groups of stakeholders (Employees, Customers, Suppliers, Shareholders & Regulators, and Local Communities) are identified based on our respective economic, social and environmental impacts in the context of our value chain.

Key to the success of our sustainability programme is regular engagement with to all our stakeholder groups. Our engagements involve receiving appropriate feedback and escalation mechanisms to our management teams. These engagements will facilitate an effective identification and management of our material ESG factors over the short, medium and longer-term. We see our sustainability report as being a critical component of this continuous cycle of organisational improvement.

	STAKEHOLDERS' CONCERNS	ENGAGEMENT PLATFORM	FREQUENCY
Employees	• Safe and conducive workplace • Fair labour practices and compensation	• Trainings • Grievance/feedback channels • Regular reviews and appraisals • Intranet/Internet/VPN/ Email platform for policies, news and benefits	At least once a year for appraisal or as when required
Customers	• Product quality and innovation • Product compliance to all relevant regulations • Timely follow-up on customer feedback • Ability to offer competitive and cost-efficient solutions which are safe and environmentally responsible	• Feedback channels such as email and telephone communications • Client meetings • Corporate website, email and newsletters	• Continuously for feedback about quality or as when required

SUSTAINABILITY REPORT

	STAKEHOLDERS' CONCERNS	ENGAGEMENT PLATFORM	FREQUENCY
Suppliers	• Clear two-way communication channels • Timely feedback regarding materials/services provided	• Inspections and quality site visits • Quotations and requests for proposal • Raw material specifications discussion meetings	• Continuously for feedback about quality or as when required
Shareholders & Regulators	• Business resilience and financial performance • Business strategy and direction • Corporate governance and compliance • Transparent and timely communication of information	• Results announcements and news releases • Corporate website and email • Annual General Meeting (AGM)	• At least 3 times through announcements and AGM or as when required
Local Communities	• Mitigation of adverse implications of projects • Communication regarding future developmental planning relating to projects	• Environmental and social impact study	• When required

MATERIALITY ASSESSMENT

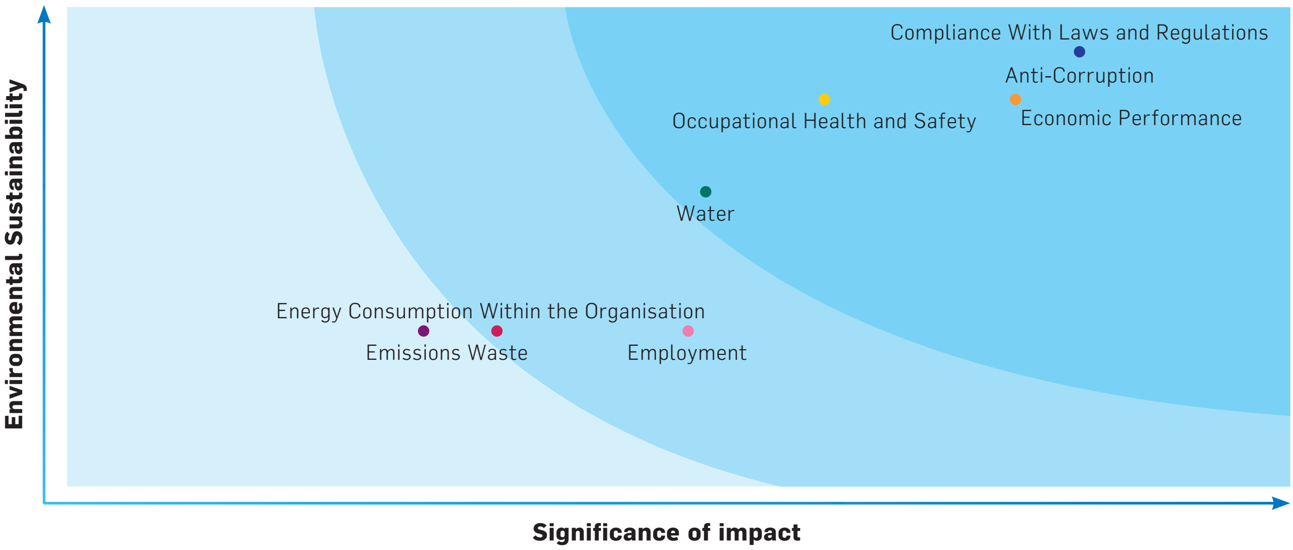
Our ESG materiality assessment process aligns with the GRI Standards. We derive our list of material ESG factors on an annual basis through a comprehensive stakeholder engagement and evaluation process, both of which are endorsed by the SREC.

Under the guidance of the SREC and in accordance with the GRI Standards reporting principles and our ESG policy, a list of potential ESG factors is identified from various engagement platforms with key stakeholders. In conjunction with the prioritised material factors, the SREC identified the achievable disclosures underlying each material factor.

Sustainability Strategy	Material Factor	Disclosure
Business Integrity	Anti-Corruption (GRI 205)	Incidents of corruption
		Communication And Training About Anti-Corruption Policies And Procedures
	Compliance With Laws and Regulations (GRI 2-27)	Incidents of violation
	Economic Performance (GRI 201)	Total Revenue

SUSTAINABILITY REPORT

Sustainability Strategy	Material Factor	Disclosure
Health & Safety	Occupational Health and Safety (GRI 403)	Fatalities
		Accidents
		Accident Severity Rate
		Accident Frequency Rate
Human Capital	Employment (GRI 401)	Total Employees
		Employees Distribution by Region
		Employees Distribution by Gender
		Turn Over
Environmental Sustainability	Water (GRI 303)	Total Water Consumption
	Energy (GRI 302)	Total Electricity Consumption
		Total Liquid Fuels Consumption
	Waste (GRI 306)	Waste Generated
		Waste Diverted From Disposal
		Waste Directed To Disposal
	Emissions (GRI 305)	Scope 1 & 2 Greenhouse Gas Emissions



SUSTAINABILITY REPORT

OUR SUSTAINABILITY STRATEGY: BUSINESS INTEGRITY

SHS is committed to practise and maintain the highest standards integrity in the conduct of our business. Our Board and management ensure that the Group adopts the 2018 Code of Corporate Governance (the "2018 Code") as a comprehensive ethical compass for our entire organisation.

ANTI-CORRUPTION GRI 205-2 205-3

Corruption is an inherent risk in the construction sector, especially in lesser develop countries and it can cause serious financial and reputational damage to the Group.

The Group's has a zero-tolerance policy towards corruption and fraud, which is informed by our related policies in this section on Business Integrity.

WHISTLE BLOWING POLICY

The Group's whistle blowing policy has been in place since January 2013 and is a key mechanism in helping the Group we conduct business without fraud and corruption, and a general breach of the Company's Code of Conduct.

The whistle blowing policy and reporting mechanisms are communicated to all employees on their first day of work. The policy has also been made accessible through the Group's intranet and shared folder, with the latest contact details of the AC.

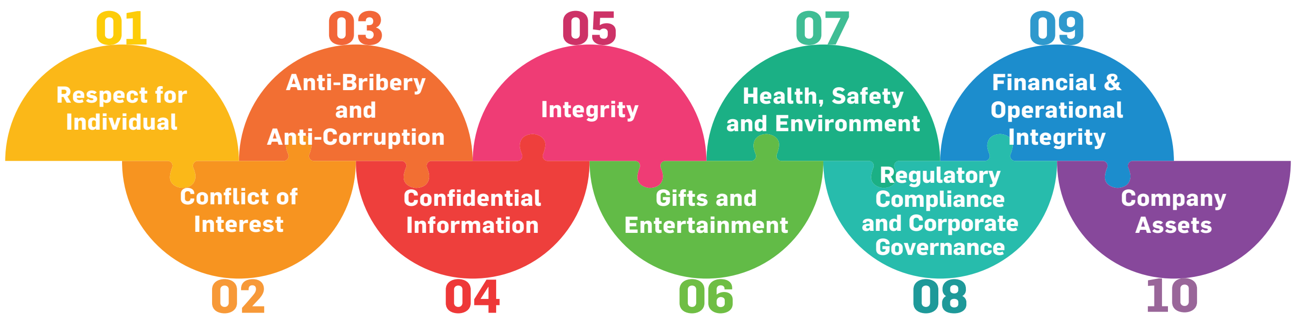
Employees can raise genuine concerns about possible improprieties* related to financial reporting or other adverse operational matters through the established escalation channels. The AC will then review and investigate the complaints and recommend any remedial or legal action to be taken, where necessary.

All employees have the right to lodge a complaint with any member of the Audit Committee.

CODE OF CONDUCT

The Code of Conduct establishes guidelines on how we should conduct our business responsibly, with integrity and with respect. In FY2023, the group has updated our Code of Conduct and populated to all our employees.

It also provides guidance on the behaviour expected from all employees in respect of the following areas:



* *Possible improprieties are defined as any activity, breach of business conduct and ethics or omission by an employee of the Group or any concerns regarding accounting or auditing matters, internal controls or internal accounting controls and other operational matters that are questionable or not in accordance with generally accepted accounting practices or trade.*

SUSTAINABILITY REPORT

A breach of the Code of Conduct will be grounds for disciplinary action against those involved, including dismissal.

The Code of Conduct will be accessible on the Intranet and VPN for all employees to read.

FY2023 PERFORMANCE
No incidents of corruption

FY2024 TARGET
Zero incidents of corruption

REGULATORY COMPLIANCE GRI 2-27

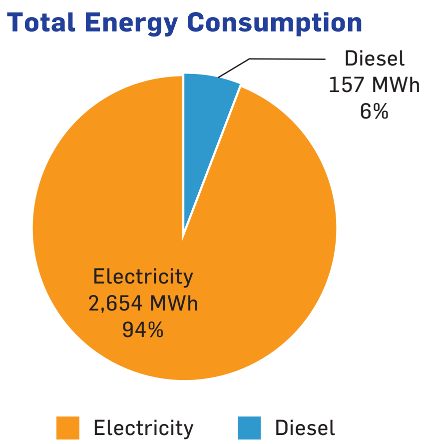
The group has maintained full compliance with applicable laws and regulations, with no instances of non-compliance or failure to adhere. These laws and regulations encompass:

- international declarations, conventions, and treaties;
- national, subnational, regional, and local regulations;
- binding voluntary agreements made with regulatory authorities and developed as a substitute for implementing a new regulation; and
- voluntary agreements (or covenants), if the organization directly joins the agreement, or if public agencies make the agreement applicable to organizations in their territory through legislation or regulation.

OUR SUSTAINABILITY STRATEGY: ENVIRONMENTAL SUSTAINABILITY

ENERGY GRI 302-1

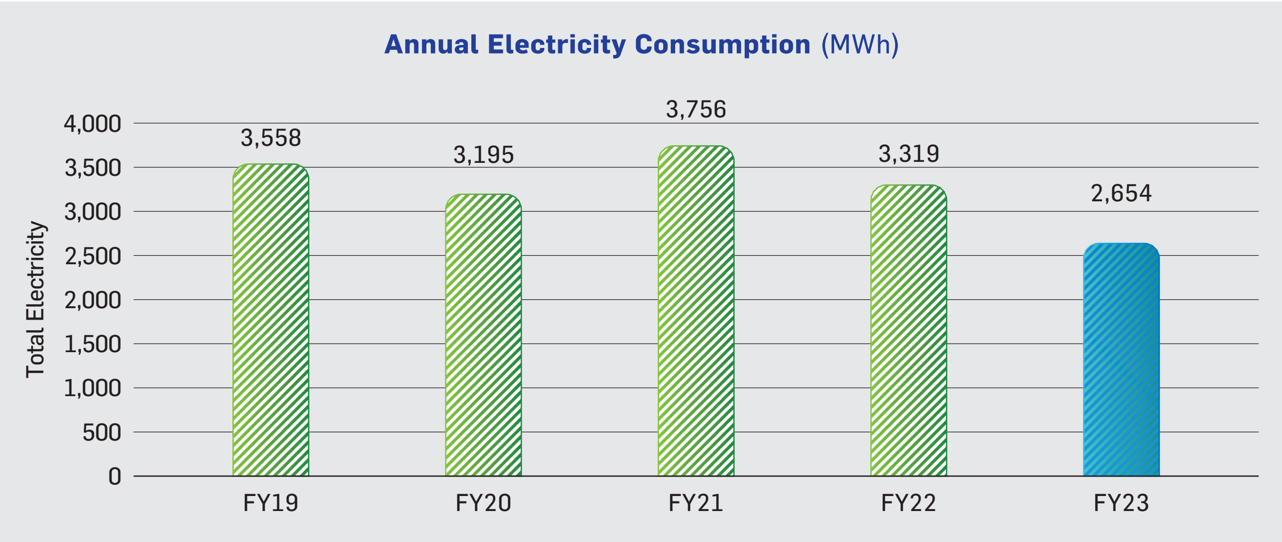
The Group utilises liquid fuels and electricity for its energy needs. The primary energy consumed by the Group is electricity, accounting for approximately 94% of the total energy consumption. In FY2023, the group's total energy consumption was approximately 2,810 MWh.



Electricity is the primary form of energy consumed in Structural Steel and Façade, and Corrosion Prevention businesses.

In FY2023, there was a reduction in electricity consumption amounting to 665 MWh, which corresponds to a 20% decrease. This decline was attributed to a reduced number of projects and a contraction in business volume.

SUSTAINABILITY REPORT



The Group's liquid fuel consumption, which is diesel, is primarily for the operation of its own fleet of transportation vehicles.

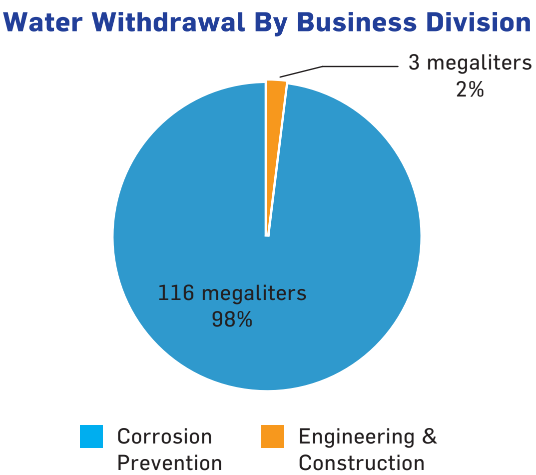
REDUCTION OF ENERGY CONSUMPTION GRI 302-4

The culture of environmental responsibility is the most effective tool in managing environmental problems. In this regard, the Board and management will continue to inculcate environmental consciousness amongst our people, through training and active reminders to save electricity throughout the organization.

The rooftop of the Hetat office building has been leased out to a 3rd party lessor for the installation of a solar rooftop. The lease term runs for 21 years. The solar rooftop generates an average of 52,694 kWh per month, of which 24,493 kWh is consumed by SHS while the remaining is exported to the grid. This enables us to meet our energy requirements at a lower cost per kWh compared to the standard tariff rate.

WATER GRI 303-3

The Group's entire usage of water is of potable water, supplied by third-party utility providers. For FY2023, the total water consumed by the group was approximately 119 megaliters. Most of the water usage was attributable to the Corrosion Prevention business.



SUSTAINABILITY REPORT

WASTE GRI 306-3 GRI 306-4 GRI 306-5

Waste from raw material usage is a natural by-product of any industrial organization. The Group has a process to track its wastes and has programs to manage waste disposal.

The Group also focusses on reducing the cost of wastage in its steel fabrication process through investments in software which helps to increase the efficient use of raw materials. All surplus steel cuts are recycled or sold to recycling yards.

The types of waste generated by the Group include:

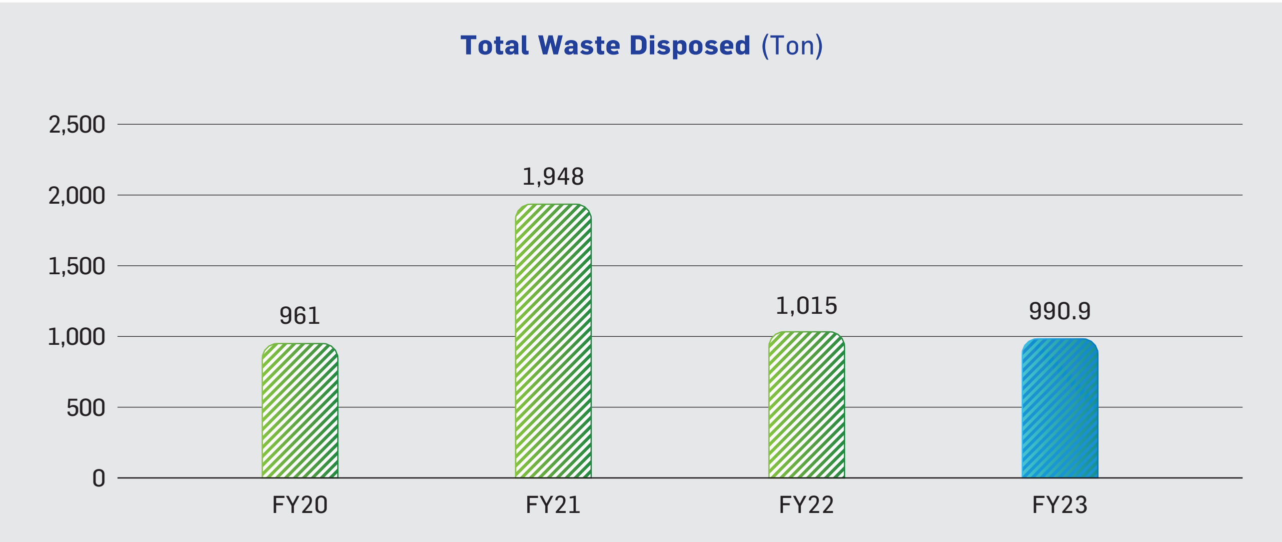
- Scrap
- Copper slag, steel grit and paint
- Office consumables

Non-hazardous wastes such as steel, aluminium and steel grit are recycled, while hazardous wastes such as copper slag and paint are incinerated.

SHS only works with licensed waste collection vendors to ensure disposal of hazardous wastes are compliant with government regulations.

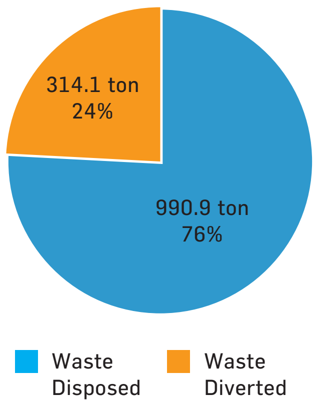
In FY2023, the group generated a total of 1,305 tonnes of waste, of which 24% was diverted or recycled waste.

The disposed waste accounted for approximately 76% of total waste, totalled 991 tonnes, marking a decrease compared to FY2022. This reduction can be attributed to a decrease in business activities, as well as improved waste management practices.



SUSTAINABILITY REPORT

Waste Diverted And Disposed (Ton)



In FY2023, a total of 295 tons of metal were recycled, which accounted for 94% of the total diverted waste.

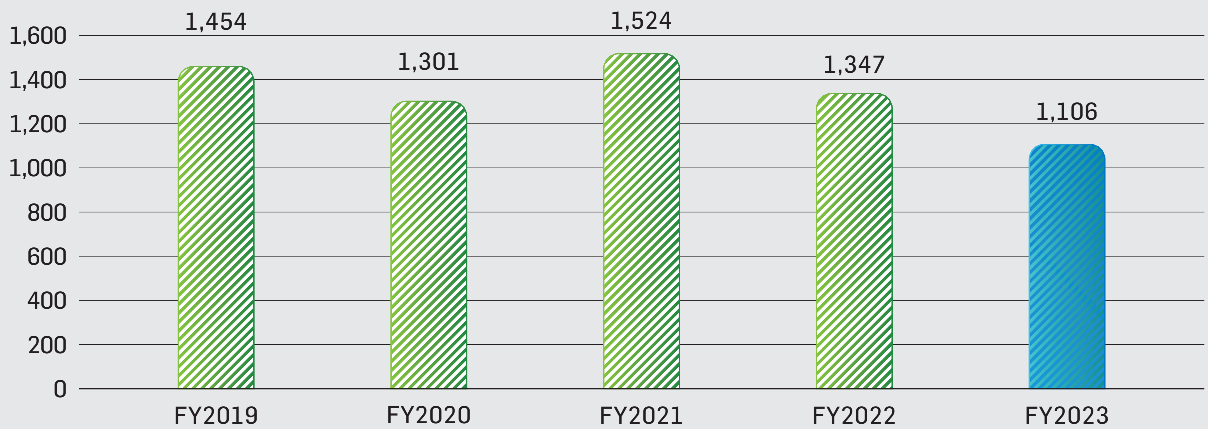
EMISSION GRI 305-1 305-2

The Group's Gross Direct (Scope 1) Greenhouse Gas ("GHG") emissions for FY2023 amounted to approximately 397 tonnes of CO2 equivalent*, entirely attributable to diesel combustion from the Group's fleet of vehicles.

(*Derived from GHG Protocol tool for mobile combustion from World Resources Institute.)

The Group's Scope 2 GHG emissions is based on the group's total electricity usage and the electricity grid emission factors. This decline was attributed to a reduced number of projects and a contraction in business volume.

Energy indirect (Scope 2) GHG emissions (Ton CO2e)



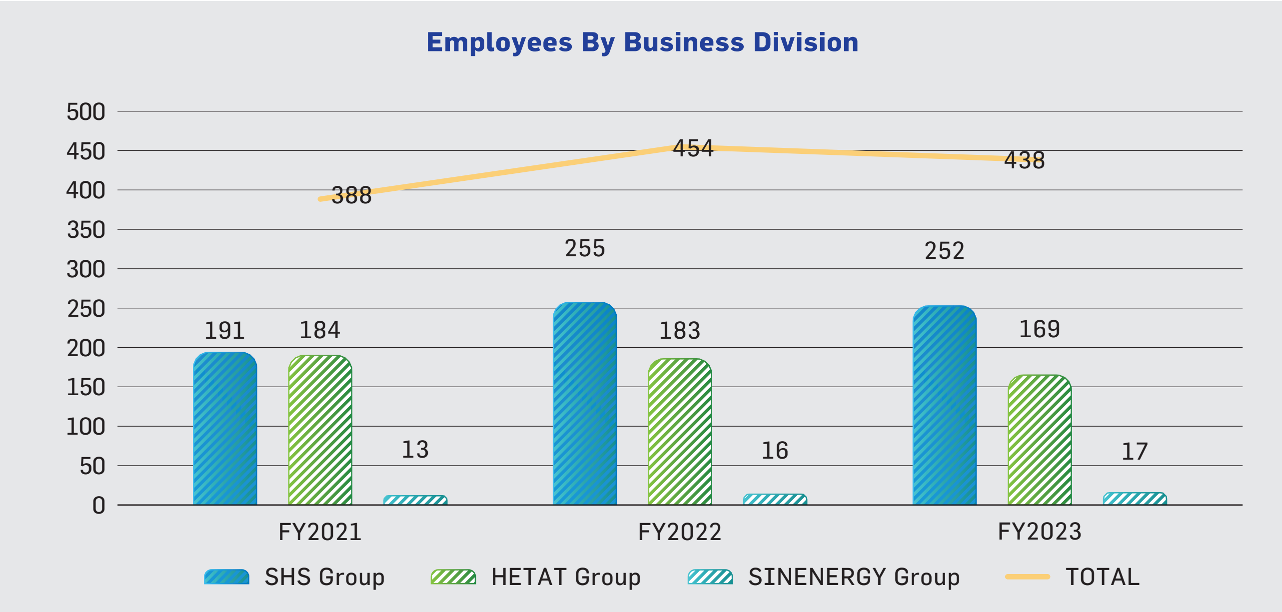
SUSTAINABILITY REPORT

OUR SUSTAINABILITY STRATEGY: HUMAN CAPITAL

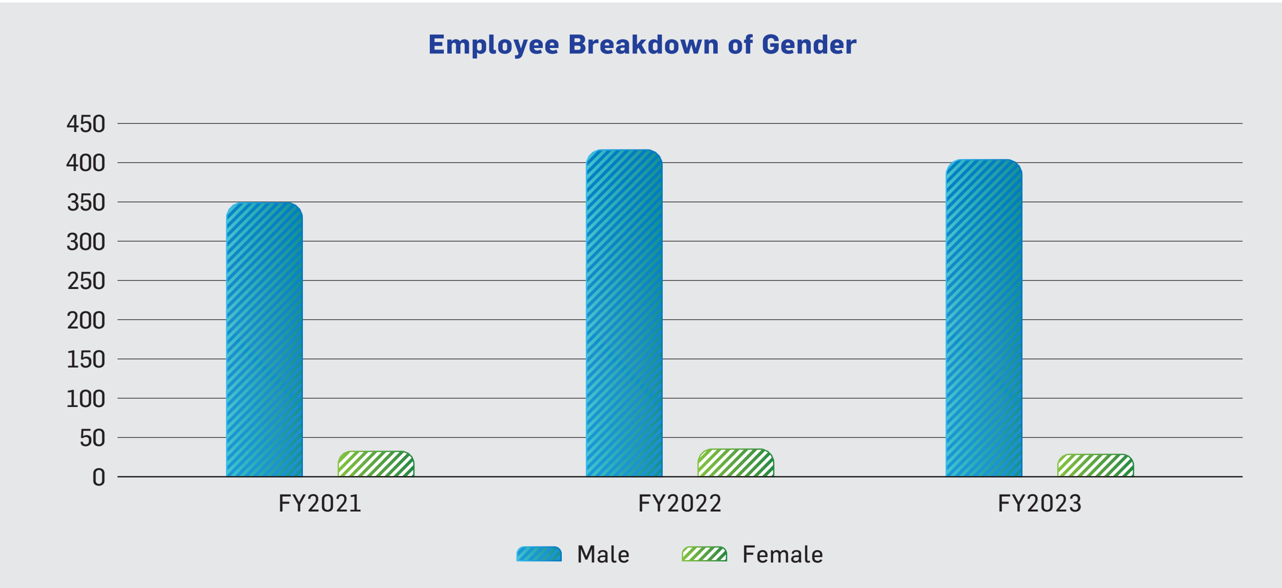
WORKFORCE OVERVIEW 2-7

The Group regards human capital as one of its most vital assets. Our employees play a significant role in all our businesses. Their knowledge, skills and dedication to the Group is key to our growth.

We firmly believe in equal employment opportunities to all regardless of nationality, race, gender, age and religion. Our hiring policies are merit-based whereby recruitment is based on the skills and competency of individuals. Discrimination of any kind is not tolerated.



Our employee profile continues to be male-dominated, and this is a normal characteristic of the marine and construction industry.



SUSTAINABILITY REPORT

OUR POLICY

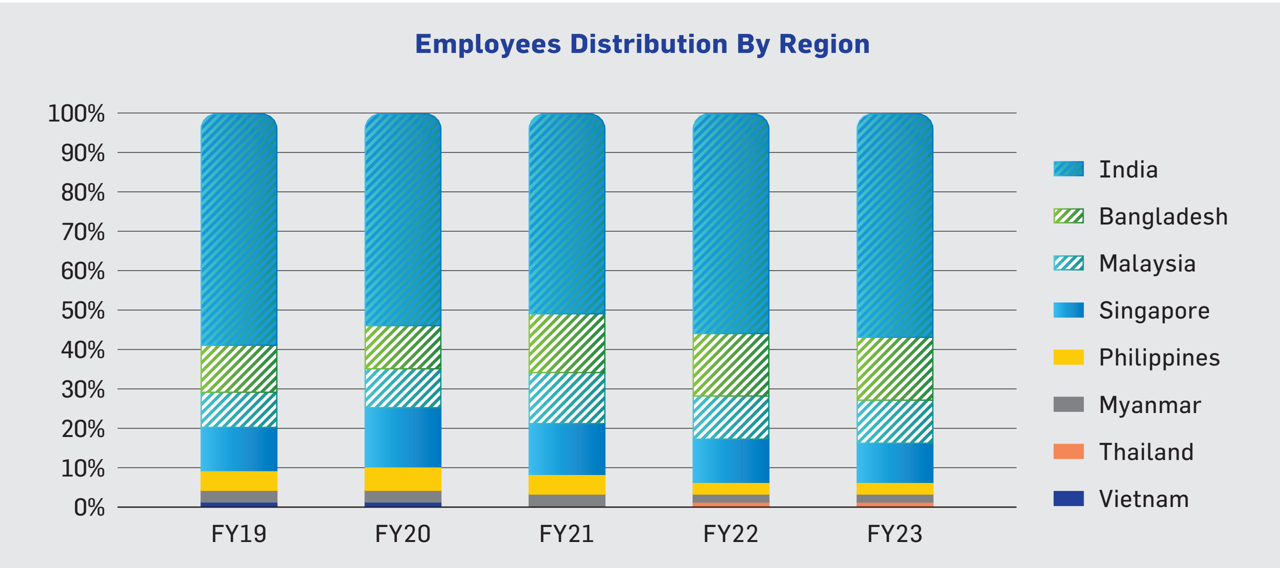
Our policy primarily encompasses two key areas: Diversity & Inclusion and Employee Relations.

