STRENGTH THROUGH DIVERSITY

ANNUAL REPORT 2022

Leveraging our strong foundation to capture opportunities in key and prospective markets.

CONTENT

CORPORATE PROFILE

GENERATING >90 % REVENUES

57 OFFICES

>1,800 EMPLOYEES

CSE Global Limited (CSE) is a global technologies company listed on the Singapore Stock Exchange, with an international presence spanning the Americas, Asia Pacific, Europe, Middle East and Africa regions.

CSE Global is a leading systems integrator, focusing on the provision and installation of a variety of control systems as well as turnkey telecommunication network and security solutions, targeting the energy, infrastructure and mining & minerals industries.

CSE commenced operations in 1985 as the engineering projects division of Chartered Electronics Industries, the electronics arm of Singapore Technologies (ST). As part of the ST Group's corporate strategy of encouraging a higher level of management participation and ownership in selective companies, a management buy-out was successfully concluded in January 1997. In February 1999, CSE became a public listed company and its shares are traded on the main board of the Singapore Exchange. Since then CSE has adopted a global approach for sustained growth.

The Group has now more than 1,800 employees worldwide, and operates a network of 57 offices across the globe, generating more than 90 percent of its revenues outside its home market. In line with global ambitions, the Group has adopted the ISO 9001 Quality Management System as certified by Lloyd's Register Quality Assurance (LRQA) and DNV. The CSE Group of companies has been very successful in offering cost-effective, totally integrated solutions to industries in the Energy, Infrastructure and Mining sectors. CSE has a consistent profit track and a management that is focused on operational excellence to achieve sustainable profit growth and enhance shareholder returns.

STABILITY WITH EXPERTISE

Leveraging our engineering experience, we have delivered 35 years of profitable growth in a steady and consistent manner, and we intend to continue doing so.

MESSAGE TO STAKEHOLDERS

LIM BOON KHENG
Group Managing Director

LIM MING SEONG
Chairman

The Group's year-on-year growth in revenue and orders was highly encouraging despite another volatile year, ultimately delivering a resilient set of results.

MESSAGE TO STAKEHOLDERS

Dear Stakeholders,

With the worst of the pandemic seemingly over in most parts of the world in 2022, business activities largely began to gradually resume and normalise – with the exception of China, which experienced extensive Covid outbreaks amidst its gradual reopening. Alongside macroeconomic volatility and various new challenges such as inflationary pressures, geopolitical instability, and recessionary fears, the health situation in China meant that continued disruptions to the supply chain pose a lingering impact on the global economy.

Although supply chain disruptions have somewhat stabilised, deliveries have not returned to pre-Covid timeframes. Such prolonged delivery timeframes are now viewed as the 'new normal' as China remains a key global supply chain centre. As such, while there was significant growth in new orders received during the year, our margins have been impacted by an increase in project execution costs due to ongoing supply chain disruptions and project cost overruns.

Other resulting issues include longer delivery time, delayed revenue recognition, higher sales and quoting costs, as well as unabsorbed labour costs as we opted to keep and grow our technical workforce to secure and cater to the new orders we have received. All these continue to have an impact on how we have had to manage our project costs, staff costs and project deliveries.

Despite the ongoing challenges, FY2022 was an exciting year for CSE Global, where we saw our diversification strategy pay off. For the first time, revenue and order contribution from our Infrastructure and Mining & Minerals segments have collectively crossed the 50% mark. The Group's year-on-year growth in revenue and orders was highly encouraging despite another volatile year, ultimately delivering a resilient set of results.

Since the beginning of 2022, CSE Global completed four complementary acquisitions in the communications sector - DTS Solutions, General Communications (Gencom), Logic Wireless and Radio One Group, with the latter two acquisitions funded by net proceeds of approximately S$33.4 million raised from a successful rights issuance exercise that received overwhelming support from shareholders. We are heartened by the oversubscription of the right issuance, as we believe it represents a vote of confidence in the Group's ability to continue delivering consistent results organically through new orders and inorganically through strategic and accretive acquisitions that provides long term, stable returns to shareholders.