The Diversity & Inclusion Policy aims to create an environment where every employee can equally participate and contribute to the Group's success, with each employee's unique skills, experiences, and perspectives being valued and respected. Our initiatives in this area include actively identifying and addressing diversity challenges and opportunities, ensuring compliance with legal and regulatory obligations, eliminating discrimination, safeguarding a harassment-free workplace, and fostering an inclusive and empathetic environment where all employees can endeavour to realize their potential both individually and as a team.

The Employee Relations Policy reflects the Group's sustainability through good industrial relations. In line with this policy, the Group has established effective communication channels between all levels of staff and management so that staff concerns and suggestions on operational improvements can be considered by management.

EMPLOYEE DISTRIBUTION BY REGION 2-7

Most of our employees are from India (57%), Bangladesh (16%), Singapore (10%) and Malaysia (11%). The breakdown of the employees are as follows:



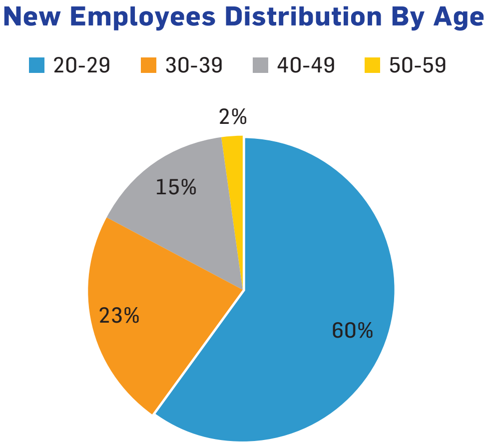
EMPLOYMENT 401-1

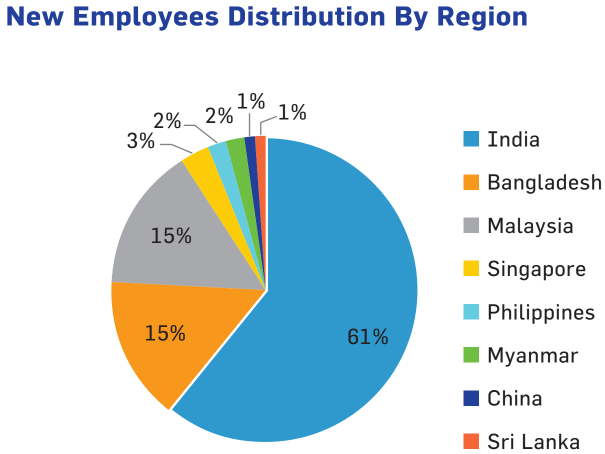
For FY2023, SHS welcomed 95 new employees to our team as compared to new hires of 173 employees in FY2022. A total of 111 employees left our team. In 2022, we hired 173 employees in response to increased demand for manpower, driven by the acceleration of projects such as the SGA Project, Singapore Grand Prix (Formula 1) Project and Dyna-mac Project. This surge in hiring coincided with a period when the impact of COVID-19 was less severe and market conditions were improving. However, in fiscal year 2023, our hiring decreased as business activity slowed.

SUSTAINABILITY REPORT

In the fiscal year 2023, the company hired 95 new employees, with a majority being foreign workers (74) in Marine and Construction sectors, and the rest (21) in staff and management for office and site operations.

The composition of newly hired employees, with 60% aged between 20-29, reflects the demands for onsite marine and construction employee. In the 30-39 age bracket, which accounted for 23% of total hiring, the group employed talent for vacancies at all levels.





Among the 95 new employees, 94% were male. The majority originated from India, Bangladesh, and Malaysia.

SUSTAINABILITY REPORT

In FY2023, SHS endeavoured to achieve targets:

In FY2024, our goal is not only to meet regulatory requirements for employee development and training, but also to engage and reward our employees for their hard work and dedication to the Group.

2023 PERFORMANCE

- 44% of the workforce attended training or courses.
- Employees underwent performance evaluations and were rewarded according to the company's incentive scheme.
- Employee engagement events were organized with management, such as celebrations for Chinese New Year, Christmas, and BBQ gatherings, to express appreciation for their hard work and dedication.
- Enhance coverage for hospitalization and surgery policies for staff in the Marine segment.

2024 TARGET

- To have 50% of the employees get proper development and training.
- Establish 3 employee recognition events and incentive recognition programs.
- Build 2 healthy lifestyle programs.

NON-DISCRIMINATION 406-1

In FY2023, the Group maintained a commendable record of no discrimination incidents, evidencing our strong commitment to equality and respect for all individuals. This achievement underscores our dedication to fostering an environment where diversity is embraced, and every person is treated with fairness. We continue to champion these principles, ensuring our workplace is a model of inclusivity.

2023 PERFORMANCE

- No reported incidences of discrimination raised by our employees.

2024 TARGET

- Zero discrimination reports.

SUSTAINABILITY REPORT

OUR SUSTAINABILITY STRATEGY: HEALTH & SAFETY

Our Board and senior management unequivocally recognise that health and safety risks are an ever-present risk to our staff in our business operations, especially in construction sites.

The Group's Health, Safety & Fire and Environment ("HSE") Committee oversees workplace health and safety matters. The committee is responsible for identifying and addressing potential operational risks, investigating accidents, as well as providing safety briefings to employees.

In addition, we ensure that our operations adhere to legislated workplace health and safety regulations and industry safety standards.

Some regulations and standards that we subscribe to include, but are not limited to, the Workplace Safety and Health Act 2006 and its subsidiary legislations required by the Ministry of Manpower, the Fire Safety Act by the Singapore Civil Defence Force and its Regulations, SS 679 – a workplace safety and health standard intended for worksites involved in the preparation, supervision and execution of construction works. The Group was also audited by the Building and Construction Authority/MOH and MOM and was compliant in all areas.

INITIATIVES TO ENSURE HEALTH & SAFETY

The Group aims for a zero-accident record in in its high-risk operations. Many regular internal meetings on safety and safety audits are conducted through FY2023.

REGULAR OPERATION MEETS

Daily Toolbox Meeting
To discuss the hazards and risks involved in the daily production activities, as well as preventive measures to be taken while performing daily operations, with the supervisors.

Weekly Mass Briefings
Conducted by the HSE manager to share safe work procedures and risk assessments with employees and contractors, as well as share case studies of accidents with the entire workforce.

Monthly HSE Inspections & Meetings
During the inspections, the HSE members will inspect the work premises and identify potential health and safety hazards. These identified issues will be discussed during the monthly HSE meeting.

Annual HSE Campaign
Includes refresher trainings for forklift and crane operators and HSE quiz.

Fire Safety
Two firefighting drills and a firefighting training and fire drills have been conducted for employees.

SUSTAINABILITY REPORT

SAFETY AUDITS

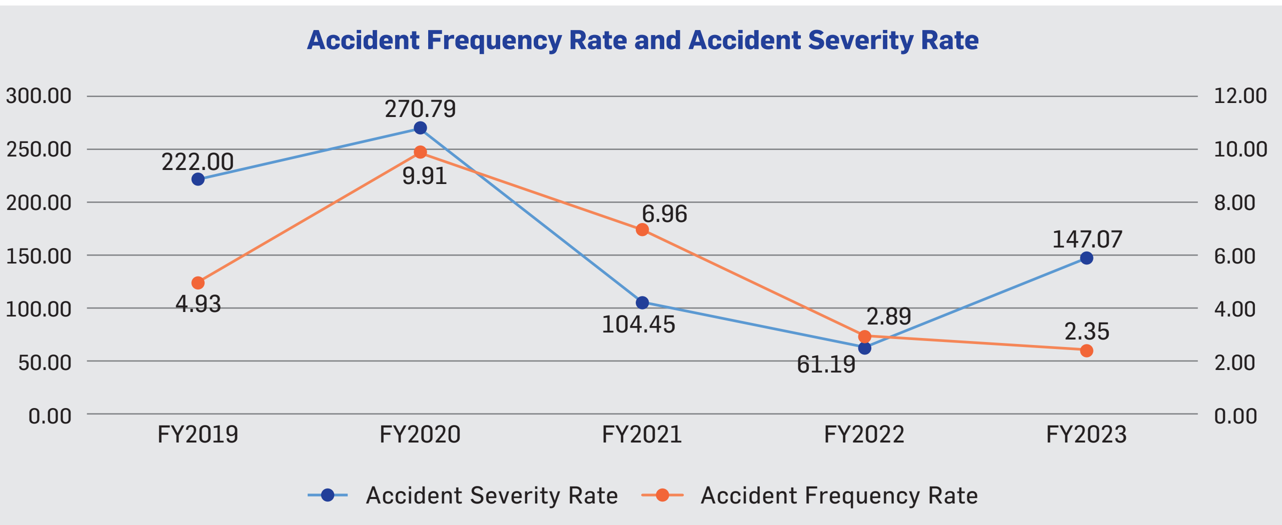
Annual ISO Surveillance Audit

Green and Gracious Builder Scheme Audit

A benchmark of a builder's corporate social responsibility to the environment and public during the construction of projects.

ACCIDENT FREQUENCY RATE & ACCIDENT SEVERITY RATE GRI 403-2

The graphs below present the average Accident Frequency Rate ("AFR") and Accident Severity Rate ("ASR") from 2019 to 2023. Despite an increase in the Accident Severity Rate in FY2023 compared to FY2022, both metrics have demonstrated a steady downward trend over the past five years, reflecting our commitment and effectiveness in safety management.



SUSTAINABILITY REPORT

FY2023 PERFORMANCE

- Zero fatal accidents.
- Keep low accident frequency and severity.
- No violation of legal and statutory requirements.

FY2024 TARGET

- To Achieve 0 Fatality rate in Year 2024.
- To achieve AFR <3 FY 2024.
- To achieve ASR <250 FY 2024.
- To achieve 0 Environmental incidents in 2024.

SUSTAINABILITY REPORT

OUR SUSTAINABILITY STRATEGY: QUALITY

With a vision to strive to provide "products and services known for its quality", the Group adopts best practices and complies with all relevant legislation and requirements pertaining to the health and safety impacts of its products and services.

We ensure that all delivered products are fully compliant with relevant standards such as the International Organisation for Standardisation ("ISO"), Swedish Standards Institute, British Standards, Singapore Building Council Authority, American Steel Structures Painting Council Standards and the American National Association Corrosion Engineers Standards.

In addition, as we work with various suppliers in our supply chain, we have initiatives in place to ensure that the quality of our sourced materials is maintained:

– New suppliers are screened and qualified in accordance with our purchasing policy.

– Suppliers' industry reputation, track records, pricing and relevant certifications are evaluated prior to being qualified as a supplier fit for procurement.

– Suppliers must be qualified before the Group makes any purchase from them.

– Annual reviews of suppliers are also conducted to evaluate the suppliers' performance to ensure continuous quality materials procured.


CERTIFICATE
OF REGISTRATION

Certificate No. 742422

The Quality Management Systems of

Hetat Pte. Ltd.

has been audited and found to conform to

ISO 9001:2015

for the following activities

1. Civil Engineering Works
2. General Building Construction Services
3. Design, Fabrication and Installation of Structural and Architectural Steel Works

Date of Issue:	Date of Expiry:	Initial Certification:
01 February 2023	[illegible]	[illegible]

Guardian Independent Certification Pte Ltd


CERTIFICATE
OF REGISTRATION

Certificate No. 799745

The Environmental Management Systems of

Hetat Pte. Ltd.

has been audited and found to conform to

ISO 14001:2015

for the following activities

1. Civil Engineering Works
2. General Building Construction Services
3. Design, Fabrication and Installation of Structural and Architectural Steel Works

Date of Issue:	Date of Expiry:	Initial Certification:
01 February 2023	[illegible]	[illegible]

Guardian Independent Certification Pte Ltd

SUSTAINABILITY REPORT

CERTIFICATE OF REGISTRATION

Certificate No. 759328

The Occupational Health and Safety Management Systems of

Hetat Pte. Ltd.

19 Tuas Avenue 20 Singapore 638830

has been audited and found to conform to

ISO 45001:2018

for the following activities

1. Civil Engineering Works
2. General Building Construction Services
3. Design, Fabrication and Installation of Structural and Architectural Steel Works

Date of Issue:	Date of Expiry:	Initial Certification:
01 February 2023	18 December 2025	19 December 2019

Guardian Independent Certification Pte Ltd

bizSAFE STAR

CERTIFICATE

The Workplace Safety and Health Council is pleased to certify that

HETAT PTE. LTD.

has fulfilled the requirements to attain bizSAFE Level Star

This certificate is valid till 18/12/2025

Christopher Koh
General Manager
Workplace Safety and Health Council

INITIATIVES FOR EACH BUSINESS ARM

Corrosion Prevention

Our quality approach focuses on three key areas – process, equipment, and people. To ensure our services fulfil the stringent technical requirements of our customers, we have a comprehensive quality management system that covers the entire blasting and painting process.

Quality inspections are carried out after each stage of the surface preparation process and painting process to ensure conformity to the specifications of established international industry standards such as:

- Swedish SIS 05 59 00 1967 blasting standards
- ISO 8501-1:1988
- British BS4232 standards American Steel Structures
- bizSAFE Star level award
- ISO 45001:2018

SUSTAINABILITY REPORT

Structural Steel and Facade

The structural steel and facade business has obtained the following accreditations and certifications:

– ISO 9001:2015.

– ISO 14001:2015.

– ISO 45001: 2018.

– Accredited Structural Steel fabricator under S1 category, the highest grading awarded by Singapore Structural Steel Society.

– bizSAFE Star level award.

Solar Energy

SHS only selects tier-1 quality components for use in solar energy projects to ensure that the solar panels manufactured are able to function for a lifespan of 25 years.

COMPLIANCE IN PRODUCTS AND SERVICES SAFETY GRI 416-2

The Group did not record any violations of laws and regulations in the provision, usage, health and safety of our products and services in FY2023.

FY2023 PERFORMANCE

- Zero violations of legal and statutory requirements.
- Zero customer complaints.
- All projects met timely delivery.

FY2024 TARGET

- To maintain zero violations of legal and statutory requirements.
- To maintain zero customer complaints.
- To continue ensure projects are delivered on time within contractual terms.

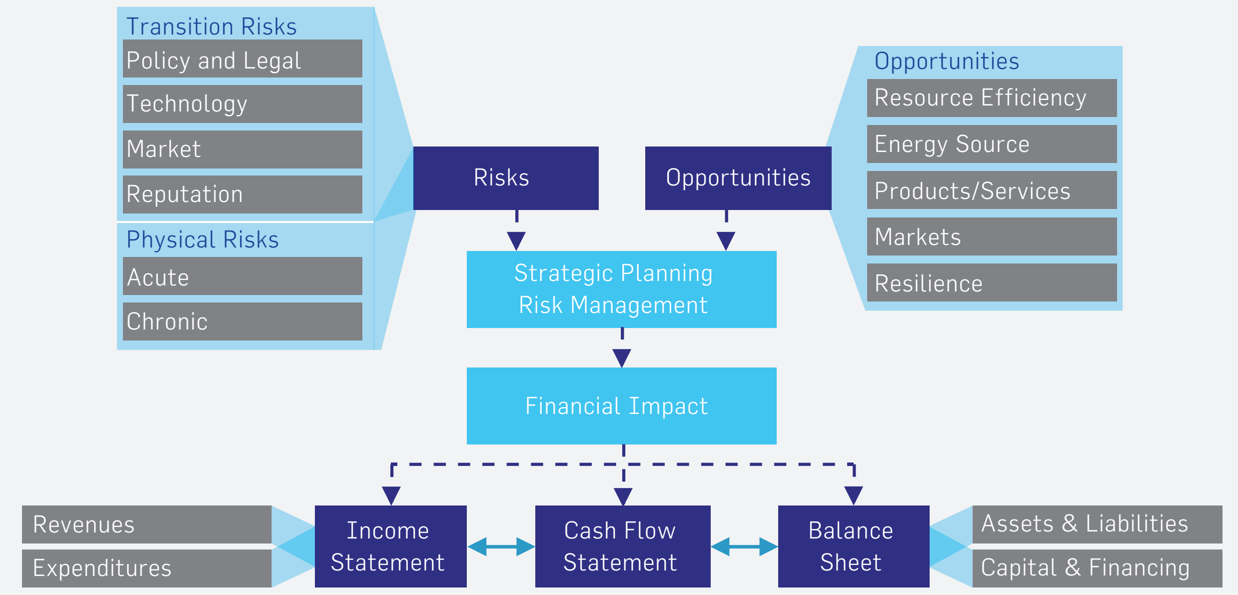
SUSTAINABILITY REPORT

TASK FORCE ON CLIMATE-RELATED FINANCIAL DISCLOSURES (TCFD)

The Group's Board and management have taken note that Singapore Exchange has upgraded its sustainability reporting disclosure rules to align with the Task Force on Climate-related Financial Disclosures (TCFD) recommendations which has been led by Financial Stability Board of the Bank for International Settlements.

In order to better structure the Group's operating perspective around sustainability and climate impact, the Board has mandated that senior management attend training in sustainability reporting and comprehensive training in climate-reporting. This effort has been followed by senior management participation in discussions and surveys on how climate change will impact the Group's business, using the TCFD framework below as the guide.

Climate-Related Risks, Opportunities, and Financial Impact



The CEO and senior management also gave well-considered inputs on how climate-change will impact the Group and how it should review each business operations to manage the risks as well as to explore and position itself for the opportunities.

Working through the SREC, the Group has commenced various initiatives to implement more energy-efficient and GHG-reducing processes in the organisation, while continuing to explore business opportunities in the green economy locally and abroad.

The extent and implementation of additional future plans around climate-related risks and opportunities will be a function of what the Board and senior management assess to be measurable, substantial and economically viable.

SUSTAINABILITY REPORT

Summary of Board and Senior Management operations and plans related to climate risks and opportunities

<table>
<tr><th>TCFD Core Elements</th><th>Considerations</th><th>Salient Observations</th></tr>
<tr><td rowspan="2">1. Governance

Disclosure of the organization's governance around climate-related risks and opportunities</td><td>Executive Board's oversight of climate-related risks and opportunities</td><td rowspan="2">Although climate change is occasionally discussed at Board and management meetings, there is not yet a formal set of roles and responsibilities established for the oversight, assessment and management of climate-related risks and opportunities yet in 2023.

These initiatives will be considered within the next 2 years.

It is expected that the CEO, CFO, Business Heads will be assigned leadership roles in the areas of climate-risk governance, with annual reporting to the Board.</td></tr>
<tr><td>Management's role in assessing and managing climate-related risks and opportunities</td></tr>
<tr><td rowspan="3">2. Strategy

Disclosure of the actual and potential impacts of climate-related risks and opportunities on the organization's businesses, strategy, and financial planning where such information is material</td><td>The climate-related risks and opportunities that the organization has identified over the short, medium, and long term.</td><td rowspan="6">The senior management has not yet instituted a formal process to assess climate-related risks and opportunities.

On the risk side, senior management has informally assessed that while risks exist, there is none that would impact the Group in a material way over the short-to-medium term.

Nonetheless, the Group will ensure that at the minimum, resources and processes to meet regulatory compliance will be allocated in this area.

On the opportunity side, the Group will be exploring resource efficient technologies and processes, new energy sources including renewables, new markets.

As the overall strategic and financial impact from climate change is deemed by management to be not substantial, the Board and senior management has not decided that a formal transition to +1.5 C (or higher) global warming scenario is necessary over the next two years.</td></tr>
<tr><td>Impact of climate-related risks and opportunities on the organization's businesses, strategy, and financial planning</td></tr>
<tr><td>Resilience of the organizational strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario.</td></tr>
<tr><td rowspan="3">3. Risk Management

Disclosure of how the organization identifies, assesses, and manages climate-related risks</td><td>Organization's processes for identifying and assessing climate-related risks</td></tr>
<tr><td>Organization's processes for managing climate-related risks</td></tr>
<tr><td>Integration of processes for identifying, assessing, and managing climate-related risks are integrated into the organization's overall risk management</td></tr>
</table>

SUSTAINABILITY REPORT

TCFD Core Elements	Considerations	Salient Observations
4. Metrics & Targets Disclosure the metrics and targets used to assess and manage relevant climate-related risks and opportunities where such information is material	Metrics used by the organization to assess climate-related risks and opportunities	The Group has not yet established a climate-related target setting process. It is expected to do so over the next two or so years.
	Disclosure of Scope 1, Scope 2, and Scope 3 greenhouse gas (GHG) emissions and the related risks	The Group discloses Scope 1 & Scope 2 emissions. The Group shall include the discussoin of related risk in later years, if such risks are deemed as material to our business.
	Targets used by the organization to manage climate-related risks and opportunities and performance against targets	The Group has not yet established a climate-related target setting process. It is expected to do so over the next two or so years.

SUSTAINABILITY REPORT

GRI CONTENT INDEX *(Pages to be fixed pending until final draft)*

GRI STANDARD	DISCLOSURE		PAGE REFERENCE
GENERAL DISCLOSURES			
GRI 1: Foundation 2021			Sustainability Report 2023
GRI 2: General Disclosures 2021	**The organisation and its reporting practices**		
	2-1	Organisational details	1-3
	2-2	Entities included in the organisation's sustainability reporting	18
	2-3	Reporting period, frequency and contact point	17
	2-4	Restatements of information	17
	2-5	External assurance	17
	Activities and workers		
	2-6	Activities, value chain and other business relationships	1-4
	2-7	Employees	28-30
	Governance		
	2-9	Governance structure and composition	44-66
	2-10	Nomination and selection of the highest governance body	
	2-11	Chair of the highest governance body	
	2-12	Role of the highest governance body in overseeing the management of impacts	
	2-13	Delegation of responsibility for managing impacts	
	2-14	Role of the highest governance body in sustainability reporting	
	2-15	Conflicts of interest	
	2-16	Communication of critical concerns	
	2-17	Collective knowledge of the highest governance body	
	2-18	Evaluation of the performance of the highest governance body	
	2-19	Remuneration policies	
	2-20	Process to determine remuneration	
	2-21	Annual total compensation ratio	

SUSTAINABILITY REPORT

	Strategy, policies and practices		
	2-22	Statement on sustainable development strategy	2-4
	2-23	Policy commitments	44-46
	2-24	Embedding policy commitments	
	2-25	Processes to remediate negative impacts	
	2-26	Mechanisms for seeking advice and raising concerns	
	2-27	Compliance with laws and regulations	18, 23
	Stakeholder engagement		
	2-29	Approach to stakeholder engagement	20-21
GRI 3: Material Topics 2021	3-1	Process to determine material topics	21-22
	3-2	List of material topics	21-22
	3-3	Management of material topics	21-22
SPECIFIC STANDARD DISCLOSURES			
GRI 201: Economic performance 2016	201-1	Direct economic value generated and distributed	4
GRI 205: Anti-corruption 2016	205-2	Communication And Training About Anti-Corruption Policies And Procedures	10-11
	205-3	Confirmed incidents of corruption and actions taken	10-11
GRI 302: Energy 2016	302-1	Energy consumption within the organisation	24-25
GRI 303: Water and Effluents 2018	303-3	Water withdrawal	25
GRI 305: Emissions 2016	305-1	Direct (Scope 1) GHG emissions	27
	305-2	Energy indirect (Scope 2) GHG emissions	27
GRI 306: Waste 2020	306-3	Waste generated	26-27
	306-4	Waste Diverted From Disposal	27
	306-5	Waste Directed To Disposal	27
GRI 401: Employment 2016	401-1	New employee hires and employee turnover	30
GRI 403: Occupational Health and Safety 2018	403-2	Hazard identification, risk assessment and incident investigation	32-33
GRI 406: Non-discrimination 2016	406-1	Incidents of discrimination and corrective actions taken	31
GRI 416: Customer Health and Safety 2016	416-2	Incidents of non-compliance concerning the health and safety impacts of products and services	37

FINANCIAL CONTENTS

CORPORATE GOVERNANCE REPORT

SHS Holdings Ltd. (the "Company") is committed to maintain a high standard of measures, practices and transparency in the disclosure of material information.

The report sets out the Company's corporate governance practices for the financial year ended 31 December 2023, with specific reference to the Code of Corporate Governance 2018 issued by the Monetary Authority of Singapore (the "MAS") on 6 August 2018 (the "2018 CG Code"). The Board is pleased to inform that the Company is substantially in compliance with the principles and provisions of the 2018 CG Code and reasons for any deviation are explained below.

A. BOARD MATTERS

The Board's Conduct of its 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.

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

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

Each Director is required to promptly disclose any conflict or potential conflict of interest, whether direct or indirect, in relation to a transaction or proposed transaction with the Company, as soon as practicable after the relevant facts have come to his knowledge. Where a director has a conflict or potential conflict of interest in relation to any matter, he is required to immediately declare his interest, recuse himself and refrain from participating in discussions regarding a transaction or proposed transaction in which he has an interest or is conflicted, unless the Board is of the opinion that his presence and participation is necessary to enhance the efficacy of such discussion. Nonetheless, he would abstain from voting in relation to the conflict-related matters.

Board Approval

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

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

(b) Annual Budget and Capital Expenditure;

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

(d) Material acquisition and disposal of assets;

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

CORPORATE GOVERNANCE REPORT

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

(g) Convening of shareholders' meeting;

(h) Interested person transactions of material nature;

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

(j) Assumption of corporate governance responsibilities;

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

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

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

Board and Board Committees

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

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

Name	Date of first appointment	Date of last re-election	Board Appointment whether executive/ non-executive/ independent	Board Committees as Chairman or member	Due for re-election/ re-appointment at forthcoming Annual General Meeting
Teng Choon Kiat	14 February 2018	27 April 2023	Executive Chairman	–	N/A
Ng Han Kok, Henry	3 January 2014	29 April 2022	Executive Director	–	29 April 2024
Lee Gee Aik	24 July 2015	29 April 2022	Lead Independent Director	Chairman of AC and NC and member of RC	29 April 2024
Oong Wei Yuan, Ron	30 September 2022	27 April 2023	Independent Director	Member of AC, NC and RC	N/A
Oh Eng Bin, Kenneth	14 January 2014	27 April 2023	Independent Director	Chairman of RC and member of AC and NC	N/A

CORPORATE GOVERNANCE REPORT

Board Meetings

The Board meets regularly to oversee the business and affairs of the Group. The schedule of all the Board and the Board Committee meetings for the calendar year is provided to all the Directors in advance. Besides the scheduled meetings, ad-hoc meetings are convened as and when warranted by specific circumstances, and as deemed appropriate by the Board members. The Board also ensures that the structure of the practices of the Board provide for sound corporate governance.

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

The number of Board and Board committees meetings held in the financial year ended 31 December 2023 ("FY2023") and the attendance of each Director are as follows:

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

* Attendance by invitation.

Directors' Induction, Training and Development

All Directors receive appropriate training to develop their individual skills, knowledge and competence necessary to be effective in their roles. It is our policy to provide new Directors with a detailed and thorough induction to familiarize them with the business, operations and financial performance; meeting with key management personnel and an overview of their responsibility; briefed on governance practices, including board processes, policies on disclosure of interests in securities, prohibitions on dealings in the Company's securities and restrictions on disclosure of price-sensitive information. In addition, for new Directors who do not have prior experience as a director of a public listed company in Singapore, they will also attend the mandatory training courses organized by the Singapore Institute of Directors ("SID") or other accredited training institutions or organisations in areas such as accounting, legal and industry-specific knowledge, where appropriate, in connection with their duties.

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

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

CORPORATE GOVERNANCE REPORT

During the financial year:

(a) The external auditor, Moore Stephens LLP, regularly briefed the AC on changes in accounting standards that affect the Group; and

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

Access to Information

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

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

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

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

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.

Board Composition

As at the date of this report, the Board comprises five (5) Directors, two (2) whom are Executive Directors and three (3) are Non-Executive Independent Directors.