At the same time, these acquisitions are set to further enhance the Group's existing diverse set of capabilities, strengthening our position in the Infrastructure sector. Meanwhile, we continue to look out for accretive acquisitions that can complement and further expand our existing capabilities.

CSE Global remains steadfast in its efforts in expanding our engineering capabilities to offer our customers a more diverse range of solutions.

DEMONSTRATING RESILIENCE AMIDST UNCERTAINTY

In FY2022, the Group's revenue increased by 19% to S$557.7 million, from S$468.7 million in FY2021, with the increase mainly attributable to a growth in project revenues from the Infrastructure segment in Australia and the Americas region. Gross profit for the year increased by S$10.3 million or 7.6% year-on-year to S$146.2 million, with gross margins recording a slight decrease to 26.2% in FY2022, due to an increase in project execution costs from ongoing supply chain disruptions and project cost overruns. Combined, these factors impacted the Group's gross margin particularly in the Americas region.

The Group continues to practise capital discipline alongside cashflow management. In FY2022, the Group generated positive cashflow from operations of S$9.1 million, with net debt position at S$72.2 million due to higher working capital required to support secured projects during the financial year.

MESSAGE TO STAKEHOLDERS

We are also pleased to highlight that the Group's order intake for FY2022 totalled S$808.4 million, increasing significantly from the previous year's order intake of S$462.1 million. The growth was broad-based, across all industry sectors that the Group participates in.

The Infrastructure sector saw the highest year-on-year growth in orders of 131.2% to S$341.5 million mainly due to higher orders secured in the wastewater and data centre market in the Americas region and a multi-year system maintenance contract from the Singapore government. The Energy sector recorded a 51.6% increase in orders totalling S$402.9 million on the back of higher field service orders in the Americas region. The Mining & Minerals sector saw a 31.4% increase in orders amounting to S$64.0 million stemming from a steady pipeline of orders for communication network projects from mining customers in Australia.

Ongoing supply chain disruptions are expected to continue to prolong project execution timeframes. Notwithstanding, we continue to be steadfast in our focus to grow and develop our business in the Infrastructure sector in line with our push towards greater diversification. This diversification strategy is bearing fruit, as illustrated by the 131.2% year-on-year increase in order contribution from the Infrastructure sector to S$341.5 million in FY2022.

We view the robust order book as a sign of continued trust in our ability to deliver critical integrated engineering solutions for our customers across all existing sectors. As at 31 December 2022, the Group's outstanding order book remained robust at S$480.1 million.

BUSINESS OUTLOOK FOR 2023

Energy

In the Energy sector - where the Group provides turnkey process control and energy solutions - our existing customers remained focused on their capital spending discipline in FY2022 and foreseeably in the coming months, resulting in fewer large greenfield opportunities. We will continue to keep a lookout for suitable projects whilst focusing on our recurring Flow business.

As demand for projects in the alternative energy space grows with businesses worldwide begin taking active steps towards a net-zero footprint, we will actively pursue opportunities and acquisitions in the renewables space including solar and wind energy projects. Having delivered solutions in the renewables space since 2000s, we have also been increasingly developing technologies to reduce waste and adapt "greener", smarter ways to deliver efficient and effective solutions for our clients.

Infrastructure, Mining and Minerals

Infrastructure remains a key focus area where we are diversifying our business, where we provide communications and security solutions. In FY2022, growing requirements in digitalisation, communications and enhancements in physical and cybersecurity globally, as well as from data centres and water utilities in the Americas & Asia Pacific regions have given rise to a steady stream of projects in our Infrastructure and Mining & Minerals sectors.

Acquisition remains a key growth strategy for us as an integral part of our long-term business plan to expand and reshape our business to be sustainable, so we can continue to serve our customers to our best abilities.