CORPORATE GOVERNANCE REPORT

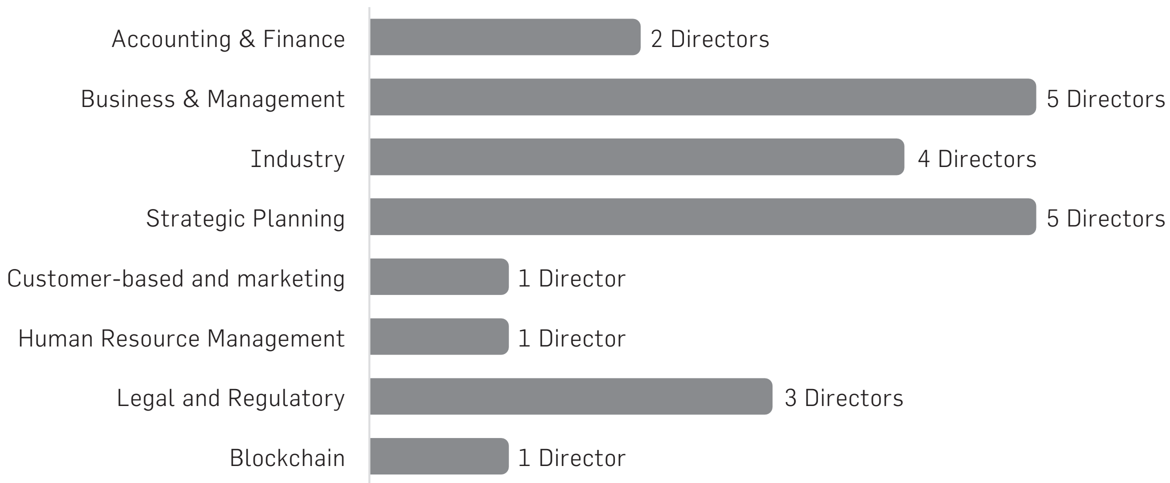
As a group, the Directors bring with them a broad range of expertise and experience in areas of accounting and finance, legal and governance, business and management, industry and strategic management, fintech and blockchain technologies. The biographies of all Board members are set in the section under "Board of Directors".

The Independent Directors contribute their skills, knowledge and experience during Board discussions and deliberations and provide the Executive Directors with their diverse and objective insights and perspectives of issues brought to the Board. The Independent Directors also aid in developing the Group's strategic process, reviewing the performance of management in achieving agreed goals and objectives, monitoring the reporting of performance and operating as an appropriate check and balance. The Independent Directors meet on their own without management presence when the circumstances call for it and provide feedback to the Executive Chairman and Group CEO.

Each year, the Board reviews its composition and size, taking into account, among other things, the scope and nature of the Group's business and operations and the benefits of various aspects of diversity, including but not limited to gender, age, cultural and nationality and educational background and professional experience in order to maintain an appropriate balance and mix of skills, independence, experience and background of the Board. To this end, the Board adopted a Board Diversity Policy with the objective of ensuring that it incorporates an appropriate level of diversity of thought, including diversity in skills, experience, age, culture, nationality and gender. In particular, the Board is committed to pursuing gender diversity in relation to the composition of the Board. In this regard, the NC will ensure that female candidates are included for consideration whenever it seeks to identify a new director to the Board. Having said that, the Board believes that diversity is not limited to a person's gender or individual characteristics, and a new director will continue to be selected on the basis of his/her skills, experience, knowledge, insight and relevance to the Board.

A core competency matrix is used to assist the NC and Board in identifying gaps when reviewing the Board composition annually. The current Board comprises members with the following core competencies:

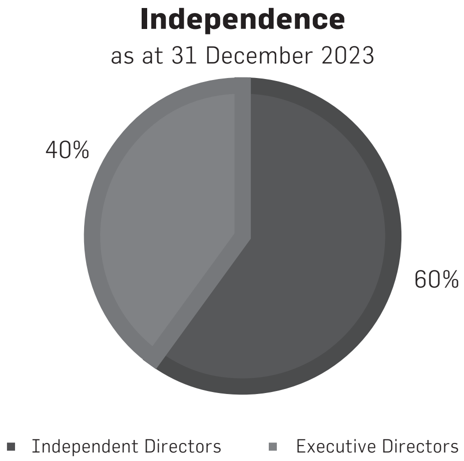
Expertise and Experience Matrix
as at 31 December 2023

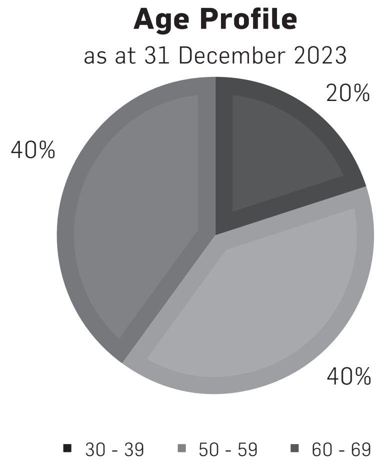


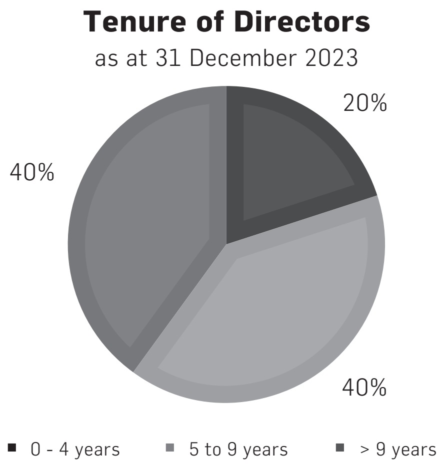
CORPORATE GOVERNANCE REPORT

Board Diversity

In addition to the diverse core competencies possessed by current Board members, the Board has also achieved the following aspects of diversity:







The Board is constantly on the lookout for suitable candidates to join the Board as directors as part of its renewal process. While the Board currently does not currently have a fixed timeline for a female candidate to join the Board, the Board and NC will ensure that female candidates are included for consideration in their search for new directors and as part of its efforts to further enhance the various aspects of diversity by selecting a suitable female candidate to join the Board. To this end, the NC and Board will take into consideration the annual review of the core competency matrix, Board's profile, and Board Diversity Policy to identify the desired competencies and aspects of diversity in the candidates.

In order to maintain or enhance its balance and diversity, the NC adopts the following process to consider Board appointment/re-appointment and make recommendations to the Board:

- developing a framework of desired competencies and diversity of the Board;
- assessing current competencies and diversity of the Board;

CORPORATE GOVERNANCE REPORT

- developing desired profiles of new directors;
- initiating search for new directors including external search, if necessary;
- shortlisting and interviewing potential candidates for director;
- recommending appointments and retirements to the Board; and
- re-election at general meeting.

Overall, the Board is of the view that given the current scope and size of the Group's business and operations, the size of the current Board and its composition, on a holistic basis, provide an appropriate balance and mix of skills, independence, experience and knowledge, and other relevant aspects of diversity such as age, skills and experience. The Board is of the view that the diversity embodied in the current Board composition avoid groupthink, foster constructive debate and facilitate effective decision-making is in the best interests of the Group, and consistent with the intent of the Board Diversity Policy and the intent of the 2018 CG Code.

Independence

The Board, through the NC, has also assessed the independence of each of the Directors for the financial year under review. Based on the declarations of independence provided by each of the Non-Executive Independent Directors and taking into account the guidance under Provision 2.1 of the 2018 CG Code, the NC has also assessed the independence of Mr Oong Wei Yuan, Ron and Mr Lee Gee Aik and is of the view that they do not have any relationships and are not faced with any of the circumstances identified in the 2018 CG Code and SGX-ST Listing Rule 210(5)(d)(i) to (iv) which may impair their independent judgement and accordingly, they are deemed independent. Each member of the NC and the Board has recused himself from the NC's and the Board's deliberations respectively on his own independence.

As at the date of this report, Mr Oh Eng Bin, Kenneth, an Independent Director, had served for more than nine years from the date of his first appointment. As Mr Oh Eng Bin, Kenneth's independence status will cease at the conclusion of the forthcoming AGM, he will step down as a Director following the conclusion of the forthcoming AGM. Consequently, he will also cease to be the Chairman of the RC and a member of the AC and NC. As part of the board renewal process, a new Independent Director will be appointed in place of Mr Oh Eng Bin, Kenneth after the conclusion of the forthcoming AGM. The Company will make the appropriate announcements on the new appointment and the constitution of the board composition accordingly in due course.

The Chairman and the Group CEO of the Company are separate persons. Both the Chairman, Mr Teng Choon Kiat, and Group CEO, Mr Ng Han Kok, Henry, are not independent as they are substantial shareholders of the Company and hold executive appointments in the Company. Where the Chairman is not independent, independent directors should make up a majority of the Board. Currently, the three (3) Non-Executive Independent Directors make up the majority of the Board in accordance with Provision 2.2 of the 2018 CG Code, which requires independent directors to make up a majority of the Board where the Chairman of the Board is not independent, and Provision 2.3 of the 2018 CG Code, which requires non-executive directors to make up a majority of the Board. The Company has also appointed Mr Lee Gee Aik as Lead Independent Director.

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

CORPORATE GOVERNANCE REPORT

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.

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

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

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

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

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.

As at the date of this report, the NC comprises Lee Gee Aik as Chairman, Mr Oh Eng Bin, Kenneth and Mr Oong Wei Yuan, Ron as members, and all three members are Non-Executive Independent Directors. The NC met once during the financial year under review.

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

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

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

CORPORATE GOVERNANCE REPORT

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

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

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

Continuous Board Renewal and Succession Planning

The Company has started the progressive renewal of the Board since 2022 to replace some of the Directors who had served on the Board for more than nine years, taking into consideration board diversity in these appointments.

When considering new appointments, the Board, through the NC, considers core competencies such as legal, accounting, business acumen, executive remuneration expertise, familiarity with regulatory requirements and knowledge of risk management, audit and internal controls, while taking into account the Board Diversity Policy.

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

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

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

The NC has recommended the nomination of Mr Ng Han Kok, Henry and Mr Lee Gee Aik, who are retiring pursuant to Article 90 of the Company's Constitution, to be re-elected as Directors of the Company at the forthcoming AGM. The Directors had duly abstained from making recommendations on their own nominations. The Board has accepted the NC's recommendation and accordingly, the above-mentioned Directors will be offering themselves for re-election at the forthcoming AGM.

Shareholders are provided with relevant information on the candidates for re-election on pages 158 to 160 of this Annual Report.

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

Nomination and Selection of Directors

The NC is responsible for identifying candidates and reviewing all nominations for the appointment and re-appointment of Directors and Board Committee members. When the need for a new Director arises, either to replace a retiring Director or to enhance the Board's strength, the NC will source for new candidates with the desired competencies. External help may be engaged to source for potential candidates if considered necessary. Where required, the NC may also tap on its networking contacts to assist with identifying and shortlisting of candidates. Directors and Management may also make recommendations. The NC will meet shortlisted candidates for an interview before making its recommendation to the Board for consideration and approval.

CORPORATE GOVERNANCE REPORT

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

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

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

(c) culture, gender and age diversity;

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

(e) other prescribed factors under the Board Diversity Policy.

<u>Review of Directors' Independence</u>

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

<u>Directors' Time Commitment</u>

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

For the financial year ended 31 December 2023, the NC was of the view that each Director has given sufficient time and attention to the affairs of the Company and has been able to discharge his duties as Director of the Company effectively. The NC noted that based on the attendance of Board and Board Committee meetings during the financial year under review, all the Directors were able to participate in such meetings to carry out their duties. All the Directors had also responded promptly to board matters outside of meetings. In this regard, the NC is satisfied that all the Directors have been able to and had adequately carried out their duties as Directors of the Company for the financial year under review notwithstanding their multiple directorships, where applicable and other principal commitments, where applicable.

<u>Key Information on Directors</u>

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

CORPORATE GOVERNANCE REPORT

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.

Board Evaluation

The NC undertakes a process to assess the effective of the Board and its Board Committees. Directors are requested to complete a Board and Board Committees Evaluation Questionnaires to assess the overall effectiveness of the Board and the Board Committees. To ensure confidentiality, the Company Secretary compiles the Directors' responses to the Board Evaluation Questionnaires on a collective basis and presents the results to the NC. The results of the evaluation exercise are considered by the NC to assess and further enhance the effectiveness of the Board and/or the Board Committees.

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

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

Board Performance Criteria

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

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

Individual Director Evaluation

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

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

CORPORATE GOVERNANCE REPORT

B. REMUNERATION MATTERS

Procedures for Developing Remuneration Policies

Principle 6: The Board has a formal and transparent procedures 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.

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.

Disclosure on Remuneration

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

As at the date of this report, the RC comprises Mr Oh Eng Bin, Kenneth as Chairman, Mr Lee Gee Aik and Mr Oong Wei Yuan, Ron as members. All three members are Non-Executive Independent Directors. The RC met once during the financial year under review.

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

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

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

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

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

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

CORPORATE GOVERNANCE REPORT

Remuneration of Executive Directors and Top Five Key Management Personnel

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

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

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

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

For the financial year ended 31 December 2023, the Executive Directors, Mr Teng Choon Kiat (who is also the Executive Chairman) and Mr Ng Han Kok, Henry (who is also the Group CEO), did not receive Directors' fees.

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

Non-Executive Independent Directors' Remuneration

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

CORPORATE GOVERNANCE REPORT

The remuneration of Directors and the top 5 key management personnel of the Company paid during the financial year ended 31 December 2023 are set out below:

Remuneration band and name of Director	Fees	Salary	Bonus	Others[1]	Total
Director – From S$500,000 to S$599,999					
Teng Choon Kiat	–	61%	36%	3%	100%
Director – From S$400,000 to S$499,999					
Ng Han Kok, Henry	–	62%	36%	2%	100%
Top 5 Key Management Personnel – Below S$250,000					
Chua Kok Keong	–	78%	13%	9%	100%
Wang Feng Jung, Willie	–	71%	18%	11%	100%
Ho Keng Guan, Brandon	–	77%	6%	17%	100%
Goh Seng Huat, Daniel	–	76%	16%	8%	100%
Phang Ching Siong	–	72%	12%	16%	100%
Directors – Below S$100,000					
Lee Gee Aik	100%	–	–	–	100%
Oong Wei Yuan, Ron	100%	–	–	–	100%
Oh Eng Bin, Kenneth	100%	–	–	–	100%

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

The Company takes cognizance of listing rules relating to disclosure of remuneration of Directors and CEO effective for annual reports prepared for the financial years ending or after 31 December 2024.

For FY2023 Annual Report, the Company has adopted remuneration disclosure of our Directors and CEO using a narrow band of S$100,000 for greater transparency with detailed breakdown in percentage terms of base or fixed salary, cash bonus and benefits-in-kind. The compensation structure for the top 5 key management personnel (who are not directors or the Group CEO), of the Company and the Group's subsidiaries are disclosed in bands of S$250,000 with also a detailed breakdown in percentage terms of base or fixed salary, cash bonus and benefits-in-kind. Notwithstanding the above, with the keen market competition currently faced by the construction and marine industries for managers and supervisors, the Board is of the opinion that full disclosure of the specific remuneration will not be helpful to promote and maintain team stability under such competitive market condition. The Company will work towards compliance with the new listing rules relating to disclosure of remuneration of Directors and CEO.

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

Remuneration paid to Non-Executive Independent Directors comprised solely Director's fees paid quarterly in arrears. These Director's fees were approved by the shareholders in the AGM held on 29 April 2023.

CORPORATE GOVERNANCE REPORT

The annual aggregate remuneration paid to (i) Executive Directors; and (ii) top 5 key management personnel (who are not Directors or the CEO of the Company), of the Company in the financial year ended 31 December 2023 is disclosed in Note 32 of the Notes to the Financial Statements.

There were no termination, retirement and post-employment benefits paid to any Directors and the top 5 key management personnel for the year ended 31 December 2023. In addition, the RC was satisfied that the service contracts with the key management personnel do not contain termination clauses that are overly generous.

The Company does not have any employee who is an immediate family member of a Director, CEO or substantial shareholder whose remuneration exceeds S$100,000 during the year.

Fees for Non-Executive Independent Directors for the financial year ending 31 December 2024 are subject to approval of shareholders at the AGM on 29 April 2024.

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

C. ACCOUNTABILITY AND AUDIT

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 interest of the company and its shareholders.

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

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

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

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

The Board has received assurance from the Group CEO and CFO that, as at 31 December 2023, the financial records have been properly maintained, and the financial statements give a true and fair view of the Group's operations and finances.

CORPORATE GOVERNANCE REPORT

The Board has also received assurance from the Group CEO and other key management personnel that the internal controls (including financial, operational, compliance and information technology controls) and risk management systems were adequate and effective as at 31 December 2023 to address the risks that the Group considers relevant and material to its operations.

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

Based on the internal controls established and maintained by the Company, work performed by the internal and external auditors and reviews performed by Management, as well as the assurances set out above, the Board, with the concurrence of the AC, is of the view that the Company's system of risk management and internal controls (including financial, operational, compliance and information technology controls) were adequate and effective as at 31 December 2023 to address risks which the Company considers relevant and material to its operations.

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

Audit Committee

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

As at the date of this report, the AC comprises Mr Lee Gee Aik as Chairman, Mr Oh Eng Bin, Kenneth and Mr Oong Wei Yuan, Ron as members. All three members are Non-Executive Independent Directors.

The majority of the AC, including the Chairman, has accounting or related financial management expertise or experience. The Board is of the view that the members of the AC are appropriately qualified to discharge their responsibilities. None of the AC members were previous partners or directors of the Company's external auditors, Moore Stephens LLP, within the last two years or hold any financial interest in the external auditors.

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

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

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

CORPORATE GOVERNANCE REPORT

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Apart from the duties listed above, the AC shall commission and review the findings of internal investigations into matters where there is any suspected fraud or irregularity, or failure of internal controls or infringement of any law, rule or regulation which has or is likely to have a material impact on the Company's results of operations and/or financial position. Each member of the AC shall abstain from voting on any resolution in respect of matters in which he is interested.

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

CORPORATE GOVERNANCE REPORT

The AC members met four times during the financial year ended 31 December 2023. The Group CEO, CFO, Company Secretary, external and internal auditors were invited to attend these meetings.

In the review of the financial statements for the financial year ended 31 December 2023, the AC has discussed with Management the accounting principles that were applied and their judgment of items that might affect the integrity of the financial statements and considered the clarity of key disclosure in the financial statements. The AC reviewed, amongst other matters, the significant matters identified by external auditor and have been included in the Independent Auditor's Report to the Shareholders of the Company under "Key Audit Matters". Following the review, the AC was satisfied that those matters have been properly addressed and recommended the Board to approve the audited financial statements of the Group for the financial year ended 31 December 2023. The Board has on 8 April 2024 approved the financial statements for the financial year ended 31 December 2023.

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

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

In reviewing the performance of the external auditors and formulating its recommendation on the re-appointment of Moore Stephens LLP for the financial year ending 31 December 2024, the AC has considered the overall adequacy and quality of the firm's resources, the experience and expertise of the audit partners and other senior members of the engagement team, and the efficiency and effectiveness of the engagement team in carrying out their work. The AC had also considered the quality of the audit services rendered, scope of audit plan and audit findings presented during the year, as well as the information provided by Moore Stephens LLP under the Audit Quality Indicators Disclosure Framework. On this basis, the AC has recommended the re-appointment of Moore Stephens LLP at the upcoming AGM. The auditors, Moore Stephens LLP, have indicated their willingness to accept re-appointment.

Internal Audit ("IA")

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

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

CORPORATE GOVERNANCE REPORT

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

Whistle-Blowing Policy

The Company has put in place a whistle-blowing framework which provides employees and any other person with well-defined and accessible channels, including direct access to the Chairman of the AC or the Company Secretary, to raise concerns about possible irregularities in matters of financial reporting or other matters in confidence relating to any misconduct or wrongdoing relating to the Group and its officers. The whistle-blowing policy defines the processes clearly to ensure independent investigation of such matters and permits whistle-blowers to report directly. The whistle-blowing policy aims to encourage the reporting of such matters in good faith., The person who has reported a suspicion of fraudulent activities or malpractices in good faith ("whistle blower") and in compliance with the provisions of the whistle-blowing policy shall not be prejudiced in his position in any way as a result of such reporting, and the identity of the whistle blower will be kept confidential. The whistle blower who has, not himself or herself, engaged in serious misconduct or illegal conduct shall be protected from any forms of harassment, retaliation, and in the case of an employee of the Group, any adverse employment or career advancement consequence or discrimination, including but not limited to demotion, dismissal or reduction of compensation or privileges of employment. The details of the whistle-blowing policy and reporting mechanisms have been made available to all employees.

The AC is in charge of overseeing and monitoring the whistle-blowing function and handling of matters being reported through the whistle-blowing system, including ensuring that any investigation and follow-up procedures are taken, if any. The AC reports to the Board on such matters at the Board meetings, or as and when necessary. Should the AC receive reports relating to serious offences and/or criminal activities in the Group, the AC and the Board have access to the appropriate external advice where necessary.

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

D. SHAREHOLDER RIGHTS AND RESPONSIBILITIES

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.

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.

CORPORATE GOVERNANCE REPORT

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.

Disclosure of Information on Timely Basis

In line with the continuous disclosure obligations of the Company pursuant to the SGX-ST Listing Rules and the Companies Act 1967, the Board's policy is that all shareholders should be equally informed of all major developments that impact the Group.

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

The Company ensures that all material and price sensitive information which may affect the price or value of the Company's shares is disseminated to the public on a comprehensive, accurate and timely basis via SGXNet and not selectively disclosed.

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

The Company also observes obligations of continuing disclosure under the SGX-ST Listing Manual. The Company has received signed undertakings from all its Directors and executive officers pursuant to Rule 720(1) of the SGX-ST Listing Manual.

Conduct of General Meetings

The Company's AGM for the financial year ended 31 December 2023 will be conducted in physical mode.

Shareholders are given the opportunity to submit questions and concerns to the Directors, Management and external auditors in advance of the AGM. All substantial and relevant questions received from shareholders by the question submission deadline will be addressed by the Company via SGXNet and on our corporate website. At each general meeting, each distinct issue is proposed as a separate resolution.

The Company's Constitution allows a shareholder to appoint not more than two proxies to attend and vote in the shareholder's place at the general meetings of shareholders. The proxy need not be a Member of the Company. Pursuant to the introduction of the multiple proxies regime under the Singapore Companies (Amendment) Act 2014, indirect investors who hold the Company's shares through a nominee company or custodian bank or through a CPF agent bank may attend and vote at each general meeting of shareholders. Voting in absentia by mail, facsimile or email is currently not permitted to ensure proper authentication of the identity of shareholders and their voting intent.

Voting at general meetings of shareholders are conducted by poll thereby allowing all shareholders present or represented at the meeting to vote on a one share, one vote basis.

CORPORATE GOVERNANCE REPORT

The Company conducts poll voting for all the resolutions to be passed at general meetings for greater transparency in the voting process. An independent scrutineer firm is also present to validate the votes for each general meeting. The results of all votes for and against each resolution are tallied and instantaneously displayed at the meeting. The voting results are announced via SGXNet and on the Company's website following each general meeting.

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

Stakeholders Engagement

Apart from the SGXNet, the investment community can also access announcements, half-yearly financial reports, annual reports and other corporate information on the dedicated Investor Relations section of our corporate website at http://shsholdings.com.sg/home.html.

In keeping with our commitment to keep our shareholders and the market abreast of the Group's progress on the sustainability front, our sustainability report for the financial year ended 31 December 2023 will be released in due course.

DIVIDEND POLICY

The Group has a policy which governs how much to pay out to shareholders in dividends. The Group usually declares total annual dividend at the rate of approximately 25-40% of the net profit after tax in accordance with the consolidated financial statements. For the financial year ended 31 December 2023, the Board has proposed a final dividend of S$0.00284 per share for shareholders' approval at the upcoming AGM.

SECURITIES TRANSACTIONS

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

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

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

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

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

CORPORATE GOVERNANCE REPORT

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

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

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

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

The Company has complied with the Securities Transactions Code.

INTERESTED PERSON TRANSACTIONS

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

Details of the interested person transactions for the financial year ended 31 December 2023 as required under Rule 907 of the SGX-ST Listing Manual are set out as follows:

Name of interested person	Nature of relationship	Aggregate value of all interested person transactions during the financial year under review (excluding transactions less than $100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920)	Aggregate value of all interested person transactions conducted under shareholders' mandate pursuant to Rule 920 (excluding transactions less than $100,000)
Tamaco Private Limited	Wholly-owned subsidiary of Teng Choon Kiat, Director and Controlling Shareholder of the Company	S$142,580	–
Synertech Group Co. Pte. Ltd.	Wholly-owned by Tidal New Energy Investment Pte. Ltd., Controlling Shareholder of the Company	S$2,284,000	–
	Total	S$2,426,580	–

CORPORATE GOVERNANCE REPORT

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

The Company did not have a shareholders' mandate pursuant to SGX-ST Listing Rule 920 during the financial year ended 31 December 2023.

MATERIAL CONTRACTS

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

DIRECTORS' STATEMENT
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

The directors present their statement to the members of SHS Holdings Ltd. (the "Company") together with the audited consolidated financial statements of the Company and its subsidiaries (collectively, the "Group") for the financial year ended 31 December 2023 and the statement of financial position of the Company as at 31 December 2023.

1 Opinion of the Directors

In the opinion of the directors:

(a) the consolidated financial statements of the Group and the statement of financial position of the Company are properly drawn up so as to give a true and fair view of the consolidated financial position of the Group and the financial position of the Company as at 31 December 2023 and of the consolidated financial performance, consolidated changes in equity and consolidated cash flows of the Group for the year then ended; and

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

2 Directors

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

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

3 Arrangements to enable directors to acquire shares or debentures

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

4 Directors' interests in shares or debentures

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

	Direct interest			Deemed interest		
Name of directors	**At the beginning of year**	**At the end of year**	**As at 21/1/2024**	**At the beginning of year**	**At the end of year**	**As at 21/1/2024**
Ordinary shares of the Company						
Teng Choon Kiat	–	–	–	160,967,600	160,967,600	160,967,600
Ng Han Kok, Henry	28,067,700	23,037,700	23,037,700	92,646,953	92,646,953	92,646,953

DIRECTORS' STATEMENT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

4 Directors' interests in shares or debentures (Continued)

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

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

5 Share options

Options Granted

During the financial year, there were no share options granted to subscribe for unissued shares of the Company.

Options Exercised

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

Options Outstanding

At the end of the financial year, there were no unissued shares of the Company under option.

6 Audit Committee

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

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

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

The duties of the AC, amongst others, include:

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

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

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

DIRECTORS' STATEMENT
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

6 Audit Committee (Continued)

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

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

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

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

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

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

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

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

The AC convened four meetings during the financial year. The ARC has also met with internal and external Auditors, without the presence of the Company's Management, at least once a year.

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

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

7 Independent auditors

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

On behalf of the Board of Directors,

Teng Choon Kiat Director	Ng Han Kok, Henry Director

Singapore
8 April 2024

INDEPENDENT AUDITOR'S REPORT

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

Report on the Audit of the Financial Statements

Opinion

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

In our opinion, the consolidated financial statements of the Group and the statement of financial position of the Company are properly drawn up in accordance with the provisions of the Companies Act 1967 (the "Act") and Singapore Financial Reporting Standards (International) ("SFRS(I)s") so as to give a true and fair view of the consolidated financial position of the Group and the financial position of the Company as at 31 December 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 Opinion

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

Key Audit Matters

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

INDEPENDENT AUDITOR'S REPORT

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

Report on the Audit of the Financial Statements (Continued)

Key Audit Matters (Continued)

Key Audit Matter	How our audit addressed the key audit matter
Revenue from construction contracts We refer to Note 2.9, Note 3(b) and Note 4(a) to the financial statements. In accordance with SFRS(I) 15 *Revenue from Contracts with Customers*, the analysis of whether the construction contracts comprise one or more performance obligations, determination of whether variable consideration is allocated to one or more performance obligations, and whether the performance obligations are satisfied over time or at a point in time, are areas requiring significant judgements and estimates by the Group. One of the Group's significant revenue streams is derived from construction contracts in relation to engineering & construction services amounting to S$33,134,000 as disclosed in Note 4(a). Revenue from these construction contracts is recognised over time on a cost-to-cost basis. The determination of the percentage of completion involves the use of significant management judgements and estimates to measure the proportion of contract costs incurred for work performed to date relative to the estimated total contract costs, which in turn may have a material impact on the amount of contract balances, contract revenues and contract profits recognised during the financial year. Accordingly, we determined this as a key audit matter.	**Our response** As part of our audit procedures, we: • obtained an understanding of the terms and conditions of significant construction contracts through discussion with management and the basis of management's identification of performance obligations to determine whether the criteria for recognising revenue over time were met; • evaluated the key controls and processes that management has in place in respect of revenue recognition and budgeting for construction contracts; • discussed the status of the projects with project managers to understand the basis of key assumptions used in forming the revised project completion timelines and the revised estimated contract costs after taking into consideration contractors or sub-contractors costs, materials, labour costs, variation works, and other construction costs and obtained necessary supporting documentation for the major inputs; • assessed the robustness of the budgets from our understanding of the projects and comparing the budgeted profit margins to the actual profit margins achieved for completed projects during the financial year and subsequent to financial year end; • verified the actual costs incurred during the financial year against underlying documents, such as quotations or contracts entered into;

INDEPENDENT AUDITOR'S REPORT

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

Report on the Audit of the Financial Statements (Continued)

Key Audit Matters (Continued)

Key Audit Matter	How our audit addressed the key audit matter
Revenue from construction contracts (Continued)	**Our response** (Continued) • in relation to total contract revenue for construction contracts, verified the total contract sum to contracts entered into with the customers and additional claims and variation orders recognised to supporting documents; • checked the mathematical accuracy of the revenue recognised based on the input method calculations; and • reviewed the contracts for any penalty and liquidated damages clauses and discussed with management on the progress of significant projects to determine if there are any changes such as delays, penalties, overruns where it is probable that total contract costs will exceed total contract revenue and require the recognition of a loss allowance on such projects. In addition, we reviewed the adequacy of the disclosures in relation to the areas of judgements and estimation uncertainties involving recognition of revenue from construction contracts in Note 3(b) to the financial statements and the disclosures in relation to revenue from construction contracts and related contract balances in Note 4 to the financial statements. **Our findings** We found the areas of judgements and estimates applied by management in the recognition of revenue from construction contracts to be appropriate and the relevant disclosures made in the financial statements to be appropriate.

INDEPENDENT AUDITOR'S REPORT

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

Report on the Audit of the Financial Statements (Continued)

Key Audit Matters (Continued)

Key Audit Matter	How our audit addressed the key audit matter
Valuation of unquoted equity investments We refer to Note 2.20, Note 3(b), Note 14 and Note 36(a) to the financial statements. As at 31 December 2023, the Group's other financial assets comprised unquoted equity investments, which are measured at fair value through other comprehensive income ("FVOCI"), with a carrying amount of S$14.3 million as disclosed in Note 14 to the financial statements. These unquoted equity investments, comprising mainly equity securities held in various investee companies, are measured at fair value using valuation techniques that applied inputs for which there is limited market information. The valuation techniques used include adjusted net asset value based on external brokers' quotes or reference to recent transaction prices between knowledgeable and willing parties. The valuation of these unquoted equity investments is categorised as Level 3 in the Fair Value Hierarchy as disclosed in Note 36(a) to the financial statements. A significant degree of subjectivity and management judgement are therefore involved in selecting the appropriate valuation techniques to be used and the application of the unobservable inputs given the lack of market data. Accordingly, we determined this as a key audit matter.	**Our response** Our audit procedures included, amongst others, an assessment of the appropriateness of the valuation techniques applied and the inputs used to value the equity investments held in the relevant investee companies. We assessed the reasonableness of the inputs used in the valuation and tested the source data, to the extent possible, to independent sources and externally available market data to evaluate the data's relevance based on the nature of the investee companies' business and the industry in which the investee companies operate. We also evaluated management's assessment as to whether other evidence exists that could affect the valuation of the individual equity investments. In addition, we reviewed the adequacy of the disclosures in relation to the valuation of unquoted equity investments; in particular, the degree of subjectivity and key assumptions used in the estimates, which also include the relationship between the key unobservable inputs and fair value in Note 36(a) to the financial statements. **Our findings** We found the valuation techniques applied by management to be appropriate and the key unobservable inputs used in deriving the fair value of the unquoted equity investments to be appropriate and supportable and the relevant disclosures made in the financial statements to be appropriate.

INDEPENDENT AUDITOR'S REPORT

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

Report on the Audit of the Financial Statements (Continued)

Key Audit Matters (Continued)

Key Audit Matter	How our audit addressed the key audit matter
Impairment assessment of goodwill We refer to Note 2.4, Note 3(b) and Note 15 to the financial statements. As at 31 December 2023, the carrying amount of goodwill arising from the past acquisition of Hetat Holdings Pte Ltd is S$6.0 million. The goodwill has been allocated to the relevant cash-generating unit ("CGU") under the Engineering & Construction segment as disclosed in Note 15 to the financial statements. As part of the goodwill annual impairment testing, management prepares value-in-use calculations ("VIU") to determine the recoverable amount of the CGU. Following the impairment testing, no impairment of goodwill was recognised during the year. The VIU calculation is based on discounted cash flow forecasts of the CGU, the preparation of which requires management to use assumptions and estimates relating to revenue growth rate, budgeted gross margin, terminal growth rate and discount rate of the CGU, which are inherently subjective, and may be affected by uncertainties around future market or economic conditions. Accordingly, we determined this as a key audit matter.	**Our response** Our audit procedures included, amongst others, evaluating the robustness of management's budgeting process by comparing the actual financial performance of the CGU against previously forecasted results. In addition, we also validated key inputs used in the discounted cash flow forecasts, such as growth rates and discount rate, to historical data and market data to assess the reasonableness of management's assumptions. We involved a specialist to assist us in evaluating the reasonableness of the discount rate applied in the value-in-use calculations. We also performed sensitivity analysis by considering the downside scenarios against reasonably plausible changes to certain key assumptions used in management's value-in-use calculations. In addition, we reviewed the adequacy of the disclosures in Note 15 to the financial statements, including those key assumptions to which the outcome of the impairment test was most sensitive. **Our findings** We found the assumptions and estimates used by management in the VIU calculation to determine the recoverable amount of the relevant CGU to be appropriate and supportable and the relevant disclosures made in the financial statements to be appropriate.

Other Information

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

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

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

INDEPENDENT AUDITOR'S REPORT

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

Report on the Audit of the Financial Statements (Continued)

Responsibilities of Management and Directors for the Financial Statements

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

As part of an audit in accordance with SSAs, we exercise professional judgement and maintain professional 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.

INDEPENDENT AUDITOR'S REPORT

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

Report on the Audit of the Financial Statements (Continued)

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

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

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

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

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

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

Report on Other Legal and Regulatory Requirements

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

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

Moore Stephens LLP
Public Accountants and
Chartered Accountants

Singapore
8 April 2024

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

	Note	Group 2023 S$'000	2022 S$'000
Revenue	4	**82,204**	87,222
Cost of sales		**(69,270)**	(68,157)
Gross profit		**12,934**	19,065
Other income		**3,207**	2,447
Selling and distribution expenses		**(673)**	(414)
Administrative expenses		**(6,467)**	(7,046)
Other operating expenses		**(4,572)**	(6,693)
Reversal of impairment losses/(impairment losses) on financial assets, net		**36**	(92)
Finance costs		**(1,099)**	(689)
Share of loss of associate, net of tax		*****	(830)
Profit before tax	6	**3,366**	5,748
Taxation	5	**(604)**	(114)
Profit for the year		**2,762**	5,634
Other comprehensive income, net of tax:			
Items that will not be reclassified subsequently to profit or loss:			
Revaluation gain on property, plant and equipment	30(a)	**4,759**	–
Revaluation loss on disposal of property, plant and equipment		**–**	(338)
Net fair value loss on equity instruments at fair value through other comprehensive income ("FVOCI")	30(b)	**(199)**	–
Items that will be reclassified subsequently to profit or loss:			
Foreign currency translation		**(67)**	(928)
Other comprehensive income for the year		**4,493**	(1,266)
Total comprehensive income for the year		**7,255**	4,368
Profit for the year attributable to:			
Owners of the Company		**2,495**	5,056
Non-controlling interest		**267**	578
		2,762	5,634
Total comprehensive income for the year attributable to:			
Owners of the Company		**7,021**	3,945
Non-controlling interests		**234**	423
		7,255	4,368
Earnings per share for the year (cents per share):			
Basic and diluted	7	**0.40**	0.80

* *Amount less than $1,000*

STATEMENTS OF FINANCIAL POSITION

AS AT 31 DECEMBER 2023

	Note	Group 2023 S$'000	Group 2022 S$'000	Company 2023 S$'000	Company 2022 S$'000
ASSETS					
Non-current assets					
Property, plant and equipment	9	**39,314**	39,613	**44**	14
Right-of-use assets	10	**3,555**	3,820	**1,036**	1,198
Investment property	11	**–**	–	**7,371**	8,542
Investment in subsidiaries	12	**–**	–	**34,227**	33,227
Investment in an associate	13	**64**	245	**–**	–
Other financial assets	14	**14,322**	14,093	**14,320**	14,044
Goodwill	15	**6,000**	6,000	**–**	–
Other receivables	20	**2,680**	2,814	**2,680**	2,814
		65,935	66,585	**59,678**	59,839
Current assets					
Cash and bank balances	16	**48,036**	59,975	**23,314**	44,202
Inventories	17	**5,886**	4,281	**–**	–
Land held for development	18	**5,077**	4,566	**–**	–
Trade receivables	19	**21,482**	20,039	**–**	–
Contract assets	4(b)	**9,637**	8,021	**–**	–
Other receivables and prepayments	20	**25,345**	3,497	**925**	1,352
Amount due from subsidiaries	21	**–**	–	**53,782**	32,549
		115,463	100,379	**78,021**	78,103
Asset held for sale	8	**3,396**	–	**–**	–
		118,859	100,379	**78,021**	78,103
Total assets		**184,794**	166,964	**137,699**	137,942
LIABILITIES AND EQUITY					
Current liabilities					
Amount due to subsidiaries	21	**–**	–	**561**	205
Trade payables and accruals	22	**9,400**	6,822	**339**	373
Contract liabilities	4(b)	**3,727**	2,648	**–**	–
Other payables	23	**2,972**	2,558	**630**	515
Amounts due to bankers	24	**16,430**	7,628	**–**	–
Term loans	25	**3,383**	7,283	**–**	–
Lease liabilities	26	**279**	236	**159**	145
Provision for income tax		**718**	425	**–**	–
		36,909	27,600	**1,689**	1,238
Non-current liabilities					
Term loans	25	**4,833**	2,254	**–**	–
Lease liabilities	26	**3,769**	3,953	**1,036**	1,198
Deferred tax liabilities	27	**2,725**	1,718	**1,577**	1,577
		11,327	7,925	**2,613**	2,775
Total liabilities		**48,236**	35,525	**4,302**	4,013

The accompanying notes form an integral part of the financial statements

STATEMENTS OF FINANCIAL POSITION

AS AT 31 DECEMBER 2023

	Note	Group 2023 S$'000	Group 2022 S$'000	Company 2023 S$'000	Company 2022 S$'000
Equity					
Share capital	28	**155,547**	155,547	**155,547**	155,547
Treasury shares	29	**(11,524)**	(11,524)	**(11,524)**	(11,524)
Accumulated losses	30	**(15,751)**	(15,175)	**(12,107)**	(11,726)
Asset revaluation reserve	30	**18,329**	12,473	**8,582**	8,582
Fair value reserve	30	**(10,060)**	(9,861)	**(10,398)**	(10,247)
Foreign currency translation reserve	30	**(380)**	(334)	**–**	–
Other reserve	30	**–**	–	**3,297**	3,297
Equity attributable to owners of the Company		**136,161**	131,126	**133,397**	133,929
Non-controlling interests	12(c)	**397**	313	**–**	–
Total equity		**136,558**	131,439	**133,397**	133,929
Total liabilities and equity		**184,794**	166,964	**137,699**	137,942

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

	Attributable to owners of the Company								
	Share capital S$'000	Treasury shares S$'000	Asset revaluation reserve S$'000	Fair value reserve S$'000	Foreign currency translation reserve S$'000	Accumulated losses S$'000	Total S$'000	Non-controlling interests S$'000	Total equity S$'000
Group									
At 1 January 2023	155,547	(11,524)	12,473	(9,861)	(334)	(15,175)	131,126	313	131,439
Profit for the year	–	–	–	–	–	2,495	2,495	267	2,762
Other comprehensive income, net of tax	–	–	4,759	(199)	(34)	–	4,526	(33)	4,493
Total comprehensive income for the year	–	–	4,759	(199)	(34)	2,495	7,021	234	7,255
Transactions with owners of the Company									
Dividend paid (Note 31)	–	–	–	–	–	(2,136)	(2,136)	–	(2,136)
Transfer of reserves	–	–	1,098	–	–	(1,095)	3	(3)	–
Total contributions and distributions	–	–	1,098	–	–	(3,231)	(2,133)	(3)	(2,136)
Changes in ownership interests in subsidiary									
Effects of acquiring part of non-controlling interests in a subsidiary	–	–	(1)	–	(12)	160	147	(147)	–
Total changes in ownership interests in subsidiary	–	–	(1)	–	(12)	160	147	(147)	–
At 31 December 2023	155,547	(11,524)	18,329	(10,060)	(380)	(15,751)	136,161	397	136,558

The accompanying notes form an integral part of the financial statements

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

	Attributable to owners of the Company								
	Share capital S$'000	Treasury shares S$'000	Asset revaluation reserve S$'000	Fair value reserve S$'000	Foreign currency translation reserve S$'000	Accumulated losses S$'000	Total S$'000	Non-controlling interests S$'000	Total equity S$'000
Group									
At 1 January 2022	160,640	(5,395)	12,771	(9,861)	479	(20,231)	138,403	(110)	138,293
Profit for the year	–	–	–	–	–	5,056	5,056	578	5,634
Other comprehensive income, net of tax	–	–	(298)	–	(813)	–	(1,111)	(155)	(1,266)
Total comprehensive income for the year	–	–	(298)	–	(813)	5,056	3,945	423	4,368
Cancellation of shares (Note 28)	(5,093)	–	–	–	–	–	(5,093)	–	(5,093)
Purchase of treasury shares (Note 29)	–	(6,129)	–	–	–	–	(6,129)	–	(6,129)
At 31 December 2022	155,547	(11,524)	12,473	(9,861)	(334)	(15,175)	131,126	313	131,439

The accompanying notes form an integral part of the financial statements

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

	Note	Group 2023 S$'000	2022 S$'000
Cash Flows from Operating Activities			
Profit for the year		**2,762**	5,634
Adjustments for:			
Taxation	5	**604**	114
Depreciation of property, plant and equipment	6	**4,032**	4,119
Depreciation of right-of-use assets	6	**338**	403
Interest expense		**1,099**	689
Interest income	6	**(1,786)**	(815)
Impairment loss on investment in associate	6	**181**	–
Inventory written off	6	**27**	–
Allowance for inventory obsolescence	6	**14**	5
Property, plant and equipment written off		**5**	–
Gain on disposal of property, plant and equipment	6	**(15)**	(338)
Share of loss of associate, net of tax		*****	830
(Reversal of impairment losses)/impairment losses on financial assets	6	**(36)**	92
Reversal of prior year write-down of land held for development	6	**(511)**	–
Unrealised foreign exchange loss, net		**337**	383
Operating cash flows before working capital changes		**7,051**	11,116
Changes in working capital:			
Inventories		**(1,645)**	(1,437)
Receivables, contract assets and prepayments		**(25,291)**	(1,043)
Payables and contract liabilities		**4,071**	(37)
Cash (used in)/generated from operations		**(15,814)**	8,599
Interest received		**1,786**	815
Income tax paid		**(253)**	(63)
Net cash (used in)/generated from operating activities		**(14,281)**	9,351
Cash Flows From Investing Activities			
Purchase of property, plant and equipment		**(1,640)**	(716)
Proceeds from disposal of property, plant and equipment		**44**	74
Proceeds from capital reduction in other financial assets		**–**	6
Additional investment in other financial assets		**–**	(152)
Purchases of notes receivables		**(5,395)**	–
Proceeds from disposal of notes receivables		**5,395**	–
Net cash used in investing activities		**(1,596)**	(788)

* *Amount less than $1,000*

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

	Note	Group 2023 S$'000	Group 2022 S$'000
Cash Flows from Financing Activities			
Fixed deposits pledged		**(11,629)**	–
Shares buy-back		**–**	(11,222)
Payment of principal portion of lease liabilities		**(528)**	(506)
Dividends paid		**(2,136)**	–
Drawdown of term loan		**1,000**	2,000
Repayment of term loan		**(2,321)**	(5,575)
Drawdown of trust receipts		**15,766**	16,650
Repayment of trust receipts		**(18,593)**	(15,802)
Interest paid		**(837)**	–
Transaction with non-controlling interests		**(40)**	–
Proceeds from bills payable		**11,629**	–
Net cash used in financing activities		**(7,689)**	(14,455)
Net decrease in cash and cash equivalents		**(23,566)**	(5,892)
Cash and cash equivalents at the beginning of the year		**59,975**	66,380
Effects of exchange rate changes on the balances of cash held in foreign currencies		**(2)**	(513)
Cash and cash equivalents at the end of the year	16	**36,407**	59,975

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

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

1 GENERAL INFORMATION

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

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

The principal activities of the Company are investment holding and those of grit blasting and painting. The principal activities of the subsidiaries and associate are set out in Note 12 and Note 13, respectively.

2 MATERIAL ACCOUNTING POLICY INFORMATION

2.1 Basis of preparation

The consolidated financial statements of the Group and the balance sheet of the Company have been prepared in accordance with Singapore Financial Reporting Standards (International) ("SFRS(I)").

The financial statements have been prepared on the historical cost basis except as disclosed in the accounting policies below.

The financial statements are presented in Singapore Dollars ("SGD" or "S$"), which is the Company's functional currency. All financial information presented are rounded to the nearest thousand ("S$'000"), unless otherwise indicated.

2.2 Adoption of new and amended standards and interpretations

The accounting policies adopted are consistent with those of the previous financial year except that in the current financial year, the Group has adopted all the new and amended standards which are relevant to the Group and are effective for annual financial period beginning on or after 1 January 2023. The adoption of these standards did not have any material effect on the financial statements of the Group.

The Group has also adopted International Tax Reform – Pillar Two model rules (Amendments to SFRS(I) 1-12 *Income Taxes*) upon its issuance in May 2023. The amendments provide a temporary mandatory exception from deferred tax accounting arising from the implementation of Pillar Two model rules which is effective immediately, and also require new disclosures on the Pillar Two exposure.

The amendments had no impact on the Group's consolidated financial statements as the Group is not in scope of the Pillar Two model rules as its revenue is less that EUR 750 million per year.

2.3 Standards issued but not yet effective

A number of new standards and amendments to standard that have been issued are not yet effective and have not been applied in preparing these financial statements.

The directors expect that the adoption of these new and amended standards will have no material impact on the financial statements in the year of initial application.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

2 MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

2.3 Standards issued but not yet effective (Continued)

The Group has not adopted the following standards and amendments to standard that have been issued and are relevant to the Group but not yet effective:

Description	**Effective for annual periods beginning on or after**
Amendments to SFRS(I) 1-1 *Presentation of Financial Statements:* Classification of Liabilities as Current or Non-current	1 January 2024
Amendments to SFRS(I) 16 *Leases:* Lease Liability in a Sale and Leaseback	1 January 2024
Amendments to SFRS(I) 1-1 *Presentation of Financial Statements:* Non-current Liabilities with Covenants	1 January 2024
Amendments to SFRS(I) 1-7 *Statement of Cash Flows* and SFRS(I) 7 *Financial Instruments: Disclosures:* Supplier Finance Arrangements	1 January 2024
Amendments to SFRS(I) 1-21 *The Effects of Changes in Foreign Exchange Rates:* Lack of Exchangeability	1 January 2025
Amendments to SFRS(I) 10 *Consolidated Financial Statements* and SFRS(I) 1-28 *Investment in Associates and Joint Ventures:* Sale or Contribution of Assets between an Investor and its Associate Joint Venture	Date to be determined

2.4 Basis of consolidation and business combinations

(a) 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. The financial statements of the subsidiaries used in the preparation of the consolidated financial statements are prepared for the same reporting date as the Company. Consistent accounting policies are applied to like transactions and events in similar circumstances.

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

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

Losses within subsidiaries are attributed to the non-controlling interest even if that results in a deficit balance.

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

- de-recognises the assets (including goodwill) and liabilities of the subsidiary at their carrying amounts at the date when control is lost;

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

2 MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

2.4 Basis of consolidation and business combinations (Continued)

(a) Basis of consolidation (Continued)

- de-recognises the carrying amount of any non-controlling interest;
- de-recognises the cumulative translation differences recorded in equity;
- recognises the fair value of the consideration received;
- recognises the fair value of any investment retained;
- recognises any surplus or deficit in profit or loss; and
- re-classifies the Group's share of components previously recognised in other comprehensive income to profit or loss or retained earnings, as appropriate.

(b) Business combinations and goodwill

Business combinations are accounted for by applying the acquisition method. Identifiable assets acquired and liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. Acquisition-related costs are recognised as expenses in the periods in which the costs are incurred and the services are received.

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration which is deemed to be an asset or liability, will be recognised in profit or loss.

In business combinations achieved in stages, previously held equity interests in the acquiree are remeasured to fair value at the acquisition date and any corresponding gain or loss is recognised in profit or loss.

The Group elects for each individual business combination, whether non-controlling interest in the acquiree (if any), that are present ownership interests and entitle their holders to a proportionate share of net assets in the event of liquidation, is recognised on the acquisition date at fair value, or at the non-controlling interest's proportionate share of the acquiree's identifiable net assets. Other components of non-controlling interests are measured at their acquisition date fair value, unless another measurement basis is required by another SFRS(I).

Any excess of the sum of the fair value of the consideration transferred in the business combination, the amount of 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 net fair value of the acquiree's identifiable assets and liabilities is recorded as goodwill. In instances where the latter amount exceeds the former, the excess is recognised as gain on bargain purchase in profit or loss on the acquisition date.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

2 MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

2.4 Basis of consolidation and business combinations (Continued)

(b) Business combinations and goodwill (Continued)

Goodwill is initially measured at cost. Following initial recognition, goodwill is measured at cost less any accumulated impairment losses.

For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to the Group's cash-generating units that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

The cash-generating unit to which goodwill have been allocated is tested for impairment annually and whenever there is an indication that the cash-generating unit may be impaired. Impairment is determined for goodwill by assessing the recoverable amount of each cash-generating unit (or group of cash-generating units) to which the goodwill relates.

2.5 Transactions with non-controlling interests

Non-controlling interests represent the equity in subsidiaries not attributable, directly or indirectly, to owners of the Company.

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. In such circumstances, the carrying amounts 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 attributed to owners of the Company.

2.6 Foreign currency

The financial statements are presented in Singapore Dollars, which is also the Company's functional currency. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency.

(a) Transactions and balances

Transactions in foreign currencies are measured in the respective functional currencies of the Company and its subsidiaries and are recorded on initial recognition in the functional currencies at exchange rates approximating those ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the end of the reporting period. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was measured.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

2 MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

2.6 Foreign currency (Continued)

(a) Transactions and balances (Continued)

Exchange differences arising on the settlement of monetary items or on translating monetary items at the end of the reporting period are recognised in profit or loss except for exchange differences arising on monetary items that form part of the Group's net investment in foreign operations, which are recognised initially in other comprehensive income and accumulated under foreign currency translation reserve in equity. The foreign currency translation reserve is reclassified from equity to profit or loss of the Group on disposal of the foreign operations.

(b) Consolidated financial statements

For consolidation purpose, the assets and liabilities of foreign operations are translated into SGD at the rate of exchange ruling at the end of the reporting period and their profit or loss are translated at the exchange rates prevailing at the date of the transactions. The exchange differences arising on the translation are recognised in other comprehensive income. On disposal of a foreign operation, the component of other comprehensive income relating to that particular foreign operation is recognised in profit or loss.

In the case of a partial disposal without loss of control of a subsidiary that includes a foreign operation, the proportionate share of the cumulative amount of the exchange differences are re-attributed to non-controlling interest and are not recognised in profit or loss. For partial disposals of associates or jointly controlled entities that are foreign operations, the proportionate share of the accumulated exchange differences is reclassified to profit or loss.

2.7 Subsidiaries

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

In the Company's separate financial statements, investments in subsidiaries are accounted for at cost less accumulated impairment losses.

2.8 Associate

An associate is an entity over which the Group has the power to participate in the financial and operating policy decisions of the investee but does not have control of those policies.

The Group accounts for its investment in associate using the equity method from the date on which it becomes an associate.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

2 MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

2.8 Associate (Continued)

On acquisition of the investment, any excess of the cost of the investment over the Group's share of the net fair value of the investee's identifiable assets and liabilities is accounted as goodwill and is included in the carrying amount of the investment. Any excess of the Group's share of the net fair value of the investee's identifiable assets and liabilities over the cost of the investment is included as income in the determination of the entity's share of the associate's profit or loss in the period in which the investment is acquired.

Under the equity method, the investment in associate is carried in the balance sheet at cost plus post-acquisition changes in the Group's share of net assets of the associate. The profit or loss reflects the share of results of the operations of the associate. Distributions received from the associate reduce the carrying amount of the investment. Where there has been a change recognised in other comprehensive income by the associate, the Group recognises its share of such changes in other comprehensive income. Unrealised gains and losses resulting from transactions between the Group and the associate are eliminated to the extent of the interest in the associate.

When the Group's share of losses in an associate equals or exceeds its interest in the associate, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate.

After application of the equity method, the Group determines whether it is necessary to recognise an additional impairment loss on the Group's investment in associate. The Group determines at the end of each reporting period whether there is any objective evidence that the investment in the associate is impaired. If this is the case, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value and recognises the amount in profit or loss.

Upon loss of significant influence over the associate, the Group measures the retained interest at fair value. Any difference between the fair value of the aggregate of the retained interest and proceeds from disposal and the carrying amount of the investment at the date the equity method was discontinued is recognised in profit or loss.

2.9 Revenue recognition

Revenue is measured based on the consideration to which the Group expects to be entitled to in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties.

Revenue is recognised when the Group satisfies a performance obligation by transferring a promised good or service to the customer, which is when the customer obtains control of the good or service. A performance obligation may be satisfied at a point in time or over time. The amount of revenue recognised is the amount allocated to the satisfied performance obligation.

(a) Construction contracts

The Group provides engineering and construction services and generates revenue under construction contracts with customers. Such contracts are entered into before construction begins. For engineering and construction contracts whereby, the Group is contractually restricted from redirecting to another customer and has an enforceable right to payment for performance completed to date, revenue is recognised over time on a cost-to-cost method, i.e. based on the construction costs incurred to date as a proportion of estimated total construction costs to be incurred. The Group has determined that the cost-based input method is an appropriate measure of the progress towards complete satisfaction of these performance obligations.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

2 MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

2.9 Revenue recognition (Continued)

(a) Construction contracts (Continued)

The Group accounts for contract modifications arising from change orders to modify the scope or price of the contract as separate contracts if the modification adds distinct goods or services at their standalone selling prices. For contract modifications that add distinct goods or services but not at their standalone selling prices, the Group combines the remaining consideration in the original contract with the consideration promised in the modification to create a new transaction price that is then allocated to all remaining performance obligations. For contract modifications that do not add distinct goods or services, the Group accounts for the modification as continuation of the original contract and is recognised as a cumulative adjustment to revenue at the date of modification.

Progress billings to the customers are based on a payment schedule in the contract and are typically triggered upon achievement of specified construction milestones. A contract asset is recognised for the Group's right to consideration for the work performed under the contract but not billed to the customer. Conversely, a contract liability is recognised when the Group received advance consideration from customer or progress billings issued in excess of the Group's rights to consideration under the contract. Contract assets are transferred to trade receivables when the rights to the consideration become unconditional. Contract liabilities are recognised as revenue as the Group performs the work under the contract.

(b) Services rendered – grit blasting, painting and solar power installation

The Group provide the services of grit blasting, painting and solar power installation. Revenue is recognised over time based on the percentage of completion reflecting the progress towards complete satisfaction of that performance obligation.

Progress billings to the customers are based on a payment schedule in the contract and are typically triggered upon achievement of specified construction milestones. A contract asset is recognised for the Group's right to consideration for the work performed under the contract but not billed to the customer. Conversely, a contract liability is recognised when the Group received advance consideration from customer or progress billings issued in excess of the Group's rights to consideration under the contract. Contract assets are transferred to trade receivables when the rights to the consideration become unconditional. Contract liabilities are recognised as revenue as the Group performs the work under the contract.

(c) Sale of goods – including blasting equipment, solar power equipment and aluminium products

Revenue on the sale of goods is recognised when the goods are delivered to the customer and all criteria for acceptance have been satisfied. Revenue is not recognised to the extent there are significant uncertainties regarding recovery of the consideration due, associated costs or the possible return of goods.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

2 MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

2.10 Employee benefits

(a) Defined contribution plans

The companies in the Group participate in the following national pension schemes as defined by the laws of the countries in which they have operations. Contributions to defined contribution pension schemes are recognised as an expense in the period in which the related services are performed.

Republic of Singapore ("Singapore")

The Singapore companies in the Group make contributions to the Central Provident Fund ("CPF") scheme in Singapore, a defined contribution pension scheme.

(b) Employee leave entitlement

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

2.11 Government grants

Government grants are recognised as a receivable when there is reasonable assurance that the grant will be received and all attached conditions will be complied with.