Our Infrastructure business is heavily dependent on Australia and Singapore's infrastructure investments. As such, we intend to capitalise on our strong track record and look for opportunities to provide energy solutions to railway lines, ports, airports as well as new suburbs as Australia's government strives to plug its identified infrastructure gaps. We will also further cement our positioning in Singapore by leveraging the government's adoption of Smart Nation Initiatives and related communications, security and cybersecurity and engineering technology projects.

The Group's most recent strategic acquisitions, Logic Wireless, Radio One Group, Gencom and DTS, will further solidify our position in the Infrastructure sector across key markets such as Australia, New Zealand, The United States of America, and United Kingdom.

CSE Global remains steadfast in its efforts in expanding our engineering capabilities to offer our customers a more diverse range of solutions. Building up our capabilities enables the Group to pursue new market opportunities in adjacent sectors supported by the secular trends towards urbanisation, decarbonisation and electrification.

Security and cybersecurity and engineering technology projects.

We view the robust order book as a sign of continued trust in our ability to deliver critical integrated engineering solutions for our customers across all existing sectors.

GROWING TO SERVE OUR CUSTOMERS BETTER

Acquisition remains a key growth strategy for us as an integral part of our long-term business plan to expand and reshape our business to be sustainable, so we can continue to serve our customers to our best abilities.

We pride ourselves as a trusted, lifelong partner to our customers who always has their interests at heart, some of whom have been with us for over 30 years and 90% are repeat customers. As our customers' needs evolve, we are equally committed to embracing new solutions and new ways of working alongside them to cater to their needs.

As such, in order to scale up our capabilities, we will continue to explore both large acquisitions for inroads into new markets or capabilities at the Group level, and smaller bolt-on acquisitions for in-country expansion at the business unit level.

Our aim is to acquire companies with specialised skills and technologies that are complementary to the existing businesses and strengthen our geographical coverage. We will endeavour to add value-accretive and strategic businesses for robust and sustainable income streams, while acquiring within our means and maintaining our gearing at reasonable levels.

CREATING VALUE, DELIVERING CONSISTENTLY

The Group has consistently delivered profitable and sustainable growth for 35 years. Despite incurring one-off restructuring costs and cost overruns in the United States of America in FY2022, we maintained our profitability. The Board of Directors have decided and recommended a final one-tier tax-exempt dividend of 1.5 Singapore cents per share this year. Together with the 1.25 Singapore cents per ordinary share paid in 3Q2022, the dividends pay-out was maintained at an aggregate 2.75 Singapore cents per ordinary share. The book closure date for the final dividend is 5 May 2023, and the dividend will be paid on 18 May 2023 subject to shareholders' approval at the upcoming AGM.

SUPPORTING COMMUNITIES, IMPACTING LIVES

At CSE Global, corporate citizenry is part of our DNA across the regions where we operate. We firmly believe in giving back to our communities while pursuing our business objectives, with particular emphasis on community engagement and contributions through meaningful initiatives.

In the Americas, CSE participated in over 20 different community activities, fundraisers, and events supporting many local non-profit organisations and making positive impact on the lives of others. These fundraising events for charitable causes include TechnipFMC's 25th annual golf tournament, ExxonMobil's United Way Golf tournament and the "Battle for the Paddle" Fundraiser, where CSE Americas contributed over US$8,800 in funds and 62 community work man-hours at the events. Other charitable donations for the year include the BEAR Be A Resource, the Breast Cancer Research Foundation, the St. Jude Children's Research Hospital, the Second Harvest Food Bank, and the Boys Town Louisiana. CSE Americas has also been supporting "Arrow Child and Family Ministries" for three consecutive

Shareholders trust and belief in the Group's business is encouraging and greatly appreciated.

years through multiple charitable events and fundraisers such as toy drives, back-to-school events as well as golf tournaments to raise funds for foster kids and families in our community.

In addition, CSE Americas contributed over US$4,000 to local scholarship foundations such as the Houston Electrical League Foundation and the Pipeliners Association of Houston. CSE Americas' VetNet (Veterans Network) was honoured for its continuous support of local non-profit veterans' organizations in the Houston area. During the year, CSE Americas' employees also participated in different sporting events and as cook sponsors at many local fundraising and networking events that focused on non-profit and community support causes.

In 2022, CSE Australia has proudly contributed donations and gifts in excess of A$60,000 to various charities and not-for-profit organisations. Beneficiaries include UNICEF for their appeal for the Ukraine, Red Cross, Mercy Hospice to support their end-of-life care program, St John Ambulance, Princess Margaret Children's Hospital, and the Immune Deficiencies Foundation of Australia's Circus Quirkus for children living with immunodeficiencies.

Our employees at CSE Australia took part in Dry July, a not-for-profit organisation that calls for abstinence from alcohol for the month of July in support of those affected by cancer. As part of the event, CSE Australia raised a total of around A$1,300. Additionally, every CSE Australia office held a food and gift drive in December 2022 as part of the "Salvation Army Christmas Appeal" to collect Christmas presents and food items' donation for families in need during Christmas.

In Singapore, we donated S$5,000 to Yellow Ribbon Singapore as part of our commitment to support and help inmates and ex-offenders rebuild their lives and lower the recidivism rate through skills and long-term career development. We also continue to invest in the development of our people and granted a total of 30 bursaries to our Singapore employees to further their studies at various higher learning institutions in Singapore.

APPRECIATION

On behalf of the Board of Directors, we would like to extend our gratitude to our customers and business associates for their long-standing and unwavering support for the Group. To our shareholders, your trust and belief in the Group's business is encouraging and greatly appreciated. We look forward to seeing you at our Annual General Meeting.

The Board would also like to thank Mr Lim How Teck for his invaluable advice and contribution to the Company during his tenure, as he resigned as a Non-Executive, Non-Independent Director in FY2022. Lastly, we would like to convey our deepest appreciation to the management team and our staff, for their dedication and hard work that contributed greatly towards the continued success of the Group.

We do believe that the world is turning a page, and that all the unknowns and uncertainties will gradually start to alleviate. Nonetheless, the management is committed to continue its efforts at delivering long-term value to all stakeholders and we look forward to another exciting year ahead with you.

LIM MING SEONG
Chairman

LIM BOON KHENG
Group Managing Director

BOARD OF DIRECTORS

01 LIM MING SEONG
02 LIM BOON KHENG
03 SIN BOON ANN
04 TAN CHIAN KHONG
05 DR LEE KONG TING
06 NG SHIN EIN
07 WONG SU YEN
08 DEREK LAU TIONG SENG

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BOARD OF DIRECTORS

1 LIM MING SEONG 75

Chairman

NON-EXECUTIVE INDEPENDENT DIRECTOR

Mr Lim Ming Seong was appointed as Non-Executive and Independent Director of CSE Global Limited on 17 January 1997 and has been the Board Chairman since then. He was also the Board Chairman of First Resources Limited and a Director of Starhub Limited but has since stepped down from these two companies in 2021. He held various senior positions within the Singapore Technologies (ST) Group from 1986 to 2002, where he left as Group Director. Prior to joining the ST Group, Mr Lim served as the Deputy Secretary with the Ministry of Defence, Singapore.

Date of first appointment as a director
17 January 1997

Date of appointment as Chairman
17 January 1997

Date of last re-election as a director
20 April 2021

Board Committee Membership
Nominating Committee (Chairman)
Compensation Committee (Chairman)
Investment Committee (Chairman)

Academic & Professional Qualification
- Bachelor of Applied Science (Honours) in Mechanical Engineering, University of Toronto
- Diploma in Business Administration, Former University of Singapore
- Advance Management Programs conducted by INSEAD and Harvard Business School
- Fellow, Institute of Engineers Singapore
- Fellow, Singapore Institute of Directors

Present Directorship
CSE Global Limited
U Mobile Sdn Bhd
Amplus Communication Pte Ltd
STT Communication Ltd
Singapore Technologies Telemedia Pte Ltd