When the grant relates to an expense item, it is recognised as income on a systematic basis over the periods that the related costs, for which it is intended to compensate, are expensed. When the grant relates to an asset, the fair value is recognised as deferred income on the statement of financial position and is recognised as income in equal amounts over the expected useful life of the related asset.

2.12 Taxes

(a) *Current income tax*

Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the end of each reporting period, in the countries where the Group operates and generates taxable income.

Current income taxes are recognised in profit or loss except to the extent that the tax relates to items recognised outside profit or loss, either in other comprehensive income or directly in equity. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

2 MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

2.12 Taxes (Continued)

(b) *Deferred tax*

Deferred tax is provided using the liability method on temporary differences at the end of each reporting period between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all temporary differences, except:

– where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss and does not give rise to equal taxable and deductible temporary differences; and

– in respect of taxable temporary differences associated with investments in subsidiaries and associate, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised except:

– where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss and does not give rise to equal taxable and deductible temporary differences; and

– in respect of deductible temporary differences associated with investments in subsidiaries and associate, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at the end of each reporting period and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

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 tax rates and tax laws that have been enacted or substantively enacted at the end of each reporting period.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity and deferred tax arising from a business combination is adjusted against goodwill on acquisition.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

2 MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

2.12 Taxes (Continued)

(b) *Deferred tax* (Continued)

Deferred tax assets and liabilities are offset if a legally enforceable right exists to set off current income tax assets against current income tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

(c) *Sales tax*

Revenues, expenses and assets are recognised net of the amount of sales tax except:

– where the sales tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case the sales tax is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and

– receivables and payables that are stated with the amount of sales tax included.

2.13 Property, plant and equipment

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

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

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

All items of property, plant and equipment are initially recorded at cost. Subsequent to recognition, property, plant and equipment are measured at cost less accumulated depreciation and any accumulated impairment losses, if any. The cost of property, plant and equipment includes its purchase price and any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Dismantlement, removal or restoration costs are included as part of the cost of property, plant and equipment if the obligation for dismantlement, removal or restoration is incurred as a consequence of acquiring or using the property, plant and equipment.

Purchased software that is integral to the functionality of the related equipment is capitalised as part of the equipment.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

2 MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

2.13 Property, plant and equipment (Continued)

Depreciation is calculated on a straight-line basis over the estimated useful lives of the assets as follows:

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

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

The residual value, useful lives and depreciation method are reviewed at least at the end of each financial period, and adjusted prospectively, if appropriate.

Subsequent Expenditure

Subsequent expenditure related to property, plant and equipment that has been recognised is added to the carrying amount of the asset only when it is probable that future economic benefits associated with the item will flow to the Group and the cost can be measured reliably. All other repair and maintenance expenses are recognised in profit or loss when incurred.

Disposal

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

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

2.14 Investment property

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

2 MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

2.15 Impairment of non-financial assets

The Company assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, (or, where applicable, when an annual impairment testing for an asset is required), the Company makes an estimate of the asset's recoverable amount.

An asset's recoverable amount is the higher of an asset's or cash-generating unit's fair value less costs of disposal and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or group of assets. Where the carrying amount of an asset or cash-generating unit exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

Impairment losses are recognised in profit or loss.

A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increase cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised previously. Such reversal is recognised in profit or loss.

2.16 Cash and cash equivalents

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

2.17 Inventories

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

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

Net realisable value represents the estimated selling price for inventories in the ordinary course of business, less all estimated costs of completion and the estimated costs necessary to make the sale. Allowance is made for obsolete, slow-moving and defective inventories to adjust the carrying value of inventories to the lower of cost and net realisable value.

2.18 Land held for development

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

2 MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

2.19 Non-current assets held for sale

The Group classifies non-current assets as held for sale if their carrying amounts will be recovered principally through a sale transaction rather than through continuing use. Non-current assets classified as held for sale are measured at the lower of their carrying amount and fair value less costs to sell. Costs to sell are the incremental costs directly attributable to the disposal of an asset, excluding finance costs and income tax expense.

The criteria for held for sale classification is regarded as met only when the sale is highly probable, and the asset is available for immediate sale in its present condition. Actions required to complete the sale should indicate that it is unlikely that significant changes to the sale will be made or that the decision to sell will be withdrawn.

Property, plant and equipment are not depreciated once classified as held for sale.

2.20 Financial instruments

(a) *Financial assets*

Initial recognition and measurement

Financial assets are recognised when, and only when the entity becomes party to the contractual provisions of the instruments.

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss ("FVTPL"), transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVTPL are expensed in profit or loss.

Trade receivables are measured at the amount of consideration to which the Group expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third party, if the trade receivables do not contain a significant financing component at initial recognition.

Subsequent measurement

Debt instruments

Subsequent measurement of debt instruments depends on the Group's business model for managing the asset and the contractual cash flow characteristics of the asset. The three measurement categories for classification of debt instruments are amortised cost, fair value through other comprehensive income ("FVOCI") and FVTPL. The Group only has debt instruments at amortised cost.

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

2 MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

2.20 Financial instruments (Continued)

(a) Financial assets (Continued)

Subsequent measurement (Continued)

Equity instruments

On initial recognition of an investment in equity instrument that is not held for trading, the Group may irrevocably elect to present subsequent changes in fair value in other comprehensive income which will not be reclassified subsequently to profit or loss. Dividends from such investments are to be recognised in profit or loss when the Group's right to receive payments is established, except when the Group benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in other comprehensive income.

For investments in equity instruments which the Group has not elected to present subsequent changes in fair value in other comprehensive income, changes in fair value are recognised in profit or loss.

Derecognition

A financial asset is derecognised where the contractual right to receive cash flows from the asset has expired. On derecognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received and any cumulative gain or loss that had been recognised in other comprehensive income for debt instruments is recognised in profit or loss.

(b) Financial liabilities

Initial recognition and measurement

Financial liabilities are recognised when, and only when, the Group becomes a party to the contractual provisions of the financial instrument. The Group determines the classification of its financial liabilities at initial recognition.

All financial liabilities are recognised initially at fair value plus in the case of financial liabilities not at FVTPL, net of directly attributable transaction costs.

Subsequent measurement

After initial recognition, financial liabilities that are not carried at FVTPL are subsequently measured at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the liabilities are derecognised, and through the amortisation process.

Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. On derecognition, the difference between the carrying amounts and the consideration paid is recognised in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

2 MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

2.21 Impairment of financial assets

The Group recognises an allowance for expected credit losses ("ECLs") for all debt instruments not held at fair value through profit or loss and financial guarantee contracts. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECLs are recognised in two stages. 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 recognised for credit losses expected over the remaining life of the exposure, irrespective of timing of the default (a lifetime ECL).

For trade receivables, the Group applies a simplified approach in calculating ECLs. Therefore, the Group does not track changes in credit risk, but instead recognises 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 for forward-looking factors specific to the debtors and the economic environment which could affect debtors' ability to pay.

The Group considers a financial asset in default when contractual payments are more than 1 year and 9 months past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

2.22 Leases

When the Group is a lessee

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

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

Right-of-use assets are subsequently depreciated using the straight-line method from the commencement dates to the earlier of the end of the useful lives of the right-of-use assets or the end of the lease terms. The estimated useful lives of right-of-use assets are determined on the same basis as those of property, plant and equipment. In addition, the right-of-use assets are periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the corresponding lease liabilities.

2 MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

2.22 Leases (Continued)

When the Group is a lessee (Continued)

The Group presents its right-of-use assets (except for those which meets the definition of an investment property) in "Right-of-use Assets" and lease liabilities in "Lease Liabilities" in the statement of financial position. Right-of-use assets which meet the definition of an investment property are presented within "Investment property" and accounted for in accordance with Note 2.14.

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

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

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

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

2 MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

2.22 Leases (Continued)

When the Group is a lessee (Continued)

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

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

Short-term leases and leases of low-value assets

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

When the Group is a lessor

Leases in which the Company does not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. Rental income arising from operating leases on the Company's investment property is accounted for on a straight-line basis over the lease terms. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

2.23 Provisions

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and the amount of the obligation can be estimated reliably.

Provisions are reviewed at the end of each reporting period and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of economic resources will be required to settle the obligation, the provision is reversed. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

2.24 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 specified debtor fails to make payment when due in accordance with the terms of a debt instrument.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

2 MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

2.24 Financial guarantees (Continued)

Financial guarantees are recognised initially at fair value, adjusted for transaction costs that are directly attributable to the issuance of the guarantee. Subsequent to initial recognition, financial guarantees are measured at the higher of the amount of expected credit loss determined in accordance with the policy set out in Note 2.21 and the amount initially recognised less, when appropriate, the cumulative amount of income recognised over the period of the guarantee.

2.25 Share capital

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

2.26 Treasury shares

Own equity instruments that are reacquired (treasury shares) are recognised at cost and deducted from equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Group's own equity instruments. Any difference between the carrying amount and the consideration, if reissued, is recognised in the capital reserve.

2.27 Segment reporting

For management purposes, the Group is organised into operating segments based on their products and services which are independently managed by the respective segment managers responsible for the performance of the respective segments under their charge. The segment managers report directly to management of the Company who regularly review the segment results in order to allocate resources to the segments and to assess the segment performance. Additional disclosures on each of these segments are shown in Note 34, including the factors used to identify the reportable segments and the measurement basis of segment information.

2.28 Dividend and interest income

Dividend income is recognised in profit or loss when the Group's right to receive payment has been established.

Interest income is recognised in profit or loss, as it accrues, using the effective interest method.

2.29 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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

2 MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

2.29 Contingencies (Continued)

(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 balance sheet of the Group.

3 SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

The preparation of the Group's consolidated financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities at the end of each reporting period. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future periods.

(a) Judgements made in applying accounting policies

Management is of the opinion that there is no significant judgement made in applying accounting policies that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial period.

(b) 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 are discussed below. The Group based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising beyond the control of the Group. Such changes are reflected in the assumptions when they occur.

Revenue from construction contracts

Construction contract revenue is recognised over time by reference to the Group's progress towards completing the performance obligation in the contract. Management has determined that a cost-based input method for these services provides a faithful depiction of the Group's performance in transferring control of the goods and services promised to the customers, as it reflects the Group's efforts incurred to date relative to the total inputs expected to be incurred for the contract. The measure of progress is based on the costs incurred to date as a proportion of total costs expected to be incurred up to the completion of the performance obligation within the contract.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

3 SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (CONTINUED)

(b) Key sources of estimation uncertainty (Continued)

Revenue from construction contracts (Continued)

The estimated total contract costs are based on contracted amounts and, in respect of amounts not contracted for, management relies on past experience and technical expertise of the project managers to make estimates of the amounts to be incurred. In making these estimates, management takes into consideration the historical trends of the amounts incurred in the development of similar construction contracts, analysed by different construction contract types and geographical areas.

Contract revenue comprises the initial amount of revenue agreed in the contract and variations in contract work to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur when the uncertainty associated with the variable consideration is subsequently resolved.

For the financial year ended 31 December 2023, the Group recorded revenue of S$33,134,000 (2022: S$60,348,000) from its construction contracts.

Valuation of unquoted equity investments

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

The information about the valuation techniques and key unobservable inputs used in deriving the fair value of the unquoted equity investments is disclosed in Note 36(a).

Impairment assessment of goodwill

Management assesses for indicators of impairment of goodwill at least on an annual basis. This requires an estimation of the value-in-use of the cash-generating units to which goodwill is allocated. The value-in-use calculation is based on a discounted cash flow model. The recoverable amount is most sensitive to the discount rate used for the discounted cash flow model as well as the expected future cash inflows and the growth rate used for extrapolation purposes. The assumptions and estimates used are inherently subjective, and may be affected by uncertainties around future market or economic conditions.

The carrying amount of the goodwill is disclosed in Note 15.

Revaluation of leasehold properties

The Group carries its leasehold properties at fair value, with changes in fair values being recognised in other comprehensive income. The Group engaged independent real estate valuation experts to assess fair value as at 31 December 2023.

The fair value of the leasehold properties is determined by independent real estate valuation experts using market comparable approach by referring to market evidence of recent transactions for similar properties. These estimates are based on local market conditions existing at the end of each reporting date.

The key assumptions used to determine the fair value of the leasehold properties are disclosed in Note 36(a).

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

4 REVENUE

(a) Disaggregation of revenue

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

	Group	
	2023	**2022**
	S$'000	**S$'000**
Principal geographical market		
Singapore		
– Engineering & construction services	**33,134**	60,348
– Services rendered – grit blasting and painting	**14,190**	12,727
– Solar power installation service	**11,132**	4,343
– Sale of blasting equipment goods	**1,067**	2,396
– Sale of solar power equipment goods	**4,490**	4,650
	64,013	84,464
Rest of Southeast Asia[(i)]		
– Sale of solar power equipment goods	**3,243**	1,513
– Sale of blasting equipment goods	**1,350**	1,245
	4,593	2,758
The People's Republic of China		
– Sale of aluminium products	**13,526**	–
Others[(ii)]		
– Sale of blasting equipment goods	**72**	–
Total revenue	**82,204**	87,222

(i) Rest of South East Asia includes Malaysia, Indonesia and Vietnam.
(ii) Others include India, Pakistan and Japan.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

4 REVENUE (CONTINUED)

(a) Disaggregation of revenue (Continued)

	Group	
	2023	2022
	S$'000	S$'000
Major products or service lines and timing of transfer of good or service		
At a point in time		
– Sale of solar power equipment goods	**7,733**	6,163
– Sale of blasting equipment goods	**2,489**	3,641
– Sale of aluminium products	**13,526**	–
	23,748	9,804
Over time		
– Engineering & construction services	**33,134**	60,348
– Services rendered – grit blasting and painting	**14,190**	12,727
– Solar power installation service	**11,132**	4,343
	58,456	77,418
Total revenue	**82,204**	87,222

(b) Contract balances

	Group		
	31 December		1 January
	2023	2022	2022
	S$'000	S$'000	S$'000
Contract assets	**9,637**	8,021	11,110
Trade receivables (Note 19)	**21,482**	20,039	11,995
Contract liabilities	**3,727**	2,648	356

Significant changes in contract assets and contract liabilities balances are disclosed as follows:

	Group	
	2023	2022
	S$'000	S$'000
Contract assets		
Contract assets reclassified to trade receivables	**(8,219)**	(11,267)
Changes in measurement of progress	**9,802**	8,219
Reversal of impairment losses/(Impairment losses) on contract assets	**33**	(41)
Contract liabilities		
Revenue recognised from amounts included in contract liabilities at the beginning of the year	**2,648**	356

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

4 **REVENUE** (CONTINUED)

(b) Contract balances (Continued)

Expected credit loss on contract assets

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

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

	Group	
	2023	**2022**
	S$'000	**S$'000**
Expected credit loss rate	**1.68%**	2.41%
Contract assets – gross carrying amount	**9,802**	8,219
Less: Loss allowance	**(165)**	(198)
	9,637	8,021

The movement in allowance for expected credit losses of contract assets computed based on lifetime ECL is as follows::

	Group	
	2023	**2022**
	S$'000	**S$'000**
At 1 January	**198**	157
(Reversal)/charge during the year	**(33)**	41
At 31 December	**165**	198

The Group has applied the practical expedient not to disclose information about its remaining performance obligations if:

- The performance obligation is part of a contract that has an original expected duration of one year or less; or

- The Group recognises revenue to which the Group has a right to invoice a customer in an amount that corresponds directly with its performance to date, and it recognises revenue in that amount.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

5 TAXATION

The major components of taxation recognised in profit or loss for the years ended 31 December 2023 and 2022 were:

	Group	
	2023 S$'000	2022 S$'000
Current income tax:		
– Current year	**384**	138
– Under/(over) provision in respect of prior year	**182**	(13)
	566	125
Deferred tax:		
– Origination and reversal of temporary differences (Note 27)	**38**	(11)
	38	(11)
Taxation recognised in profit or loss	**604**	114

The major components of taxation recognised in other comprehensive income for the years ended 31 December 2023 and 2022 were:

	Group	
	2023 S$'000	2022 S$'000
Deferred tax:		
– Revaluation gain on property, plant and equipment (Note 27)	**970**	–
Taxation recognised in other comprehensive income	**970**	–

A reconciliation between taxation and the product of accounting profits multiplied by the Singapore statutory income tax rate of 17% (2022: 17%) for the years ended 31 December 2023 and 2022 is as follows:

	Group	
	2023 S$'000	2022 S$'000
Profit before tax and share of loss of associate	**3,366**	6,578
Tax at statutory tax rate of 17% (2022: 17%)	**572**	1,118
Non-deductible expenses	**474**	785
Non-taxable items	**(125)**	(138)
Effect of different tax rates of subsidiaries operating in other jurisdictions	**74**	8
Singapore statutory tax exemption	**(33)**	–
Corporate income tax rebate	**(70)**	–
Deferred tax assets not recognised*	**407**	–
Utilisation of unrecognised deferred tax assets	**(877)**	(1,646)
Under/(over)provision in respect of prior year	**182**	(13)
	604	114

* Deferred tax assets not recognised mainly relates to unutilised tax losses and capital allowances carried forward as disclosed in Note 27.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

6 PROFIT BEFORE TAX

Profit before tax has been arrived at after charging/(crediting):

	Group	
	2023	**2022**
	S$'000	**S$'000**
Included in cost of sales		
Cost of inventories sold	**33,232**	15,001
Sub-contractor fees	**12,254**	22,046
Expenses relating to short-term leases	**1,178**	438
Depreciation of property, plant and equipment	**3,126**	3,010
Depreciation of right-of-use assets	**271**	108
Inventory written off	**27**	–
Staff costs:		
– Salaries and wages	**6,634**	6,115
– Defined contribution plans	**132**	128
– Foreign workers levy	**1,558**	1,467
Included in other income		
Interest income	**(1,786)**	(815)
Government grants*	**(63)**	(494)
Gain on disposal of property, plant and equipment	**(15)**	(338)
Scrap sales and service income	**(175)**	(663)
Reversal of prior year write-down of land held for development	**(511)**	–
Rental income – operating leases	**(432)**	(100)
Foreign exchange loss	**–**	731
Included in administrative expenses		
Directors' fees	**183**	224
Directors' remuneration:		
– Salaries and bonus	**756**	776
– Defined contribution plans	**22**	22
Staff costs:		
– Salaries and bonus	**4,234**	4,577
– Defined contribution plans	**387**	436
– Staff welfare	**63**	37

* Included in government grants were cash grants of S$nil (2022: S$229,000) and S$nil (2022: S$253,000) from the Jobs Support Scheme ("JSS") and foreign worker levy waiver and rebate, respectively.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

6 PROFIT BEFORE TAX (CONTINUED)

Profit before tax has been arrived at after charging/(crediting): (Continued)

	Group	
	2023	**2022**
	S$'000	**S$'000**
Included in other operating expenses		
Audit fees paid/payable to:		
Auditors of the Company*	**233**	233
Other auditors:	**60**	18
– Network firms	**11**	10
– Non-network firms	**49**	8
Depreciation of property, plant and equipment	**906**	1,109
Depreciation of right-of-use assets	**67**	295
Allowance for inventory obsolescence	**14**	5
Expenses relating to short-term leases	**340**	670
Foreign exchange loss	**815**	–
Impairment loss on investment in associate	**181**	–
Included in net (reversal of impairment losses)/impairment losses on financial assets		
(Reversal of impairment losses)/impairment losses on contract assets (Note 4(b))	**(33)**	41
(Reversal of impairment losses)/impairment losses on trade receivables (Note 19)	**(3)**	51
Included in finance costs		
Term loans	**325**	212
Trust receipts	**379**	240
Lease liabilities	**262**	237

* No non-audit fees were paid/payable to the auditor of the Company for the financial years ended 31 December 2023 and 2022.

7 EARNINGS PER SHARE

Basic earnings per share is calculated by dividing the Group's profit for the year attributable to owners of the Company by the weighted average number of ordinary shares outstanding during the financial year.

Diluted earnings per share is calculated by dividing the Group's profit for the year attributable to owners of the Company by the weighted average number of ordinary shares outstanding during the financial year plus the weighted average number of ordinary shares that would be issued on the conversion of all the dilutive potential ordinary shares into ordinary shares.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

7 EARNINGS PER SHARE (CONTINUED)

The profit and share data used in the calculation of basic and diluted earnings per share for the years ended 31 December are as follows:

	Group	
	2023	**2022**
	S$'000	**S$'000**
Profit for the year attributable to owners of the Company used in the calculation of earnings per share	**2,495**	5,056

	Group	
	2023	**2022**
Weighted average number of ordinary shares (excluding treasury shares) used in the calculation of basic and diluted earnings per share	**610,403,412**	629,947,341
Basic and diluted earnings per share (cents per share)	**0.40**	0.80

8 ASSET HELD FOR SALE

	Freehold land 2023 S$'000
Group	
Cost, representing net carrying amount:	
Reclassification from property, plant and equipment (Note 9)	**3,396**

During the year, a subsidiary of the Group entered into an agreement for the sale of a freehold land in Malaysia and the deposit was received subsequent to year end. Accordingly, the freehold land was classified as held for sale at the end of the financial year. The sale has not been completed as at the date of authorisation of the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

9 PROPERTY, PLANT AND EQUIPMENT

	Freehold land S$'000	Leasehold buildings S$'000	Leasehold improvements S$'000	Machinery and yard equipment S$'000	Motor vehicles S$'000	Office, computer equipment, furniture and fittings S$'000	Total S$'000
Group							
2023							
Cost or Valuation							
At 1 January	3,580	39,129	926	16,226	1,820	3,530	65,211
Additions	–	–	23	1,444	111	62	1,640
Disposals/write-off	–	–	(45)	(144)	(144)	(186)	(519)
Revaluation adjustment	–	5,729	–	–	–	–	5,729
Transfer*	–	(8,853)	–	–	–	–	(8,853)
Currency alignment	(184)	–	(2)	(1)	(4)	–	(191)
Reclassification to asset held for sale (Note 8)	(3,396)	–	–	–	–	–	(3,396)
At 31 December	–	36,005	902	17,525	1,783	3,406	59,621
Representing:							
Cost	–	–	902	17,525	1,783	3,406	23,616
Valuation	–	36,005	–	–	–	–	36,005
Total	–	36,005	902	17,525	1,783	3,406	59,621

* This transfer relates to the accumulated depreciation as at the revaluation date that was eliminated against the gross carrying amount of the revalued asset.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

9 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

	Freehold land S$'000	Leasehold buildings S$'000	Leasehold improvements S$'000	Machinery and yard equipment S$'000	Motor vehicles S$'000	Office, computer equipment, furniture and fittings S$'000	Total S$'000
Group							
2023							
Accumulated depreciation							
At 1 January	**–**	**5,903**	**855**	**14,394**	**1,131**	**3,315**	**25,598**
Depreciation charge	**–**	**2,950**	**10**	**823**	**112**	**137**	**4,032**
Disposals/write-off	**–**	**–**	**(21)**	**(124)**	**(144)**	**(177)**	**(466)**
Transfer*	**–**	**(8,853)**	**–**	**–**	**–**	**–**	**(8,853)**
Currency alignment	**–**	**–**	**(1)**	**–**	**(3)**	**–**	**(4)**
At 31 December	**–**	**–**	**843**	**15,093**	**1,096**	**3,275**	**20,307**
Net book value							
At 31 December	**–**	**36,005**	**59**	**2,432**	**687**	**131**	**39,314**

* This transfer relates to the accumulated depreciation as at the revaluation date that was eliminated against the gross carrying amount of the revalued asset.

	Freehold land S$'000	Leasehold buildings S$'000	Leasehold improvements S$'000	Machinery and yard equipment S$'000	Motor vehicles S$'000	Office, computer equipment, furniture and fittings S$'000	Total S$'000
Group							
2022							
Cost							
At 1 January	3,789	39,197	930	16,215	1,743	3,416	65,290
Additions	–	–	–	172	413	131	716
Disposals/write-off	–	(68)	–	(161)	(332)	(15)	(576)
Currency alignment	(209)	–	(4)	–	(4)	(2)	(219)
At 31 December	3,580	39,129	926	16,226	1,820	3,530	65,211
Accumulated depreciation							
At 1 January	–	3,110	856	13,504	1,350	3,154	21,974
Depreciation charge	–	2,793	1	1,044	103	178	4,119
Disposals/write-off	–	–	–	(154)	(319)	(15)	(488)
Currency alignment	–	–	(2)	–	(3)	(2)	(7)
At 31 December	–	5,903	855	14,394	1,131	3,315	25,598
Net book value							
At 31 December	3,580	33,226	71	1,832	689	215	39,613

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

9 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

	Leasehold improvements S$'000	Motor vehicles S$'000	Furniture and fittings S$'000	Office and computer equipment S$'000	Total S$'000
Company					
2023					
Cost					
At 1 January	**404**	**368**	**1,021**	**468**	**2,261**
Additions	**–**	**41**	**–**	**3**	**44**
At 31 December	**404**	**409**	**1,021**	**471**	**2,305**
Accumulated depreciation					
At 1 January	**404**	**355**	**1,021**	**467**	**2,247**
Depreciation charge	**–**	**13**	**–**	**1**	**14**
At 31 December	**404**	**368**	**1,021**	**468**	**2,261**
Net book value					
At 31 December	**–**	**41**	**–**	**3**	**44**
2022					
Cost					
At 1 January and 31 December	404	368	1,021	468	2,261
Accumulated depreciation					
At 1 January	404	341	1,021	466	2,232
Depreciation charge	–	14	–	1	15
At 31 December	404	355	1,021	467	2,247
Net book value					
At 31 December	–	13	–	1	14

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

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

(i) The leasehold building of the Company located at 81 Tuas South Street 5 Singapore 637651 is leased to certain subsidiaries of the Group to earn rental income. Accordingly, the leasehold building is classified as an investment property on the statement of financial position of the Company as disclosed in Note 11.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

9 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

(b) Leasehold buildings carried at revalued amounts

The Group carries its leasehold properties at fair value, with changes in fair values being recognised in other comprehensive income. The Group engaged real estate valuation experts to assess fair value as at 31 December 2023.

The fair value of the leasehold properties is determined by independent real estate valuation experts using market comparable approach by referring to market evidence of recent transactions for similar properties. The key assumptions used to determine the fair value of the leasehold properties are further explained in Note 36(a).

(c) Assets pledged as a security

As at 31 December 2023, leasehold buildings of the Group with carrying amounts of S$36,005,000 (2022: S$33,226,000) are mortgaged to secure the credit facilities of the Group (Note 25).

10 RIGHT-OF-USE ASSETS

The Group has lease contracts for land, in respect of its offices and warehouses. The Group's obligations under these leases are secured by the lessor's title to the leased assets. The Group is restricted from assigning and subleasing the leased assets unless permission is obtained from the landlord and the Group maintains the leased assets in good condition.

The Group also has certain leases of machinery with lease terms of 12 months or less. The Group applies the 'short-term lease' recognition exemption for these leases.

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

	Group		Company	
	2023	**2022**	**2023**	**2022**
	S$'000	**S$'000**	**S$'000**	**S$'000**
Leasehold land				
Cost				
At 1 January	**5,464**	5,374	**1,845**	1,845
Addition	**125**	–	**–**	–
Currency alignment	**(57)**	90	**–**	–
At 31 December	**5,532**	5,464	**1,845**	1,845
Accumulated depreciation				
At 1 January	**1,644**	1,241	**647**	486
Depreciation	**338**	403	**162**	161
Currency alignment	**(5)**	–	**–**	–
At 31 December	**1,977**	1,644	**809**	647
Net book value				
At 31 December	**3,555**	3,820	**1,036**	1,198

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

10 RIGHT-OF-USE ASSETS (CONTINUED)

(b) Lease liabilities

The carrying amounts of lease liabilities and the movement during the year are disclosed in Note 26 and the maturity analysis of lease liabilities is disclosed in Note 35(d).

(c) Amounts recognised in profit or loss

	Group	
	2023	**2022**
	S$'000	**S$'000**
Depreciation of right-of-use assets	**338**	403
Interest expense on lease liabilities	**262**	237
Expenses relating to short-term leases	**1,518**	1,108

(d) Total cash outflow

In 2023, the Group had total cash outflows for leases of S$2,046,000 (2022: S$1,614,000).

11 INVESTMENT PROPERTY

	Company	
	2023	**2022**
	S$'000	**S$'000**
At cost		
At 1 January and 31 December	**14,400**	14,400
Accumulated depreciation		
At 1 January	**5,858**	4,686
Depreciation charge	**1,171**	1,172
At 31 December	**7,029**	5,858
Net book value		
At 31 December	**7,371**	8,542

Investment property is leased to certain subsidiaries of the Group.

Rental income recognised for the financial year ended 31 December 2023 amounted to S$1,218,000 (2022: S$1,218,000). Direct operating expenses arising from the investment property that generated the rental income during the financial year were considered not material.