Present Principal Commitments
Nil

Past Directorship held over the preceding five years
Aegis Medical Care Pte. Ltd.
STT GDC Pte. Ltd.
First Resources Limited
CSE W-Industries, Inc
CSE Icon, Inc.
CSE (Americas) Pte. Ltd.
CSE Global (Americas) Pte. Ltd.
Starhub Limited

Past Principal Commitment held over the preceding five years
Nil

BOARD OF DIRECTORS

2 LIM BOON KHENG 56

Group Managing Director/ Chief Executive Officer

EXECUTIVE DIRECTOR

Mr Lim Boon Kheng joined CSE Global Limited in 1999 as the Group Financial Controller. Prior to that, Mr Lim began his career in 1990 as an accountant with ULC Systems (FE) Pte Ltd. He then joined Singapore Technologies Pte Ltd in 1991 as an accountant and was promoted to various positions in the organisation. He is concurrently the Managing Director of CSE Global (Asia) Pte Ltd.

Date of first appointment as a director
13 August 2013

Date of last re-election as a director
20 April 2022

Board Committee Membership
Investment Committee (Member)

Academic & Professional Qualification
- Bachelor of Accountancy, National University of Singapore

Present Directorship
CSE Global Limited
Astib Group Pty Ltd (Australia)
Blackstar Services, LLC (United States)
CC American Oilfield, LLC (United States)
Converge Resources, Inc (United States)
CSE (Americas) Pte Ltd
CSE (Americas), Inc (United States)
CSE Communications & Security Pte Ltd
CSE Communications & Security Sdn Bhd (Malaysia)
CSE Crosscom (International) Pte Ltd
CSE Crosscom Pty Ltd (Australia)
CSE Crosscom UK Limited (United Kingdom)
CSE EIS Pte Ltd
CSE Global (Americas) Pte Ltd
CSE Global (Asia) Pte Ltd
CSE ICON, Inc (United States)
CSE New Zealand Ltd (New Zealand)
CSE Systems & Engineering (India) Private Limited (India)
CSE Transtel India Private Limited (India)
CSE W-Industries, Inc (United States)
CSE-Comsource Pty Ltd (Australia)
CSE-EIS (Malaysia) Sdn Bhd (Malaysia)
CSE-Global (Australia) Pty Ltd (Australia)
CSE-Hankin (Singapore) Pte Ltd
CSE-Hankin Inc (United States)
CSE-IAP Pte Ltd
CSE-ITS Pte Ltd
CSE-Transtel Pty Ltd (Australia)
CSE Technologies Pte. Ltd.
CSE-Uniserve Corporation Pty Ltd (Australia)
CSE-Uniserve Pty Ltd (Australia)
Gulf Coast Power & Control of Louisiana, LLC (United States)
Transtel Engineering (Tianjin) Co Ltd (China)
Transtel Engineering (Nigeria) Ltd (Nigeria)
Transtel Engineering PNG Limited (Papua New Guinea)
Volta Properties, LLC (United States)
Volta Services, LLC (America)
Volta Technologies, LLC (America)
Volta,LLC (United States)
W-Industries of Louisiana, LLC (United States)
W-Industries of Texas, LLC (United States)

Present Principal Commitments
Group Managing Director/Chief Executive Officer, CSE Global Limited

Past Directorship held over the preceding five years
Transtel Engineering Thailand Ltd (Thailand)

Past Principal Commitment held over the preceding five years
Nil

BOARD OF DIRECTORS

3 SIN BOON ANN 65
NON-EXECUTIVE INDEPENDENT DIRECTOR

Mr Sin Boon Ann joined Drew & Napier LLC in 1992. He was the Deputy Managing Director of Drew & Napier's Corporate and Finance Department and the Cohead of the Capital Markets Practice before he retired to be a consultant with the firm in March 2018. Prior to joining Drew & Napier LLC, Mr Sin taught at the Faculty of Law of National University of Singapore from 1987 to 1992. Mr Sin was a Member of Parliament for Tampines Group Representation Constituency (GRC) from 1996 to 2011.