At the end of the reporting period, the investment property of the Company is mortgaged to secure the credit facilities of the Group (Note 25).

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

12 INVESTMENT IN SUBSIDIARIES

	Company 2023 S$'000	Company 2022 S$'000
Unquoted equity shares, at cost		
Hetat Holdings Pte. Ltd.	**45,300**	45,300
See Hup Seng CP Pte. Ltd.	**8,047**	8,047
Eastern Tankstore (S) Pte. Ltd.	**–**	4,080
SHS Capital Pte. Ltd.	*****	*
Sinenergy Power International Pte. Ltd.	**100**	100
Guangxi Xiang Tong Technology Co., Ltd	**1,000**	–
	54,447	57,527
Less: Allowance for impairment loss	**(20,220)**	(24,300)
	34,227	33,227

* Amount less than S$1,000.

(a) Composition of the Group

	Name of Company	Country of incorporation and place of business	Principal activities	Effective equity interest held by the Group 2023 %	Effective equity interest held by the Group 2022 %
	Held by the Company:				
*	Hetat Holdings Pte. Ltd.	Singapore	Investment holding	**100**	100
*	See Hup Seng CP Pte. Ltd.	Singapore	Provision of corrosion prevention services	**100**	100
*****	Eastern Tankstore (S) Pte. Ltd.	Singapore	Warehousing and storage handling services	**–**	51
*	SHS Capital Pte. Ltd.	Singapore	Investment holding	**100**	100
*	Sinenergy Power International Pte. Ltd.	Singapore	Investment holding	**100**	100
*** (1)	Guangxi Xiang Tong Technology Co., Ltd	The People's Republic of China	Trading of commodities	**100**	–

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

12 INVESTMENT IN SUBSIDIARIES (CONTINUED)

(a) Composition of the Group (Continued)

	Name of Company	Country of incorporation and place of business	Principal activities	Effective equity interest held by the Group 2023 %	2022 %
	Held by subsidiaries:				
	Hetat Holdings Pte. Ltd.				
*	Hetat Pte. Ltd.	Singapore	Engineering and project management for steel, glass and aluminium contracts	**100**	100
*	Hetat Design Studio Pte. Ltd. (formerly known as Hetat Construction Pte. Ltd.)	Singapore	General contractors (building construction including major upgrading works)	**100**	100
**	Xiang Tong (Shanghai) International Trading Co., Ltd	The People's Republic of China	Import and export of construction materials and provision of design services	**100**	100
****	Hetat Engineering & Construction Sdn. Bhd.	Malaysia	Modular construction, manufacturing, engineering and project management for steel, glass and aluminium contracts	**100**	100
****	Hetat (M) Sdn. Bhd. (Formerly known as Sinenergy Engineering & Construction Sdn. Bhd.)	Malaysia	Engineering and project management for steel, glass and aluminum contracts	**100**	100

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

12 INVESTMENT IN SUBSIDIARIES (CONTINUED)

(a) Composition of the Group (Continued)

	Name of Company	Country of incorporation and place of business	Principal activities	Effective equity interest held by the Group 2023 %	2022 %
	Held by subsidiaries: (Continued)				
	See Hup Seng CP Pte. Ltd.				
*	SHS Special Coating Pte. Ltd.	Singapore	Grit blasting and painting	**100**	100
*	SHS System Pte. Ltd.	Singapore	Tank coating, grit blasting and painting	**100**	100
*	Gardella Singapore Coating Pte. Ltd.	Singapore	Dormant	**100**	100
*(2)	Lesoon Equipment Pte. Ltd.	Singapore	Trading and manufacturing of blasting and painting equipment	**98.2**	96.4
*	Speedo Corrosion Control Pte. Ltd.	Singapore	Tank coating, grit blasting and painting	**100**	100
	Lesoon Equipment Pte. Ltd.				
****	Speedlock Equipment Sdn. Bhd.	Malaysia	Trading and manufacturing of blasting and painting equipment	**98.2**	96.4
	SHS Capital Pte. Ltd.				
***	SHS Ferny Pty Ltd	Australia	Investment holding	**100**	100
*	Bellfield Pte. Ltd. (Formerly known as Bellfield Property Pte. Ltd.)	Singapore	Trading of commodities	**100**	100

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

12 INVESTMENT IN SUBSIDIARIES (CONTINUED)

(a) Composition of the Group (Continued)

	Name of Company	Country of incorporation and place of business	Principal activities	Effective equity interest held by the Group 2023 %	2022 %
	Held by subsidiaries: (Continued)				
	Sinenergy Power International Pte. Ltd.				
*	Sinenergy Pte. Ltd.	Singapore	Engineering and project management for electrical works	**95**	95
*	Hua Sheng Energy Pte. Ltd.	Singapore	Trading of electrical and wiring accessories	**100**	100
****	Sinenergy TL Energy Joint Stock Company	Vietnam	Dormant	**65**	65
	Hua Sheng Energy Pte. Ltd.				
**	PT Hua Sheng Energy	Indonesia	Trading of electrical and wiring accessories	**67**	67

* Audited by Moore Stephens LLP, Singapore.

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

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

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

***** Struck off during the year.

(1) In September 2023, the Company incorporated a wholly-owned subsidiary, Guangxi Xiang Tong Technology Co., Ltd, in the People's Republic of China, for cash consideration of S$1,000,000.

(2) During the year, the Company's wholly-owned subsidiary, See Hup Seng CP Pte. Ltd., acquired an additional 1.79% equity interest in Lesoon Equipment Pte. Ltd. from its non-controlling interest for a cash consideration of S$40,000. The Group's effective equity interest in Lesoon Equipment Pte. Ltd. increased from 96.4% to 98.2%. The Group's effective equity interest in Speedlock Equipment Sdn. Bhd., a wholly-owned subsidiary of Lesoon Equipment Pte. Ltd., also increased from 96.4% to 98.2%.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

12 INVESTMENT IN SUBSIDIARIES (CONTINUED)

(b) Impairment assessment of investment in subsidiaries

The movement in allowance for impairment losses in respect of investment in subsidiaries is as follows:

	Company	
	2023	**2022**
	S$'000	**S$'000**
At 1 January	**24,300**	24,300
Written off during the year	**(4,080)**	–
At 31 December	**20,220**	24,300

(c) Non-controlling interests

The Group has no individual subsidiaries that have material non-controlling interests for the financial years ended 31 December 2023 and 2022.

13 INVESTMENT IN AN ASSOCIATE

	Group	
	2023	**2022**
	S$'000	**S$'000**
Shares, at cost	**1,110**	1,110
Share of post-acquisition reserves	**(865)**	(865)
	245	245
Less: Allowance for impairment loss	**(181)**	–
Carrying amount of investment	**64**	245

The movement in allowance for impairment loss in respect of investment in an associate is as follows:

	Group	
	2023	**2022**
	S$'000	**S$'000**
At 1 January	**–**	–
Charge during the year	**181**	–
At 31 December	**181**	–

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

13 INVESTMENT IN AN ASSOCIATE (CONTINUED)

Details of the Group's associate are as follows:

Name of Company (Country of incorporation and place of business)	Principal activities	Cost 2023 S$'000	Cost 2022 S$'000	Effective equity interest held by the Group 2023 %	Effective equity interest held by the Group 2022 %
Held by Hetat Holdings Pte. Ltd.					
* Yokomori Singapore Pte. Ltd. (Singapore)	Manufacturing of steel structural components	**1,110**	1,110	**30**	30

* Audited by NACN International PAC.

Summarised financial information in respect of Yokomori Singapore Pte. Ltd. based on its SFRS(I) financial statements, and a reconciliation with the carrying amount of the investment in the consolidated financial statements are as follows:

Summarised balance sheet:

	2023 S$'000	2022 S$'000
Current assets	**237**	830
Non-current assets	**–**	11
Total assets	**237**	841
Current liabilities	**(24)**	(24)
Total liabilities	**(24)**	(24)
Net assets	**213**	817
Proportion of the Group's ownership	**30%**	30%
Carrying amount of the investment	**64**	245

Summarised statement of comprehensive income:

	2023 S$'000	2022 S$'000
Revenue	**–**	464
Loss for the year, representing total comprehensive income for the year	**(1)**	(2,767)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

14 OTHER FINANCIAL ASSETS

	Group		Company	
	2023 S$'000	2022 S$'000	2023 S$'000	2022 S$'000
Unquoted equity investments measured at fair value through other comprehensive income ("FVOCI"):				
– Equity securities in investee companies	**14,322**	14,093	**14,320**	14,044

The Group has elected to carry the unquoted equity investments at FVOCI due to the Group's intention to hold these equity instruments for long-term appreciation.

Information about the fair value measurement of the unquoted equity investments is disclosed in Note 36(a).

The movement in other financial assets is as follows:

	Group		Company	
	2023 S$'000	2022 S$'000	2023 S$'000	2022 S$'000
At 1 January	**14,093**	13,947	**14,044**	13,892
Addition	**–**	152	**–**	152
Capitalisation of loans to investment in investee	**428**	–	**428**	–
Fair value loss recognised in other comprehensive income, net	**(199)**	–	**(152)**	–
Currency alignment	**–**	(6)	**–**	–
At 31 December	**14,322**	14,093	**14,320**	14,044

During the year, the Group capitalised the outstanding loan amount due from an investee to further subscribe to additional shares in the investee.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

15 GOODWILL

	Group	
	2023	**2022**
	S$'000	**S$'000**
Engineering and Construction Segment		
Hetat Holdings Pte. Ltd. ("Hetat")		
At 1 January and 31 December	**6,000**	6,000

Impairment testing for goodwill

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 has been allocated to the cash-generating unit (CGU) under the Engineering & Construction segment. The recoverable amount of the CGU has been determined based on a value-in-use calculation using cash flow projections from financial budgets and forecasts approved by management based on a five-year period.

The pre-tax discount rate applied to the cash flow projections and the forecasted growth rate used to extrapolate cash flow projections are as follows:

	2023	**2022**
Growth rate	**2%**	nil
Pre-tax discount rate	**14.5%**	13.8%

Key assumptions used in the value-in-use calculations

The calculations of value-in-use are most sensitive to the following assumptions:

(i) Growth rate – the forecasted growth rate is based on Management's best estimate and do not exceed the long-term growth rate for the industry relevant to the CGU.

(ii) Pre-tax discount rate – Discount rate represents the current market assessment of the risks specific to the CGU, taking into consideration the time value of money and individual risks of the underlying assets which have not been incorporated in the cash flow estimates. The discount rate calculation is based on the specific assumptions of the CGU and derived from its weighted average cost of capital ("WACC") based on the capital asset pricing model.

Sensitivity to changes in assumptions

Management has performed sensitivity tests on the respective growth rate and pre-tax discount rate. Based on the value-in-use calculations, there is no impairment loss recognised during the year.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

16 CASH AND BANK BALANCES

For the purpose of presenting the statement of cash flows, cash and cash equivalents comprise the following amounts as at 31 December:

	Group		Company	
	2023	2022	2023	2022
	S$'000	S$'000	S$'000	S$'000
Cash at bank and on hand	**19,258**	17,035	**6,165**	1,262
Short-term bank deposits	**17,149**	42,940	**17,149**	42,940
Fixed deposits	**11,629**	–	**–**	–
Total cash and bank balances	**48,036**	59,975	**23,314**	44,202
Less: Pledged fixed deposits	**(11,629)**	–	**–**	–
Cash and cash equivalents	**36,407**	59,975	**23,314**	44,202

Short-term bank deposits of the Group and the Company bear effective interest rates of 4.7% to 5.5% (2022: 0.20% to 4.60%) per annum and have tenures of approximately 30 to 92 days (2022: 30 to 93 days).

Pledged deposits are for a tenure of 6 months which have been pledged to banks to secure bank facilities for one of the subsidiaries of the Group (Note 25). These fixed deposits bear effective interest rates of 2.1% to 3.3% per annum.

The Group's cash and bank balances denominated in foreign currency as at the end of the reporting period are as follows:

	Group	
	2023	2022
	S$'000	S$'000
Chinese Renminbi	**11,993**	–

17 INVENTORIES

	Group	
	2023	2022
	S$'000	S$'000
Statement of financial position:		
Finished goods	**5,554**	3,903
Construction materials and consumables	**436**	467
	5,990	4,370
Less: Allowance for inventory obsolescence	**(104)**	(89)
	5,886	4,281
Statement of profit or loss:		
Inventories recognised as an expense in cost of sales	**33,232**	15,001
Inclusive of:		
– Inventories written off	**27**	–
– Allowance for inventory obsolescence	**14**	5

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

17 INVENTORIES (CONTINUED)

The movement in allowance for inventory obsolescence is as follows:

	Group	
	2023 S$'000	2022 S$'000
At 1 January	**89**	83
Charge during the year	**14**	5
Currency re-alignment	**1**	1
At 31 December	**104**	89

18 LAND HELD FOR DEVELOPMENT

	Group	
	2023 S$'000	2022 S$'000
Land, at lower of cost and net realisable value	**5,077**	4,566

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

Description and location	Land area (sqm)	Tenure	Interest held by the Group 2023 (%)	2022 (%)
180, 182 and 184 Ferny Avenue, Surfers Paradise, Australia	1,055	Freehold	**100**	100

The Group engaged an independent real estate valuation expert to assess the fair value of the land as at 31 December 2023. The fair value has been determined based on market evidence of most recent transactions for land in the same vicinity. Based on the assessment, a reversal of a prior year write-down of land held for development amounting to S$511,000 (2022: S$nil) was recognised during the year.

19 TRADE RECEIVABLES

	Group	
	2023 S$'000	2022 S$'000
Trade receivables:		
– third parties	**23,075**	21,786
– related party	**148**	148
	23,223	21,934
Less: Allowance for expected credit loss	**(1,741)**	(1,895)
	21,482	20,039

The credit period for trade receivables ranges from 30 to 90 days (2022: 30 to 90 days). No interest is charged on the outstanding balances of trade receivables.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

19 TRADE RECEIVABLES (CONTINUED)

Expected credit losses

The movement in allowance for expected credit losses of trade receivables computed based on lifetime ECL is as follows:

	Group	
	2023	**2022**
	S$'000	**S$'000**
At 1 January	**1,895**	1,848
(Reversal of impairment loss)/impairment loss recognised during the year	**(3)**	51
Written off during the year	**(146)**	(4)
Currency re-alignment	**(5)**	–
At 31 December	**1,741**	1,895

Loss allowance for trade receivables is measured at an amount equal to lifetime expected credit losses (ECL). The Group has recognised a loss allowance of 100% against all trade receivables over 1 year and 9 months past due (credit-impaired) because historical experience has indicated that these trade receivables are generally not recoverable. There has been no change in the estimation techniques or significant assumptions made during the current reporting period.

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

		Trade receivables past due (days)				
	Current	**1 to 90 days**	**91 to 270 days**	**271 days to 1 year & 9 months**	**Over 1 year & 9 months**	**Total**
	S$'000	**S$'000**	**S$'000**	**S$'000**	**S$'000**	**S$'000**
Group						
2023						
Expected credit loss rate	**0.07%**	**0.69%**	**2.01%**	**12.14%**	**100%**	
Trade receivables – gross carrying amount	**12,418**	**7,053**	**1,544**	**624**	**1,584**	**23,223**
Loss allowance – lifetime ECL	**(9)**	**(49)**	**(31)**	**(68)**	**(1,584)**	**(1,741)**
						21,482
2022						
Expected credit loss rate	0.29%	3.23%	21.10%	51.23%	100%	
Trade receivables – gross carrying amount	17,019	1,207	2,209	326	1,173	21,934
Loss allowance – lifetime ECL	(50)	(39)	(466)	(167)	(1,173)	(1,895)
						20,039

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

20 OTHER RECEIVABLES AND PREPAYMENTS

	Group		Company	
	2023	2022	**2023**	2022
	S$'000	S$'000	**S$'000**	S$'000
Loan to an investee company[(i)]	**7,736**	8,313	**7,736**	8,313
Sundry debtors[(ii)]	**1,580**	1,285	**544**	554
Refundable deposits	**374**	560	**159**	141
Interest receivable	**255**	197	**198**	197
Advances to sub-contractors/suppliers:[(iii)]				
– Third parties	**20,512**	1,150	**–**	–
– Related parties	**2,284**	–	**–**	–
Advances to staffs	**23**	2	**–**	–
Prepayments	**653**	317	**24**	17
Sales tax receivable	**–**	6	**–**	–
Tax recoverable	**15**	–	**–**	–
	33,432	11,830	**8,661**	9,222
Less: Allowance for expected credit loss	**(5,407)**	(5,519)	**(5,056)**	(5,056)
	28,025	6,311	**3,605**	4,166
Presented as:				
Current	**25,345**	3,497	**925**	1,352
Non-current	**2,680**	2,814	**2,680**	2,814
	28,025	6,311	**3,605**	4,166

(i) The loan to an investee is primarily for the investee's investment in certain unquoted equity securities in Singapore with no fixed terms of repayment. At the current reporting date, the loan is not expected to be repaid within the next twelve months. The loan is unsecured and non-interest bearing. Based on management's assessment on the financial standing of the investee, the Group recognised an allowance for expected credit loss amounting to S$5,056,000 as at 31 December 2023.

(ii) Sundry debtors are non-trade in nature, unsecured, non-interest bearing and repayable on demand. Included in sundry debtors is an amount of S$544,000 (2022: S$554,000) that relates to the outstanding net proceeds receivable from a third party on the disposal of the Vietnam solar energy development business in prior years.

(iii) Advances to sub-contractors/suppliers are mainly to support on-going projects and material procurement.

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

20 OTHER RECEIVABLES AND PREPAYMENTS (CONTINUED)

Expected credit losses

The movement in allowance for expected credit losses of other receivables computed based on 12-month ECL is as follows:

	Group		Company	
	2023	**2022**	**2023**	**2022**
	S$'000	**S$'000**	**S$'000**	**S$'000**
At 1 January	**5,519**	7,559	**5,056**	5,056
Written off during the year	**(112)**	(2,040)	**–**	–
At 31 December	**5,407**	5,519	**5,056**	5,056

21 AMOUNTS DUE FROM/(TO) SUBSIDIARIES

	Company	
	2023	**2022**
	S$'000	**S$'000**
Current		
Amounts due from subsidiaries – non-trade	**86,888**	64,763
Less: Allowance for expected credit loss	**(33,106)**	(32,214)
	53,782	32,549
Current		
Amounts due to subsidiaries – non-trade	**(561)**	(205)

The non-trade balances due from/(to) subsidiaries are unsecured, repayable on demand and are to be settled in cash. These balances are non-interest bearing, except for certain amounts due from subsidiaries amounting to S$5,043,000 (2022: S$2,110,000), which bear effective interest rates ranging from 2% to 5.5% (2022: 2%) per annum.

Expected credit losses

The movement in allowance for expected credit losses of amounts due from subsidiaries computed based on 12-month ECL is as follows:

	Company	
	2023	**2022**
	S$'000	**S$'000**
At 1 January	**32,214**	32,518
Impairment loss/(reversal of impairment loss) recognised during the year	**1,281**	(304)
Written off during the year	**(389)**	–
At 31 December	**33,106**	32,214

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

22 TRADE PAYABLES AND ACCRUALS

	Group		Company	
	2023	**2022**	**2023**	**2022**
	S$'000	**S$'000**	**S$'000**	**S$'000**
Trade payables:				
– third parties	**6,037**	4,233	**–**	41
– related companies	**50**	–	**39**	–
Accrued operating expenses	**3,313**	2,589	**300**	332
	9,400	6,822	**339**	373

These amounts are non-interest bearing. Trade payables are normally settled on 14 to 90 days' (2022: 30 to 90 days') terms.

23 OTHER PAYABLES

	Group		Company	
	2023	**2022**	**2023**	**2022**
	S$'000	**S$'000**	**S$'000**	**S$'000**
Other payables:				
– Retention sum payable	**1,022**	774	**–**	–
– Sundry creditors	**1,526**	1,265	**514**	402
	2,548	2,039	**514**	402
Foreign workers' tax withheld	**67**	–	**67**	67
Sales tax payable	**357**	519	**49**	46
	2,972	2,558	**630**	515

Other payables are unsecured, non-interest bearing and are repayable on demand.

24 AMOUNTS DUE TO BANKERS

	Group	
	2023	**2022**
	S$'000	**S$'000**
Current		
Bills payable	**11,629**	–
Trust receipts	**4,801**	7,628
	16,430	7,628

The bills payable bear a commission charge of 0.05% per transaction and are repayable within six months from the issue date. These bill payables are secured by the fixed deposits placed with the bank (Note 25).

The trust receipts are secured (Note 25) and bear interest at effective interest rates ranging from 5.00% to 5.54% (2022: 3.99% to 5.73%) per annum.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

25 TERM LOANS

	Group	
	2023	**2022**
	S$'000	**S$'000**
Current		
Term loan I	**1,108**	6,039
Term loan II	**1,270**	1,244
Money market line loan	**1,005**	–
	3,383	7,283
Non-current		
Term loan I	**3,850**	–
Term loan II	**983**	2,254
	4,833	2,254
Total term loans, secured	**8,216**	9,537

Term loan I with a principal amount of S$11,500,000 is repayable over 59 fixed monthly principal installments commencing in April 2018 and the loan was further extended by 5 years until March 2028. The loan bears interest at effective interest rates ranging from 2.75% to 5.68% (2022: 2.65% to 2.75%) per annum. The term loan was used to finance the construction of the leasehold building held by the Group.

Term loan II with a principal amount of S$5,000,000 is repayable over 60 fixed monthly principal installments, commencing in September 2022. The loan bears interest at effective interest rates of 2.5% (2022: 2.5%) per annum. The term loan was used for working capital purposes.

Money market line loan with a principal amount of S$1,000,000 is rolled over on monthly basis. The rollover loan bears interest at effective interest rates ranging from 5.3% to 5.6% (2022: 2.18% to 2.60%) per annum. The term loan was used for working capital purposes.

The credit facilities (including bills payable and trust receipts (Note 24)) of the Group are generally secured by the following:

- first legal mortgage over 81 Tuas South Street 5, Singapore 637651;
- first legal mortgage over 19 Tuas Avenue 20, Singapore 638830;
- first deed of debenture duly executed, incorporating a fixed and floating charge over the present and future undertaking, assets, revenues and rights of a subsidiary of the Group;
- fixed deposits amounting to S$11,629,000; and
- corporate guarantee from the Company for a total of S$65.1 million (2022: S$65.1 million).

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

25 TERM LOANS (CONTINUED)

A reconciliation of liabilities arising from financing activities is as follows:

	1 January 2023 S$'000	Cash flows S$'000	Non-cash changes: Additions S$'000	Non-cash changes: Accretion of interests S$'000	Non-cash changes: Others* S$'000	31 December 2023 S$'000
Group						
Liabilities						
Term loans						
– Current	**7,283**	**(1,321)**	**–**	**–**	**(2,579)**	**3,383**
– Non-current	**2,254**	**–**	**–**	**–**	**2,579**	**4,833**
Amounts due to bankers	**7,628**	**8,802**	**–**	**–**	**–**	**16,430**
Lease liabilities						
– Current	**236**	**(528)**	**–**	**387**	**184**	**279**
– Non-current	**3,953**	**–**	**125**	**–**	**(184)**	**3,894**
	21,354	**6,953**	**125**	**387**	**–**	**28,819**
Asset						
Pledged deposits	**–**	**11,629**	**–**	**–**	**–**	**11,629**

	1 January 2022 S$'000	Cash flows S$'000	Non-cash changes: Accretion of interests S$'000	Non-cash changes: Others* S$'000	31 December 2022 S$'000
Group					
Liabilities					
Term loans					
– Current	3,380	(3,575)	212	7,266	7,283
– Non-current	9,520	–	–	(7,266)	2,254
Amounts due to bankers	6,540	848	240	–	7,628
Lease liabilities					
– Current	265	(506)	237	240	236
– Non-current	4,193	–	–	(240)	3,953
	23,898	(3,233)	689	–	21,354

* Others relates to reclassification of non-current to current portion of term loans and lease liabilities due to passage of time.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

26 LEASE LIABILITIES

Set out below are the carrying amounts of lease liabilities and the movements during the period:

	Group		Company	
	2023	**2022**	**2023**	**2022**
	S$'000	**S$'000**	**S$'000**	**S$'000**
As at 1 January	**4,189**	4,458	**1,343**	1,478
Additions	**125**	–	**–**	–
Accretion of interest	**262**	237	**79**	88
Payments	**(528)**	(506)	**(227)**	(223)
As at 31 December	**4,048**	4,189	**1,195**	1,343
Presented as:				
Current	**279**	236	**159**	145
Non-current	**3,769**	3,953	**1,036**	1,198
	4,048	4,189	**1,195**	1,343

The Group/Company as a lessor

The Group/Company has entered into operating leases on one of its leasehold buildings/investment property. These leases are negotiated for terms ranging from 1 to 5 years.

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

	Group		Company	
	2023	**2022**	**2023**	**2022**
	S$'000	**S$'000**	**S$'000**	**S$'000**
Not later than one year	**869**	–	**1,218**	1,218
Later than one year but not later than five years	**2,654**	–	**4,872**	4,872
Later than five years	**–**	–	**1,573**	2,791
	3,523	–	**7,663**	8,881

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

27 DEFERRED TAX LIABILITIES

	Fair value adjustment S$'000	Temporary differences on property, plant and equipment S$'000	Total S$'000
Group			
2023			
At 1 January	**1,707**	**11**	**1,718**
Origination of temporary differences	**970**	**38**	**1,008**
Currency alignment	**–**	**(1)**	**(1)**
At 31 December	**2,677**	**48**	**2,725**
2022			
At 1 January	1,707	22	1,729
Reversal of temporary differences	–	(11)	(11)
Currency alignment	–	–	–
At 31 December	1,707	11	1,718
Company			
2023			
At 1 January and 31 December	**1,555**	**22**	**1,577**
2022			
At 1 January and 31 December	1,555	22	1,577

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

Unrecognised tax losses and capital allowances

As at 31 December 2023, the Group has unutilised tax losses of approximately S$448,000 (2022: S$3,207,000) and unutilised capital allowances of approximately S$2,322,000 (2022: S$2,326,000) which can be carried forward and used to offset against future taxable profits of those entities in the Group in which the losses and capital allowances arose, for which no deferred tax asset is recognised due to uncertainty of its recoverability. The use of these tax losses and capital allowances is subject to the agreement of the tax authorities and compliance with the relevant provisions of the tax legislation of the respective countries in which the entities in the Group operate. The unutilised tax losses have no expiry date.

The deferred tax assets arising from these unutilised tax losses and capital allowances of approximately S$471,000 (2022: S$941,000) have not been recognised at the end of the reporting period.

Tax consequences of proposed dividends

There are no income tax consequences (2022: S$nil) attached to the dividends to the shareholders proposed by the Company but not recognised as a liability in the financial statements (Note 31).

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

28 SHARE CAPITAL

	Group and Company			
	2023		2022	
	Number of ordinary shares	S$'000	Number of ordinary shares	S$'000
Issued and fully paid, with no par value:				
At the beginning of the year	**678,109,912**	**155,547**	710,639,212	160,640
Cancellation of shares during the year	**–**	**–**	(32,529,300)	(5,093)
At the end of the year	**678,109,912**	**155,547**	678,109,912	155,547

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

29 TREASURY SHARES

	Group and Company			
	2023		2022	
	Number of ordinary shares	S$'000	Number of ordinary shares	S$'000
Issued and fully paid, with no par value:				
At the beginning of the year	**67,706,500**	**(11,524)**	28,001,900	(5,395)
Purchase of treasury shares during the year	**–**	**–**	39,704,600	(6,129)
At the end of the year	**67,706,500**	**(11,524)**	67,706,500	(11,524)

During the previous financial year, the Company acquired 39,704,600 ordinary shares in the Company through on-market purchases for a total consideration of S$6,129,000 and held them as treasury shares.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

30 RESERVES

	Group		Company	
	2023	2022	2023	2022
	S$'000	S$'000	S$'000	S$'000
Accumulated losses	**(15,751)**	(15,175)	**(12,107)**	(11,726)
Asset revaluation reserve	**18,329**	12,473	**8,582**	8,582
Fair value reserve	**(10,060)**	(9,861)	**(10,398)**	(10,247)
Foreign currency translation reserve	**(380)**	(334)	**–**	–
Other reserve	**–**	–	**3,297**	3,297
	(7,862)	(12,897)	**(10,626)**	(10,094)

(a) Asset revaluation reserve

The asset revaluation reserve represents the revaluation surplus in respect of leasehold buildings of the Group as disclosed in Note 9.

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

	Group		Company	
	2023	2022	2023	2022
	S$'000	S$'000	S$'000	S$'000
At 1 January	**12,473**	12,771	**8,582**	8,582
Revaluation gain on property, plant and equipment, net of tax	**4,759**	–	**–**	–
Revaluation loss on disposal of property, plant and equipment	**–**	(298)	**–**	–
Transfer of reserve	**1,098**	–	**–**	–
Effects of acquiring part of non-controlling interests in a subsidiary	**(1)**	–	**–**	–
At 31 December	**18,329**	12,473	**8,582**	8,582

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

30 RESERVES (CONTINUED)

(b) Fair value reserve

The fair value reserve represents the cumulative fair value changes, net of tax, of equity investments at FVOCI until they are disposed.

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

	Group		Company	
	2023	**2022**	**2023**	**2022**
	S$'000	**S$'000**	**S$'000**	**S$'000**
At 1 January	**(9,861)**	(9,861)	**(10,247)**	(10,247)
Net fair value loss on equity instruments at FVOCI	**(199)**	–	**(151)**	–
At 31 December	**(10,060)**	(9,861)	**(10,398)**	(10,247)

(c) Foreign currency translation reserve

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

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

	Group	
	2023	**2022**
	S$'000	**S$'000**
At 1 January	**(334)**	479
Exchange differences on translation	**(34)**	(813)
Effects of acquiring part of non-controlling interests in a subsidiary	**(12)**	–
At 31 December	**(380)**	(334)

(d) Other reserve

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

31 DIVIDENDS

	Group	
	2023	**2022**
	S$'000	**S$'000**
Dividends on ordinary shares paid:		
Final exempt (one-tier) dividend of S$0.0035 (2022: S$nil) per ordinary share in respect of the financial year ended 31 December 2022	**2,136**	–
Proposed but not recognised as a liability as at 31 December:		
Exempt dividend of S$0.00284 (2022: S$0.0035) per ordinary share in respect of the financial year ended 31 December 2023	**1,736**	2,136

32 RELATED PARTY TRANSACTIONS

Sale and purchase of goods and services

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

	Group	
	2023	**2022**
	S$'000	**S$'000**
Professional fees paid to a firm in which directors are the partner of the firm	**(25)**	(10)
Sales to a related party	**–**	2
Purchases from related parties	**(2,430)**	(119)
Purchase of services from an associate	**–**	198

Compensation of key management personnel		
Compensation of executive directors and key management:		
Salaries and other short-term employee benefits	**1,887**	1,780
Defined contribution plans	**102**	105
	1,989	1,885
Directors' fees to non-executive directors	**183**	224
	2,172	2,109
Comprised amounts paid/payable to:		
Directors of the Company	**1,230**	1,081
Key management personnel	**942**	1,028
	2,172	2,109

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

33 COMMITMENTS

Capital commitments

The Group and the Company has uncalled capital commitments amounting to S$2.0 million (2022: S$2.0 million) in relation to the uncalled capital of certain equity investments (classified under other financial assets) at the end of the reporting period.

Other commitments

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

Corporate guarantees

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

The Company has also executed a corporate guarantee of US$1,296,000 (2022: US$1,296,000) for credit facilities granted to an investee in which the Group holds certain equity interest.

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

Bank guarantees

At the end of the reporting period, there are unsecured bank guarantees provided by certain subsidiaries to customers of the subsidiaries amounting to S$4,764,000 (2022: S$5,861,000).

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

34 SEGMENT INFORMATION

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

Engineering & Construction

The engineering & construction segment is in the business of designing, engineering and construction of steel, aluminium and glass structures, and design and construction services including major upgrading works.

Corrosion Prevention

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

Solar Energy

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

Trading of Commodities

The trading segment specialises in promoting and selling of metals and aluminium-related products.

Others

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

34 SEGMENT INFORMATION (CONTINUED)

(a) Segment revenues and results

	Engineering & Construction		Corrosion Prevention		Solar Energy		Trading of Commodities		Others		Total	
	FY2023 S$'000	FY2022 S$'000	FY2023 S$'000	FY2022 S$'000	FY2023 S$'000	FY2022 S$'000	FY2023 S$'000	FY2022 S$'000	FY2023 S$'000	FY2022 S$'000	FY2023 S$'000	FY2022 S$'000
Segment revenue	**33,134**	60,348	**16,680**	16,368	**18,864**	10,506	**13,526**	–	**–**	–	**82,204**	87,222
Results												
Segment results	**5,730**	8,629	**823**	1,915	**2,338**	1,620	**465**	–	**(2,137)**	(201)	**7,219**	11,963
Allowance for inventory obsolescence		–	**(14)**	(5)	**–**	–	**–**	–	**–**	–	**(14)**	(5)
Inventory written off	**–**	–	**(27)**	–	**–**	–	**–**	–	**–**	–	**(27)**	–
Reversal of prior year write-down of land held for development	**–**	–	**–**	–	**–**	–	**–**	–	**511**	–	**511**	–
(Impairment losses)/ reversal of impairment losses on financial assets, net	**(42)**	–	**78**	(92)	**–**	–	**–**	–	**–**	–	**36**	(92)
Finance costs	**(878)**	(547)	**(9)**	(88)	**(124)**	(54)	**(7)**	–	**(81)**	–	**(1,099)**	(689)
Share of loss of associate, net of tax											*****	(830)
Other income											**3,207**	2,447
Central administrative expenses and directors' remuneration											**(6,467)**	(7,046)
Profit before tax											**3,366**	5,748
Taxation											**(604)**	(114)
Profit for the year											**2,762**	5,634
Other information												
Depreciation of property, plant and equipment	**1,628**	1,939	**2,204**	2,164	**200**	16	**–**	–	**–**	–	**4,032**	4,119
Depreciation of right-of-use assets	**159**	108	**179**	295	**–**	–	**–**	–	**–**	–	**338**	403
Revaluation gain on leasehold properties, net of tax	**4,165**	–	**594**	–	**–**	–	**–**	–	**–**	–	**4,759**	–
Impairment on investment in associate	**181**	–	**–**	–	**–**	–	**–**	–	**–**	–	**181**	–
Addition to property, plant and equipment	**299**	606	**111**	76	**1,230**	34	**–**	–	**–**	–	**1,640**	716

* Amount below S$1,000

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

34 SEGMENT INFORMATION (CONTINUED)

(a) Segment revenues and results (Continued)

Revenue reported above represents revenue generated from external customers. Inter-segment sales for the current financial year were S$1,739,000 (2022: S$2,556,000). The accounting policies of the reportable segments are the same as the Group's accounting policies set out in Note 2. Segment results represent the profit/(loss) earned by each segment without allocation of central administration costs and directors' remuneration, share of loss of associate and other income. This is the measure reported to the chief operating decision maker for the purposes of resource allocation and assessment of segment performance.

(b) Segment assets and liabilities

	Group	
	2023	**2022**
	S$'000	**S$'000**
Segment assets		
Engineering & Construction	**59,812**	61,784
Corrosion Prevention	**30,006**	38,517
Solar Energy	**17,385**	6,275
Trading of Commodities	**28,805**	–
Others	**48,786**	60,388
Total segment assets	**184,794**	166,964
Segment liabilities		
Engineering & Construction	**21,676**	17,152
Corrosion Prevention	**3,135**	13,948
Solar Energy	**6,422**	1,879
Trading of Commodities	**12,564**	–
Others	**996**	403
Total segment liabilities	**44,793**	33,382
Unallocated liabilities		
– Provision for income tax	**718**	425
– Deferred tax liabilities	**2,725**	1,718
Consolidated liabilities	**48,236**	35,525

(c) Geographical information

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

	Group's revenue from external customers		Group's non-current assets[(i)]	
	2023	**2022**	**2023**	**2022**
	S$'000	**S$'000**	**S$'000**	**S$'000**
Singapore	**64,013**	84,464	**51,591**	48,560
Rest of Southeast Asia[(ii)]	**4,593**	2,758	**12**	3,904
The People's Republic of China	**13,526**	–	**10**	28
Others[(iii)]	**72**	–	**–**	–
	82,204	87,222	**51,613**	52,492

(i) Non-current assets exclude other financial assets.

(ii) Rest of Southeast Asia includes Malaysia, Vietnam and Indonesia.

(iii) Others include Australia and New Zealand.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

35 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

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

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

(a) Credit risk

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

At the reporting date, the Group does not have significant credit risk exposure to any individual customer's trade receivables balance. The credit risk on liquid funds is limited because the counterparties are banks with high credit ratings. The Group's maximum exposure to credit risk arises from the carrying amount of the respective recognised financial assets as present on the consolidated statement of financial position. In addition, the Company is exposed to credit risk in relation to financial guarantees given to banks by the Company. The Company's maximum exposure in this respect is the maximum amount the Company is liable to pay if the guarantees are called on as disclosed in Note 33.

i. Trade receivables and contract assets

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

Further details on the loss allowance of the Group's and the Company's credit risk exposure in relation to contract assets and trade receivables are disclosed in Note 4(b) and Note 19, respectively.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

35 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(a) Credit risk (Continued)

ii. Cash and bank balances and other receivables

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

Impairment on cash and bank balances and other receivables has been measured on the 12-month expected credit loss basis and reflects the short maturities of the exposures. The Group considers that its cash and bank balances and other receivables have low credit risk based on the external credit ratings of the counterparties. The loss allowance of the Group's cash and bank balances and other receivables is immaterial at the end of the reporting period.

Credit risk grading guideline

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

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

35 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(a) Credit risk (Continued)

Credit risk exposure

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

	Internal credit rating	**ECL**	**Gross carrying amount S$'000**	**Loss allowance S$'000**	**Net carrying amount S$'000**
Group					
2023					
Trade receivables	Note 1	Lifetime ECL (simplified)	**23,223**	**(1,741)**	**21,482**
Contract assets	Note 1	Lifetime ECL (simplified)	**9,802**	**(165)**	**9,637**
Other receivables	Under-performing	Lifetime ECL (not credit-impaired)	**7,736**	**(5,056)**	**2,680**
Other receivables	Non-performing	Lifetime ECL (credit impaired)	**351**	**(351)**	**–**
Other receivables	Performing	12-month ECL	**1,858**	**–**	**1,858**
2022					
Trade receivables	Note 1	Lifetime ECL (simplified)	21,934	(1,895)	20,039
Contract assets	Note 1	Lifetime ECL (simplified)	8,219	(198)	8,021
Other receivables	Under-performing	Lifetime ECL (not credit-impaired)	8,313	(5,056)	3,257
Other receivables	Non-performing	Lifetime ECL (credit impaired)	415	(415)	–
Other receivables	Performing	12-month ECL	1,627	(48)	1,579

Note 1 – The Group has applied the simplified approach to measure the loss allowance based on lifetime ECL. The details of the loss allowance for these financial assets are disclosed in Notes 4(b) and Note 19.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

35 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(a) Credit risk (Continued)

Credit risk exposure (Continued)

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

	Internal credit rating	ECL	Gross carrying amount S$'000	Loss allowance S$'000	Net carrying amount S$'000
Company					
2023					
Other receivables	Under-performing	Lifetime ECL (not credit-impaired)	**7,736**	**(5,056)**	**2,680**
Other receivables	Performing	12-month ECL	**901**	**–**	**901**
Amount due from subsidiaries	Performing	12-month ECL	**53,782**	**–**	**53,782**
Amount due from subsidiaries	Non-performing	Lifetime ECL (credit impaired)	**33,106**	**(33,106)**	**–**
2022					
Other receivables	Under-performing	Lifetime ECL (not credit-impaired)	8,313	(5,056)	3,257
Other receivables	Performing	12-month ECL	892	–	892
Amount due from subsidiaries	Performing	12-month ECL	12,264	–	12,264
Amount due from subsidiaries	Non-performing	Lifetime ECL (credit impaired)	52,499	(32,214)	20,285

Note 1 – The Company has applied the simplified approach to measure the loss allowance based on lifetime ECL. The details of the loss allowance for these financial assets are disclosed in Note 20 and Note 21.

Loss allowance of financial guarantees

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

(b) Foreign currency risk

The Group's foreign exchange risk results mainly from cash flows from transactions denominated in foreign currencies. The Group has transactional currency exposures arising from sales or purchases that are denominated in a currency other than the functional currency of the Company, primarily United States Dollar ("US$") and Chinese renminbi ("RMB"). Exposure to foreign currency risk is monitored on an ongoing basis by the Group to ensure that the net exposure is kept to an acceptable level.

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

35 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(b) Foreign currency risk (Continued)

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

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

	2023		2022	
	US$'000	RMB'000	US$'000	RMB'000
Group				
Financial assets				
Cash and bank balances	**24,357**	**11,993**	43,845	–
Trade and other receivables*	**2,938**	**56**	4,667	–
	27,295	**12,049**	48,512	–
Financial liabilities				
Trade and other payables and accruals*	**(139)**	**(39)**	(295)	–
Bill payables	**–**	**(11,629)**	–	–
	(139)	**(11,668)**	(295)	–
Currency exposure	**27,156**	**381**	48,217	–
Company				
Financial assets				
Cash and bank balances	**23,013**	**–**	25,970	–
Trade and other receivables*	**2,680**	**–**	2,814	–
Amounts due from subsidiaries	**15,091**	**–**	–	–
	40,784	**–**	28,784	–
Currency exposure	**40,784**	**–**	28,784	–

* Financial assets exclude advances to sub-contractors/suppliers and staff, prepayments, tax recoverable and sales tax receivable. Financial liabilities exclude foreign workers' tax withheld and sales tax payable.

Sensitivity analysis

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

	US$		RMB	
	2023 S$'000	2022 S$'000	2023 S$'000	2022 S$'000
Group				
Profit before tax	**(1,358)**	(2,411)	**(19)**	–
Company				
Profit before tax	**(2,039)**	(1,439)	**–**	–

A 5% weakening of S$ against the above currencies would have had equal but opposite effect on the above currencies to the amounts shown above, on the basis that all other variables remain constant.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

35 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(c) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of the Group's financial instruments will fluctuate because of changes in market interest rates. The Group's exposure to interest rate risk arises primarily from their cash and bank balances and borrowings.

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

The table below sets out the Group's exposure to interest rate risk.

	Fixed rates			Variable rates			
	Less than 1 year S$'000	1 to 5 years S$'000	More than 5 years S$'000	Less than 1 year S$'000	1 to 5 years S$'000	Non-interest bearing S$'000	Total S$'000
Group							
2023							
Financial assets							
Cash and bank balances	**28,779**	**–**	**–**	**–**	**–**	**19,257**	**48,036**
Trade receivables	**–**	**–**	**–**	**–**	**–**	**21,482**	**21,482**
Other receivables*	**–**	**–**	**–**	**–**	**–**	**4,538**	**4,538**
Total financial assets	**28,779**	**–**	**–**	**–**	**–**	**45,277**	**74,056**
Financial liabilities							
Trade payables and accruals	**–**	**–**	**–**	**–**	**–**	**9,400**	**9,400**
Other payables*	**–**	**–**	**–**	**–**	**–**	**2,548**	**2,548**
Term loans	**1,270**	**983**	**–**	**2,113**	**3,850**	**–**	**8,216**
Lease liabilities	**279**	**1,263**	**2,506**	**–**	**–**	**–**	**4,048**
Amounts due to bankers	**–**	**–**	**–**	**4,801**	**–**	**11,629**	**16,430**
Total financial liabilities	**1,549**	**2,246**	**2,506**	**6,914**	**3,850**	**23,577**	**40,642**

* Financial assets exclude advances to sub-contractors/suppliers and staff, prepayments, tax recoverable and sales tax receivable. Financial liabilities exclude foreign workers' tax withheld and sales tax payable.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

35 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(c) Interest rate risk (Continued)

	Fixed rates Less than 1 year S$'000	Fixed rates 1 to 5 years S$'000	Variable rates Less than 1 year S$'000	Non-interest bearing S$'000	Total S$'000
Group					
2022					
Financial assets					
Cash and bank balances	42,940	–	–	17,035	59,975
Trade receivables	–	–	–	20,039	20,039
Other receivables*	–	–	–	4,836	4,836
Total financial assets	42,940	–	–	41,910	84,850
Financial liabilities					
Trade payables and accruals	–	–	–	6,822	6,822
Other payables*	–	–	–	2,039	2,039
Term loans	7,283	2,254	–	–	9,537
Lease liabilities	236	3,953	–	–	4,189
Other amounts due to bankers	–	–	7,628	–	7,628
Total financial liabilities	7,519	6,207	7,628	8,861	30,215

* Financial assets exclude advances to sub-contractors/suppliers and staff, prepayments, tax recoverable and sales tax receivable. Financial liabilities exclude foreign workers' tax withheld and sales tax payable.

Sensitivity analysis

At the reporting date, if the interest rates had been 100 (2022: 100) basis points higher/lower with all other variables held constant, the Group's profit before tax would have been S$107,000 (2022: S$76,000) lower/higher, arising mainly as a result of higher/lower interest expenses on floating rate bank borrowings. The assumed movement in basis points for interest rate sensitivity analysis is based on the currently observable market environment.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

35 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(d) Liquidity risk

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

Analysis of financial liabilities by remaining contractual maturities

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

	Carrying amount S$'000	Contractual cash flows S$'000	1 year or less S$'000	1 to 5 years S$'000	Over 5 years S$'000	Total S$'000
Group						
2023						
Trade and other payables and accruals*	**11,948**	**11,948**	**11,948**	**–**	**–**	**11,948**
Term loans	**8,216**	**8,528**	**3,547**	**4,981**	**–**	**8,528**
Amounts due to bankers	**16,430**	**16,430**	**16,430**	**–**	**–**	**16,430**
Lease liabilities	**4,048**	**5,932**	**524**	**2,285**	**3,123**	**5,932**
	40,642	**42,838**	**32,449**	**7,266**	**3,123**	**42,838**
2022						
Trade and other payables and accruals*	8,861	8,861	8,861	–	–	8,861
Term loans	9,537	9,695	7,394	1,315	986	9,695
Amounts due to bankers	7,628	7,628	7,628	–	–	7,628
Lease liabilities	4,189	6,014	497	1,989	3,528	6,014
	30,215	32,198	24,380	3,304	4,514	32,198

* Trade and other payables and accruals exclude foreign workers' tax withheld and sales tax payable.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

35 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(d) Liquidity risk (Continued)

Analysis of financial liabilities by remaining contractual maturities (Continued)

	Carrying amount S$'000	Contractual cash flows S$'000	1 year or less S$'000	1 to 5 years S$'000	Over 5 years S$'000	Total S$'000
Company						
2023						
Trade and other payables and accruals*	**853**	**853**	**853**	**–**	**–**	**853**
Amount due to subsidiaries	**561**	**561**	**561**	**–**	**–**	**561**
Lease liabilities	**1,195**	**1,450**	**229**	**1,145**	**76**	**1,450**
	2,609	**2,864**	**1,643**	**1,145**	**76**	**2,864**
2022						
Trade and other payables and accruals*	775	775	775	–	–	775
Amount due to subsidiaries	205	205	205	–	–	205
Lease liabilities	1,343	1,646	222	889	535	1,646
	2,323	2,626	1,202	889	535	2,626

* Trade and other payables and accruals exclude foreign workers' tax withheld and sales tax payable.

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

	Carrying amount S$'000	Less than 1 year S$'000	Total S$'000
Company			
2023			
Financial guarantees			
– subsidiaries	**–**	**65,100**	**65,100**
– investee	**–**	**1,710**	**1,710**
	–	**66,810**	**66,810**
2022			
Financial guarantees			
– subsidiaries	–	65,100	65,100
– investee	–	1,739	1,739
	–	66,839	66,839

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

36 FAIR VALUE OF ASSETS AND LIABILITIES

(a) Fair value hierarchy

The Group categories fair value measurements using a fair value hierarchy that is dependent on the valuation inputs used as follows:

- Level 1: Quoted prices (unadjusted) in active market for identical assets or liabilities that the Group can access at the measurement date;
- Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly; and
- Level 3: Unobservable inputs for the asset or liability.

Fair value measurements that use inputs of different hierarchy levels are categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

(b) Assets measured at fair value

The following table shows an analysis of each class of assets measured at fair value at the reporting date:

	S$'000			
	Fair value measurements at the reporting date using			
	Quoted prices in active markets for identical instruments (Level 1)	**Significant observable inputs other than quoted prices (Level 2)**	**Significant unobservable inputs (Level 3)**	**Total**
Group				
2023				
Non-financial asset:				
Leasehold buildings (Note 9)	**–**	**–**	**36,005**	**36,005**
Financial asset:				
Other financial assets (Note 14)	**–**	**–**	**14,322**	**14,322**
2022				
Non-financial asset:				
Leasehold buildings (Note 9)	–	–	39,129	39,129
Financial asset:				
Other financial assets (Note 14)	–	–	14,093	14,093
Company				
2023				
Non-financial asset:				
Investment property (Note 11)	**–**	**–**	**7,371**	**7,371**
Financial asset:				
Other financial assets (Note 14)	**–**	**–**	**14,320**	**14,320**
2022				
Non-financial asset:				
Investment property (Note 11)	–	–	8,542	8,542
Financial asset:				
Other financial assets (Note 14)	–	–	14,044	14,044

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

36 FAIR VALUE OF ASSETS AND LIABILITIES (CONTINUED)

(c) Level 3 fair value measurements

(i) Information about significant unobservable inputs used in Level 3 fair value measurements

The following table shows the information about fair value measurements using significant unobservable inputs (Level 3):

Description	Valuation technique	Significant unobservable input	Relationship of unobservable input to fair value
Leasehold buildings (including investment property) [1]	Direct comparison method	Selling price per square metre	The lower the selling price per square metre of the comparable properties, the lower the valuation.
Other financial assets – unquoted equity investments [2]	Adjusted net asset method	Fair values of underlying assets and liabilities of the investee or recent transaction prices between knowledgeable and willing parties	The lower the adjusted net asset value or transaction prices, the lower the valuation.

(1) If the above unobservable input was 5% higher/lower while all the other variables were held constant, the fair value of the leasehold buildings would increase/decrease by S$1,800,000 (2022: S$1,956,000).

(2) If the above unobservable input was 5% higher/lower while all the other variables were held constant, the fair value of the other financial assets would increase/decrease by S$716,000 (2022: S$705,000).

There were no transfers between Level 1, 2 and 3 of the fair value hierarchy during the financial years ended 31 December 2023 and 2022.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

36 FAIR VALUE OF ASSETS AND LIABILITIES (CONTINUED)

(c) Level 3 fair value measurements (Continued)

(ii) Movements in Level 3 assets measured at fair value

The following table presents the reconciliation for all assets measured at fair value based on significant unobservable inputs (Level 3):

	Unquoted equity investments	
	FY2023 S$'000	**FY2022 S$'000**
Group		
At 1 January	14,093	13,947
Addition	–	152
Capitalisation of loan into investment in investee	428	–
Fair value loss recognised in other comprehensive income, net	(199)	–
Currency alignment	–	(6)
At 31 December	14,322	14,093

	Leasehold buildings	
	FY2023 S$'000	**FY2022 S$'000**
Group		
At 1 January	39,129	39,197
Disposals		(68)
Revaluation gains – gross#	5,729	–
Transfer*	(8,853)	–
At 31 December	36,005	39,129

* This transfer relates to the accumulated depreciation as at the revaluation date that was eliminated against the gross carrying amount of the revalued asset.

\# Excluded deferred tax amounting to S$970,000.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

36 FAIR VALUE OF ASSETS AND LIABILITIES (CONTINUED)

(d) Valuation policies and procedures

The Group has an established control framework with respect to the measurement of fair values. This framework includes the finance team that reports directly to the Chief Financial Officer, and has overall responsibility for all significant fair value measurements, including Level 3 fair values.

The finance team regularly reviews significant unobservable inputs and valuation adjustments. If third party information is used as a reference to measure fair value, then the finance team assesses and documents the evidence obtained from the third parties to support the conclusion that such valuations meet the requirements of SFRS(I), including the level in the fair value hierarchy the resulting fair value estimate should be classified.

For all significant financial reporting valuations using valuation models with significant unobservable inputs, the Group will engage external valuation experts who possess the relevant credentials and knowledge on the subject of valuation, valuation methodologies and SFRS(I) 13 *Fair Value Measurement* guidance to perform the valuation. For valuations performed by external valuation experts, the appropriateness of the valuation methodologies and assumptions adopted are reviewed by the finance team along with the appropriateness and reliability of the inputs.

Significant valuation issues are reported to the Audit Committee.

(e) Assets and liabilities not measured at fair value

The carrying amounts of lease liabilities approximate their fair values as the implicit interest rates approximate the market interest rates prevailing at the financial year end.

The carrying amounts of floating rate loans and borrowings approximate their fair values as they are floating rate instruments that are re-priced to market interest rates on or near the end of the reporting period.

The carrying amounts of fixed rate loans and borrowings approximate their fair values as they bear interest at rates which approximate the current incremental borrowing rate for similar types of lending and borrowing arrangements.

The carrying amounts of the Group's and the Company's current financial assets and current financial liabilities approximate their fair values due to their short-term nature.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

37 CAPITAL RISK MANAGEMENT

The primary objective of the Group's capital management is to ensure it maintains healthy capital ratios in order to continue as going concern while maximising the return to stakeholders through the optimisation of the debt and equity balance. The Group's overall strategy remains unchanged from 2022.

The Group is in compliance with all externally imposed capital requirements for the financial years ended 31 December 2023 and 2022.

Management reviews the capital structure of the Group and makes adjustment to it, in light of changes in economic conditions. Management considers the cost of capital and the risks associated with each class of capital. The Group monitors capital using the net debt-to-equity ratio. The Group includes within net debt, loans and borrowings, trade payables and accruals, other payables and lease liabilities, less cash and bank balances. Equity includes all capital and reserves of the Group that are managed as capital.

	Group	
	2023	**2022**
	S$'000	**S$'000**
Net debt	**(6,970)**	(26,593)
Equity	**136,558**	131,439
Net debt-to-equity ratio	**N.M.**	N.M.

N.M. – Not meaningful as the Group's cash and bank balances exceeded its liabilities included within net debt as at 31 December 2023 and 2022.

38 AUTHORISATION OF FINANCIAL STATEMENTS FOR ISSUE

The financial statements for the financial year ended 31 December 2023 were authorised for issue in accordance with a resolution of the Board of Directors of the Company.

STATISTICS OF SHAREHOLDINGS

AS AT 15 MARCH 2024

Number of Issued Shares (excluding Treasury Shares)	:	610,403,412
Number/Percentage of Treasury Shares against total number of Issued Shares (excluding Treasury Shares)	:	67,706,500 (11.09%)
Class of Shares	:	Ordinary Shares
Voting Rights	:	1 vote per share

As at 15 March 2024, the Company did not hold any subsidiary holdings.

DISTRIBUTION OF SHAREHOLDINGS

SIZE OF SHAREHOLDINGS	NO. OF SHAREHOLDERS	%	NO. OF SHARES	%
1 – 99	378	17.22	4,260	0.00
100 – 1,000	127	5.79	83,051	0.01
1,001 – 10,000	594	27.06	4,318,769	0.71
10,001 – 1,000,000	1,062	48.38	82,649,322	13.54
1,000,001 AND ABOVE	34	1.55	523,348,010	85.74
TOTAL	**2,195**	**100.00**	**610,403,412**	**100.00**

TWENTY LARGEST SHAREHOLDERS

NO.	NAME	NO. OF SHARES	%
1	CGS INTERNATIONAL SECURITIES SINGAPORE PTE. LTD.	208,187,667	34.11
2	CITIBANK NOMINEES SINGAPORE PTE LTD	49,746,275	8.15
3	OCBC SECURITIES PRIVATE LIMITED	46,152,200	7.56
4	SBS NOMINEES PRIVATE LIMITED	43,042,526	7.05
5	STONE ROBERT ALEXANDER	31,801,000	5.21
6	KHOO THOMAS CLIVE	26,283,000	4.31
7	NG HAN KOK	23,037,700	3.77
8	ONG ENG LOKE	11,650,000	1.91
9	MAYBANK SECURITIES PTE. LTD.	9,940,041	1.63
10	DBS NOMINEES (PRIVATE) LIMITED	9,294,520	1.52
11	ESTATE OF ELIZABETH OOI HEAN GIN, DECEASED	8,700,000	1.43
12	LEE OON GIM	7,398,000	1.21
13	NG HUNG KOON	4,947,000	0.81
14	CHIA BOON HOE LAWRENCE	4,506,900	0.74
15	KHOO SIN HOCK VICTOR	3,727,700	0.61
16	SEOW CHUAN BIN	3,382,800	0.55
17	TANG SEE CHANG @ TAN SAY CHAN	3,200,000	0.52
18	SIAH SIEW GEOK	2,943,600	0.48
19	VICTOR ENTERPRISES PTE. LTD.	2,337,800	0.38
20	TENG AH LAN	2,282,000	0.37
	TOTAL	**502,560,729**	**82.32**

STATISTICS OF SHAREHOLDINGS

AS AT 15 MARCH 2024

SUBSTANTIAL SHAREHOLDERS

(As recorded in the Register of Substantial Shareholders as at 15 March 2024)

	Direct Interest	%	Deemed Interest	%
Tidal New Energy Investment Pte. Ltd.	–	–	160,967,600[(1)]	26.37
Jiang Haiyong	–	–	160,967,600[(2)]	26.37
Teng Choon Kiat	–	–	160,967,600[(3)]	26.37
Ng Han Kok	23,037,700	3.77	92,646,953[(4)]	15.18
Stone Robert Alexander	31,801,000	5.21	19,720,000[(5)]	3.23

Notes:

(1) Tidal New Energy Investment Pte. Ltd. ("Tidal") is deemed interested in the 160,967,600 shares registered under CGS International Securities Singapore Pte. Ltd. (formerly known as CGS-CIMB Securities (Singapore) Pte. Ltd.) and held on behalf of Tidal.

(2) Jiang Haiyong holds not less than 20% of the voting rights of Tidal. Accordingly, Jiang Haiyong is deemed to be interested in the 160,967,600 shares held by Tidal in the Company.

(3) Teng Choon Kiat holds not less than 20% of the voting rights of Tidal. Accordingly, Teng Choon Kiat is deemed to be interested in the 160,967,600 shares held by Tidal in the Company.

(4) Ng Han Kok is deemed to be interested in (i) 250,000 shares held by his spouse; (ii) 38,042,526 shares registered under SBS Nominees Private Limited; (iii) 46,259,527 shares registered under CGS International Securities Singapore Pte. Ltd. (formerly known as CGS-CIMB Securities (Singapore) Pte. Ltd.); and (iv) 5,000,000 shares registered under Singapura Finance Ltd and (v) 3,094,900 shares registered under Maybank Securities Pte. Ltd. (formerly known as Maybank Kim Eng Securities Pte. Ltd.).

(5) Held through OCBC Securities Private Limited.

Note: The above percentages are calculated based on the Company's number of issued shares (excluding 67,706,500 treasury shares) of 610,403,412.

PERCENTAGE OF SHAREHOLDINGS IN HANDS OF THE PUBLIC

As at 15 March 2024, approximately 46.24% of the Company's shares (excluding treasury shares) are held in the hands of the public. Accordingly, the Company has complied with Rule 723 of the Listing Manual of the SGX-ST.

ADDITIONAL INFORMATION FOR DIRECTORS SEEKING FOR RE-ELECTION

Additional Information required pursuant to Rule 720(6) of the Listing Manual of the SGX-ST on Directors seeking for re-election

	Ng Han Kok	**Lee Gee Aik**
Date of Appointment	3 January 2014	24 July 2015
Date of last re-appointment (if applicable)	29 April 2022	29 April 2022
Age	62	65
Country of principal residence	Singapore	Singapore
The Board's comments on this re-appointment	The Board considered the Nominating Committee's recommendation and assessment of Mr Ng Han Kok's commitment in the discharge of his duties as a Director, inter alia, and is satisfied that he continues to possess the requisite experience and qualification to continue office as Group Chief Executive Officer.	The Board considered the Nominating Committee's recommendation and assessment of Mr Lee Gee Aik's independence and commitment in the discharge of his duties as a Director, inter alia, and is satisfied that he will continue to contribute relevant knowledge, skills and experience to the Board.
Whether appointment is executive, and if so, the area of responsibility	Executive, leading role in developing business of the Group	Non-Executive
Job Title (e.g. Lead ID, AC Chairman, AC Member etc.)	Group Chief Executive Officer	Lead Independent Director/Chairman of the Audit and Nominating Committees/Member of the Remuneration Committee
Professional qualifications	Please refer to the section of the Company's Annual Report titled "Board of Directors" for further details.	
Working experience and occupation(s) during the past 10 years		
Shareholding interest in the listed issuer and its subsidiaries	23,037,700 ordinary shares in the Company (Direct interest) 92,646,953 ordinary shares in the Company (Deemed interest)	Nil
Any relationship (including immediate family relationships) with any existing director, existing executive officer, the issuer and/or substantial shareholder of the listed issuer or of any its principal subsidiaries	Nil	Nil

ADDITIONAL INFORMATION FOR DIRECTORS SEEKING FOR RE-ELECTION

	Ng Han Kok	Lee Gee Aik
Conflict of interest (including any competing business)	Nil	Nil
Undertaking (in the format set out in Appendix 7.7) under Rule 720(1) has been submitted to the listed issuer – Yes/No	Yes	Yes
Other Principal Commitments Including Directorships Past (for the last 5 years) Present	Please refer to the section of the Company's Annual Report titled "Board of Directors" for further details.	
Responses to questions (a) to (k) under Appendix 7.4.1 of the SGX Listing Manual	Negative confirmation for Mr Ng Han Kok	Responses to questions (a) to (k) except for questions (j)(i) and (k) are "No". Question (j)(i) – Whether he has ever, to his knowledge, been concerned with the management or conduct, in Singapore or elsewhere, of the affairs of any corporation which has been investigated for a breach of any law or regulatory requirement governing corporations in Singapore or elsewhere; and Question (k) – 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?

ADDITIONAL INFORMATION FOR DIRECTORS SEEKING FOR RE-ELECTION

	Ng Han Kok	Lee Gee Aik
		The responses to questions (j)(i) and (k) are "Yes". When Mr Lee Gee Aik was the Independent and Non-Executive Director and Chairman of the Audit Committee of Astaka Holdings Limited ("Astaka"), SGX-ST had in 2020 issued a show cause letter to the Board of Astaka to make representations for potential breaches of Catalist Rules following the fact-finding report dated 3 April 2020 issued by Ernst & Young Advisory Pte. Ltd. Astaka and the relevant persons engaged in correspondences with the SGX-ST in relation to this matter. Subsequently, the SGX Listings Disciplinary Committee ("SGX-LDC") had on 17 August 2021 issued its grounds of decision to Astaka in relation to the aforesaid matter which includes the public reprimand issued to Astaka, its former Chief Executive Officer/Executive Director and former Chief Financial Officer for breaching the Catalist Rules (the "Public Reprimand"). For the avoidance of doubt, Mr Lee was not named in the Republic Reprimand and has not been implicated in any breach of the Catalist Rules. In its grounds of decision, the SGX-LDC found that the Audit Committee of Astaka was misled by its management. The Board (excluding the Executive Director/CEO at the material time) of Astaka was not informed about the matter that eventually led to the Public Reprimand. There has not been any further development from the SGX-ST since then.

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Annual General Meeting ("**AGM**" or the "**Meeting**") of SHS Holdings Ltd. (the "**Company**") will be held at 19 Tuas Avenue 20, Singapore 638830 on Monday, 29 April 2024 at 10.00 a.m. for the following purposes:

AS ORDINARY BUSINESS

1. To receive and adopt the Directors' Statement and the Audited Financial Statements of the Company for the year ended 31 December 2023 together with the Independent Auditors' Report thereon.

   (Resolution 1)

2. To declare a final dividend of 0.284 Singapore cents (S$0.00284) (one-tier, tax-exempt) per ordinary share for the financial year ended 31 December 2023 (2022: S$0.0035).

   (Resolution 2)

3. To re-elect the following Directors retiring pursuant to Article 90 of the Constitution of the Company:

   Mr Ng Han Kok, Henry **(Resolution 3)**
   Mr Lee Gee Aik **(Resolution 4)**
   See Explanatory Note (i)

4. To approve the payment of Directors' fees of up to S$209,800 for the financial year ending 31 December 2024, to be paid quarterly in arrears. (2023: S$209,800)

   (Resolution 5)

5. To re-appoint Moore Stephens LLP as the Auditors of the Company and to authorise the Directors of the Company to fix their remuneration.

   (Resolution 6)

6. To transact any other ordinary business which may properly be transacted at an AGM.

NOTICE OF ANNUAL GENERAL MEETING

AS SPECIAL BUSINESS

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

7. **Authority to issue shares**

That pursuant to Section 161 of the Companies Act 1967 (the "**Companies Act**") and Rule 806 of the Listing Manual of the Singapore Exchange Securities Trading Limited ("**SGX-ST**"), the Directors of the Company be and are hereby be authorised to:

(a) (i) issue shares in the Company ("**shares**") whether by way of rights, bonus or otherwise; and/or

(ii) make or grant offers, agreements or options (collectively, "Instruments") that might or would require shares to be issued, including but not limited to the creation and issue of (as well as adjustments to) options, warrants, debentures or other instruments convertible into shares,

at any time and upon such terms and conditions and for such purposes and to such persons as the Directors of the Company may in their absolute discretion deem fit; and

(b) (notwithstanding the authority conferred by this Resolution may have ceased to be in force) issue shares in pursuance of any Instruments made or granted by the Directors of the Company while this Resolution was in force,

provided that:

(1) the aggregate number of shares (including shares to be issued in pursuance of the Instruments, made or granted pursuant to this Resolution) to be issued pursuant to this Resolution shall not exceed fifty per cent (50%) of the total number of issued shares (excluding treasury shares and subsidiary holdings) in the capital of the Company (as calculated in accordance with sub-paragraph (2) below), of which the aggregate number of shares to be issued other than on a pro-rata basis to shareholders of the Company shall not exceed twenty per cent (20%) of the total number of issued shares (excluding treasury shares and subsidiary holdings) in the capital of the Company (as calculated in accordance with sub-paragraph (2) below);

(2) (subject to such calculation as may be prescribed by the Singapore Exchange Securities Trading Limited) for the purpose of determining the aggregate number of shares that may be issued under sub-paragraph (1) above, the total number of issued shares (excluding treasury shares and subsidiary holdings) shall be based on the total number of issued shares (excluding treasury shares and subsidiary holdings) in the capital of the Company at the time of the passing of this Resolution, after adjusting for:

(a) new shares arising from the conversion or exercise of any convertible securities;

(b) new shares arising from exercising share options or vesting of share awards, provided the options or awards were granted in compliance with the Listing Manual of the SGX-ST; and

(c) any subsequent bonus issue, consolidation or subdivision of shares;

NOTICE OF ANNUAL GENERAL MEETING

provided that such adjustments in sub-paragraphs (2)(a) and (b) above are made in respect of new shares arising from convertible securities, share options or share awards which were issued and outstanding or subsisting at the time of the passing of this Resolution;

(3) in exercising the authority conferred by this Resolution, the Company shall comply with the provisions of the Listing Manual of the SGX-ST for the time being in force (unless such compliance has been waived by the SGX-ST) and the Constitution of the Company; and

(4) unless revoked or varied by the Company in a general meeting, such authority shall continue in force until the conclusion of the next AGM of the Company or the date by which the next AGM of the Company is required by law to be held, whichever is earlier.

See Explanatory Note (ii) **(Resolution 7)**

8. **Proposed Renewal of the Share Buyback Mandate**

That:

(a) for the purposes of Sections 76C and 76E of the Companies Act 1967 (the "**Companies Act**"), the exercise by the Directors of the Company of all the powers of the Company to purchase or otherwise acquire issued ordinary shares fully paid in the capital of the Company ("**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) on market purchases (each a "**Market Purchase**") transacted through the Singapore Exchange Securities Trading Limited's trading system (the "**SGX-ST**"); and/or

(ii) off-market acquisition (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 conditions prescribed by the Companies Act,

and otherwise in accordance with all other laws and regulations, including but not limited to, the provisions of the Constitution of the Company, the Companies Act and the listing rules of the SGX-ST as may for the time being be applicable, be and is hereby authorised and approved generally and unconditionally ("**Share Buyback Mandate**");

(b) unless varied or revoked by the Company in general meeting, the authority conferred on the Directors of the Company to purchase or acquire shares pursuant to the Share Buyback Mandate 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 AGM of the Company is held or required by law to be held; and

(ii) the date on which purchases or acquisitions of Shares by the Company pursuant to the Share Buyback Mandate are carried out in full to the Prescribed Limit mandated;

NOTICE OF ANNUAL GENERAL MEETING

(c) in this Resolution:

"**Prescribed Limit**" means that number of issued Shares representing ten per centum (10%) of the total number of issued Shares as at the date of the passing of this Resolution unless the Company has effected a reduction of its issued share capital in accordance with the applicable provisions of the Companies Act, at any time during the Relevant Period (as hereinafter defined), in which event the total number of issued Shares shall be taken to be the total number of issued Shares as altered. Any Shares which are held as treasury shares and subsidiary holdings will be disregarded for purposes of computing the ten per centum (10%) limit;

"**Relevant Period**" means the period commencing from the date of the AGM on which the ordinary resolution relating to the proposed renewal of the Share Buyback Mandate is passed and expiring on the date on which the next annual general meeting of the Company is held or required by law to be held, whichever is earlier; and

"**Maximum Price**" in relation to a Share to be purchased or acquired pursuant to the Share Buyback Mandate, means an amount (excluding brokerage, commission, stamp duties, applicable goods and services tax and other related expenses) not exceeding:

(i) in the case of a Market Purchase, one hundred and five per centum (105%) of the Average Closing Price (as hereinafter defined) of the Shares; and

(ii) in the case of an Off-Market Purchase pursuant to an equal access scheme, one hundred and fifteen per centum (115%) of the Average Closing Price (as hereinafter defined) of the Shares,

where:

"**Average Closing Price**" means the average of the closing market prices of the Shares traded on the SGX-ST over the last five (5) market days on which transactions in the Shares were recorded immediately preceding the date of the Market Purchase by the Company or, as the case may be, the date of the making of the offer (as hereinafter defined) pursuant to the Off-Market Purchase, and deemed to be adjusted for any corporate action that occurs during the relevant five (5)-day period and the date of the Market Purchase or, as the case may be, that the date of the making of the offer pursuant to the Off-Market Purchase; and

"**date of the making of the offer**" means the date on which the Company announces its intention to make an offer for an Off-Market Purchase, stating therein the purchase price (which shall not be more than the Maximum Price for an Off-Market Purchase calculated on the foregoing basis) for each Share and the relevant terms of the equal access scheme for effecting the Off-Market Purchase;

(d) the Directors of the Company and/or any of them be and are hereby authorised to deal with the Shares purchased or acquired by the Company, pursuant to the Share Buyback Mandate, in any manner as they think fit, which is permissible under the Companies Act; and

NOTICE OF ANNUAL GENERAL MEETING

(e) the Directors of the Company and/or any of them be and are hereby authorised to complete and do any and all such acts and things (including executing all such documents as may be required, approve any amendments, alterations or modifications to any documents, and sign, file and/or submit any notices, forms and documents with or to the relevant authorities) as they and/or he may, in their absolute discretion, deem and consider desirable, expedient or necessary to give effect to the transactions contemplated and/or authorised by this Resolution and the taking of any and all actions whatsoever by any Director on behalf of the Company in connection with the proposed Share Buyback Mandate prior to the date of the AGM and are hereby approved, ratified and confirmed.

See Explanatory Note (iii) **(Resolution 8)**

By Order of the Board

Eunice Hooi
Company Secretary

Singapore, 12 April 2024

Explanatory Notes:

(i) Resolutions 3 and 4 – Detailed information about the Directors of the Company can be found in the "Board of Directors" section of the Company's Annual Report, including their current directorships in other listed companies and other principal commitments held. Please also refer to the section titled "Additional Information on Directors Seeking Election/Re-Election" appended to this Notice of Annual General Meeting for additional information on the retiring Directors.

Mr Ng Han Kok, Henry will, upon re-election as a Director of the Company, remains as Executive Director and Chief Executive Officer and considered non-independent.

Mr Lee Gee Aik will, upon re-election as a Director of the Company, remains as Chairman of the Audit and Nominating Committees and a member of the Remuneration Committee, and will be considered independent.

(ii) Resolution 7 in item 7 above, if passed, will empower the Directors of the Company, effective until the conclusion of the next AGM of the Company, or the date by which the next AGM of the Company is required by law to be held or such authority is varied or revoked by the Company in a general meeting, whichever is the earlier, to issue shares, make or grant Instruments convertible into shares and to issue shares pursuant to such Instruments, up to a number not exceeding, in total, 50% of the total number of issued shares (excluding treasury shares and subsidiary holdings) in the capital of the Company, of which up to 20% may be issued other than on a pro-rata basis to shareholders.

For determining the aggregate number of shares that may be issued, the total number of issued shares (excluding treasury shares and subsidiary holdings) will be calculated based on the total number of issued shares (excluding treasury shares and subsidiary holdings) in the capital of the Company at the time this Ordinary Resolution is passed after adjusting for new shares arising from (a) the conversion or exercise of any convertible securities; (b) share options or vesting of share awards, provided the options and awards were granted in compliance with the Listing Manual of the SGX-ST; and (c) any subsequent bonus issue, consolidation or subdivision of shares, provided such adjustments in sub-paragraphs (a) and (b) above are made in respect of new shares arising from convertible securities, share options or share awards which were issued and outstanding or subsisting at the time of the passing of this Ordinary Resolution.

(iii) Resolution 8 in item 8 above, if passed, will empower the Directors of the Company to buyback issued Shares from time to time (whether by way of Market Purchases or Off-Market Purchases on an equal access scheme) of up to ten per centum (10%) of the total number of issued Shares (excluding treasury shares and subsidiary holdings) at the prices of up to but not exceeding the Maximum Price, in accordance with the terms and subject to the conditions set out in the appendix to shareholders dated 12 April 2024 ("**Appendix**"), the Companies Act and the Listing Manual of the SGX-ST. This authority will, unless revoked or varied at general meeting, continue in force until the earlier of (i) the date that the next annual general meeting of the Company is held or required by law to be held and (ii) the date on which the purchases or acquisitions of Shares are carried out in full to the Prescribed Limit mandated.

NOTICE OF ANNUAL GENERAL MEETING

The Company intends to use internal sources of funds to finance the purchases or acquisitions of its Shares pursuant to the Share Buyback Mandate. The amount of financing (if any) required for the Company to purchase or acquire its Shares, and the impact on the Company's financial position, cannot be ascertained as at the date of this Notice of AGM as these will depend on the number of Shares purchased or acquired, whether the purchase or acquisition of Shares is made out of capital or profits, the price at which such Shares were purchased or acquired and whether the Shares purchased or acquired are cancelled or held as treasury shares. Purely for illustrative purposes only, the financial effects of the purchase or acquisition of Shares by the Company pursuant to the Share Buyback Mandate on the audited consolidated financial statements of the Company for the financial year ended 31 December 2023, based on certain assumptions, are set out in paragraph 2.8 of the Appendix. Please refer to the Appendix for more details.

Important Notes:

1. The AGM will be held in a wholly physical format. There will be no option for shareholders to participate virtually.

2. Members may participate in the AGM by:

   (a) attending the AGM in person;

   (b) raising questions at the AGM or submitting questions in advance of the AGM; and/or

   (c) voting at the AGM (i) themselves personally; or (ii) through their duly appointed proxy(ies)/corporate representative(s).

   For avoidance of doubt, CPF and SRS investors will not be able to appoint third party proxy(ies) (i.e. persons other than the Chairman of the Meeting) to vote at the AGM on their behalf.

   CPF and 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 by 5.00 p.m. on 17 April 2024, being seven (7) working days prior to the date of the AGM.

3. A member who is not a relevant intermediary is entitled to appoint one or two proxies to attend and vote in his/her stead. A proxy need not be a member of the Company.

   Where a member appoints two proxies, he/she shall specify the proportion of his/her shareholding (expressed as a percentage of the whole) to be represented by each proxy. If no such proportion is specified, the first named proxy shall be treated as representing 100% of the shareholding and any second named proxy as an alternate to the first named proxy.

4. A member who is a relevant intermediary is entitled to appoint more than two proxies to attend and vote in his/her stead, but each proxy must be appointed to exercise the rights attached to a different share or shares held by such member.

   Where such member appoints more than two proxies, the appointments shall be invalid unless the member specifies the number of Shares in relation to which each proxy has been appointed.

   "Relevant intermediary" has the meaning ascribed to it in Section 181 of the Companies Act 1967.

5. A member can appoint the Chairman of the Meeting as his/her/its proxy but this is not mandatory. If a member wishes to appoint the Chairman of the Meeting as proxy, such member (whether individual or corporate) must give specific instructions as to voting for, voting against, or abstentions from voting on, each resolution in the instrument appointing the Chairman of the Meeting as proxy. In the absence of specific direction as to voting or abstentions from voting in respect of a resolution in the form of proxy, the Chairman of the AGM will vote or abstain from voting at his/her discretion.

6. The instrument appointing a proxy(ies) must be submitted to the Company in the following manner:

   (a) if in hard copy by post, be lodged at the registered office of the Company at 19 Tuas Avenue 20, Singapore 638830; or

   (b) if by email, be received at proxyform@shsholdings.com.sg.

   in either case, no later than **10.00 a.m. on 27 April 2024**.

7. The Chairman of the Meeting, as a proxy, need not be a member of the Company.

8. Members may submit questions related to the resolutions to be tabled for approval at the AGM, in advance of the AGM, in the following manner by 5.00 p.m. on 19 April 2024:

   (a) in hard copy by post to the registered office of the Company at 19 Tuas Avenue 20, Singapore 638830; or

   (b) by email to meetings@shsholdings.com.sg.

   The Company will endeavour to address all substantial and relevant questions received from Shareholders by the 19 April 2024 deadline via SGXNet and on our corporate website on 23 April 2024.

NOTICE OF ANNUAL GENERAL MEETING

Personal data privacy:

By submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the Meeting and/or any adjournment thereof, a member of the Company (i) consents to the collection, use and disclosure of the member's personal data by the Company (or its agents) for the purpose of the processing and administration by the Company (or its agents) of proxies and representatives appointed for the Meeting (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the Meeting (including any adjournment thereof), and in order for the Company (or its agents) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the "Purposes"), (ii) warrants that where the member discloses the personal data of the member's proxy(ies) and/or representative(s) to the Company (or its agents), the member has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Company (or its agents) of the personal data of such proxy(ies) and/or representative(s) for the Purposes, and (iii) agrees that the member will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the member's breach of warranty.

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SHS HOLDINGS LTD.

Company Registration No. 197502208Z
(Incorporated in the Republic of Singapore)

PROXY FORM

(Please see notes overleaf before completing this Form)

IMPORTANT:
1. A relevant intermediary may appoint more than two proxies to attend the Annual General Meeting ("**AGM**" or the "**Meeting**") and vote (please see note 4 for the definition of "relevant intermediary").
2. For investors who have used their CPF or SRS monies to buy the Company's shares, the Annual Report is forwarded to them at the request of their CPF Agent Banks and SRS Operators and is sent solely **FOR INFORMATION ONLY**.
3. This proxy form is not valid for use by CPF and SRS investors and shall be ineffective for all intents and purposes if used or purported to be used by them. This proxy form may also be accessed at the URL https://www.sgx.com/securities/company-announcements.

I/We, ______________________________ (Name)
______________________________ (NRIC/Passport No./Company Registration No.)
of ______________________________ (Address)
being a member/members of SHS HOLDINGS LTD. (the "**Company**") hereby appoint:

Name	NRIC/Passport No.	Proportion of Shareholdings	
		No. of Shares	%
Address			

and/or (delete as appropriate)

Name	NRIC/Passport No.	Proportion of Shareholdings	
		No. of Shares	%
Address			

or failing the person, or either or both of the persons, referred to above, the Chairman of the Meeting as my/our proxy/proxies to vote for me/us on my/our behalf at the Annual General Meeting of the Company at 19 Tuas Avenue 20, Singapore 638830 on Monday, **29 April 2024 at 10.00 a.m.** and at any adjournment thereof. I/We direct my/our proxy/proxies to vote for or against the Resolutions proposed at the Meeting as indicated hereunder. If no specific direction as to voting is given or in the event of any other matter arising at the Meeting and at any adjournment thereof, the proxy/proxies will vote or abstain from voting at his/her discretion.

(Voting will be conducted by poll. If you wish to exercise all your votes "For" or "Against" a Resolution, please indicate with a "✓" in the space provided under "For" or "Against". If you wish to abstain from voting on a Resolution, please indicate with a "✓" in the space provided under "Abstain". Alternatively, please indicate the number of votes that your proxy is directed to vote "For" or "Against" or to abstain from voting.

No.	Resolutions relating to:	For	Against	Abstain
1	Directors' Statement and Audited Financial Statements for the year ended 31 December 2023			
2	Payment of proposed final dividend			
3	Re-election of Mr Ng Han Kok as Director			
4	Re-election of Mr Lee Gee Aik as Director			
5	Approval of Directors' fees of up to S$209,800 for the financial year ending 31 December 2024			
6	Re-appointment of Moore Stephens LLP as Auditors			
7	Authority to issue shares			
8	Proposed Renewal of the Share Buyback Mandate			

Dated this __________ day of ____________________ 2024

Total number of Shares in:	No. of Shares
(a) CDP Register	
(b) Register of Members	

____

Signature of Shareholder(s)

or, Common Seal of Corporate Shareholder

Notes:

1. Please insert the total number of Shares held by you. If you have Shares entered against your name in the Depository Register (as defined in Section 81SF of the Securities and Futures Act 2001), you should insert that number of Shares. If you have Shares registered in your name in the Register of Members, you should insert that number of Shares. If you have Shares entered against your name in the Depository Register and Shares registered in your name in the Register of Members, you should insert the aggregate number of Shares entered against your name in the Depository Register and registered in your name in the Register of Members. If no number is inserted, the instrument appointing a proxy or proxies shall be deemed to relate to all the Shares held by you.

2. A member who is not a relevant intermediary is entitled to appoint one or two proxies to attend and vote in his/her stead. A proxy need not be a member of the Company.

3. Where a member appoints two proxies, he/she shall specify the proportion of his/her shareholding (expressed as a percentage of the whole) to be represented by each proxy. If no such proportion is specified, the first named proxy shall be treated as representing 100% of the shareholding and any second named proxy as an alternate to the first named proxy.

4. A member who is a relevant intermediary is entitled to appoint more than two proxies to attend and vote in his/her stead, but each proxy must be appointed to exercise the rights attached to a different share or shares held by such member. Where such member appoints more than two proxies, the appointments shall be invalid unless the member specifies the number of Shares in relation to which each proxy has been appointed.

   "Relevant intermediary" means:

   (a) a banking corporation licensed under the Banking Act 1970 or a wholly-owned subsidiary of such a banking corporation, whose business includes the provision of nominee services and who holds shares in that capacity;

   (b) a person holding a capital markets services licence to provide custodial services for securities under the Securities and Futures Act 2001 and who holds shares in that capacity; or

   (c) the Central Provident Fund Board established by the Central Provident Fund Act 1953, in respect of shares purchased under the subsidiary legislation made under that Act providing for the making of investments from the contributions and interest standing to the credit of members of the Central Provident Fund, if the Board holds those shares in the capacity of an intermediary pursuant to or in accordance with that subsidiary legislation.

5. Completion and return of this instrument appointing a proxy shall not preclude a member from attending and voting at the Meeting. Any appointment of a proxy or proxies shall be deemed to be revoked if a member attends the meeting in person, and in such event, the Company reserves the right to refuse to admit any person or persons appointed under the instrument of proxy to the Meeting.

6. The instrument appointing a proxy(ies) must be submitted to the Company in the following manner:

   (a) if in hard copy by post, be lodged at the registered office of the Company at 19 Tuas Avenue 20, Singapore 638830; or

   (b) if by email, be received at proxyform@shsholdings.com.sg.

   in either case, no later than **10.00 a.m. on 27 April 2024**.

7. The instrument appointing a proxy(ies) must be under the hand of the appointor or of his attorney duly authorised in writing. Where the instrument appointing a proxy(ies) is executed by a corporation, it must be executed either under its seal or under the hand of an officer or attorney duly authorised. Where the instrument appointing a proxy(ies) is executed by an attorney on behalf of the appointor, the letter or power of attorney or a duly certified copy thereof must be lodged with the instrument.

8. A corporation which is a member may authorise by resolution of its directors or other governing body such person as it thinks fit to act as its representative at the Meeting, in accordance with Section 179 of the Companies Act 1967.

General:

The Company shall be entitled to reject the instrument appointing a proxy(ies) if it is incomplete, improperly completed or illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified in the instrument appointing a proxy(ies) (including any related attachment) (such as in the case where the appointor submits more than one instrument appointing a proxy(ies)). 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 a proxy(ies) 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 the AGM, as certified by The Central Depository (Pte) Limited to the Company.

PERSONAL DATA PRIVACY:

By submitting an instrument appointing a proxy(ies) and/or representative(s), the member accepts and agrees to the personal data privacy terms set out in the Notice of Annual General Meeting dated 12 April 2024.

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