Date of first appointment as a director
13 May 2002

Date of last re-election as a director
20 April 2021

Board Committee Membership
Nominating Committee (Member)
Compensation Committee (Member)

Academic & Professional Qualification
- Bachelor of Arts and Bachelor of Laws (Honours) Degrees, National University of Singapore
- Master of Laws, University of London
- Member of the Academy of Law
- Member of Law Society of Singapore

Present Directorship
CSE Global Limited
Balkan Holdings Pte. Ltd.
Healthway Medical Corporation Limited
The Farrer Park Company Pte. Ltd.
W Capital Markets Pte. Ltd.
TIH Limited
Esseplore Pte. Ltd.
Singapore Centre for Social Enterprise Ltd. (raiSE)
Rex International Holding Limited
OUE Limited
Tampines Central Community Foundation Limited
Sarine Technologies Ltd
The Trendlines Group Ltd
At-Sunrice (Holdings) Pte. Ltd.

Present Principal Commitments
Consultant, Drew & Napier LLC

Past Directorship held over the preceding five years
At-Sunrice Global Chef Academy Pte. Ltd.
Datapulse Technology Limited
DrewCorp Services Pte Ltd
Drew & Napier LLC
HRnetGroup Limited
SE Hub Ltd.

Past Principal Commitment held over the preceding five years
Director, Drew & Napier LLC

BOARD OF DIRECTORS

4 TAN CHIAN KHONG 67
NON-EXECUTIVE INDEPENDENT DIRECTOR

Mr Tan Chian Khong has approximately 35 years of experience in the audit industry in Singapore. He joined Ernst & Young LLP (then known as Turquands Ernst & Whinney) in 1981 and was a partner for 20 years until his retirement in June 2016.

Date of first appointment as a director
19 February 2019

Date of last re-election as a director
20 April 2022

Board Committee Membership
Audit and Risk Committee (Chairman)
Nominating Committee (Member)

Academic & Professional Qualification
- Bachelor of Accountancy, National University of Singapore
- Master of Business Administration, University of South Australia
- Master of International Environmental Management, University of Adelaide
- Member of the American Institute of Certified Public Accountants
- Fellow, Institute of Singapore Chartered Accountants
- Fellow, CPA Australia

Present Directorship
CSE Global Limited
SMRT Corporation Ltd
Alliance Bank Malaysia Berhad
Hong Leong Asia Ltd
The Straits Trading Company Limited
Gambling Regulatory Authority of Singapore
Trailblazer Foundation Ltd
Banyan Tree Holdings Limited

Present Principal Commitments
Nil

Past Directorship held over the preceding five years
Xinghua Port Holdings Ltd.
Temenggong Artists-in-Residence Ltd
AAS@217 East Coast Road Pte Ltd
Automobile Association of Singapore
Alliance Financial Group Berhad

Past Principal Commitment held over the preceding five years
Nil

5 DR LEE KONG TING 75
NON-EXECUTIVE INDEPENDENT DIRECTOR

Dr Lee Kong Ting has been very active in the Process & Control industries for more than 40 years. He served 2 global companies in his working career during this period. He first served 23 years in The Foxboro Company USA, now is a Schneider Electric Company. The last position he held was Group President/Managing Director for Asia Pacific and he was in that position for 10 years.

Subsequently, he joined Yokogawa as Group President/ MD for Asia Pacific and was then promoted to President & CEO of Yokogawa Electric International in charge of Global business outside Japan. In the same period, he was a Vice President and a Board Member of Management Board of Yokogawa Electric Corporation Japan. He was Chairman/Director of all Yokogawa Regional Headquarters globally including Europe, Americas, China, Russia, Australia and Asia Pacific during the same period. The last position he held was Consultant/Advisor for the Yokogawa Corporate Headquarters, and he was with Yokogawa for almost 20 years.

Date of first appointment as a director
1 February 2017

Date of last re-election as a director
20 April 2022

Board Committee Membership
Audit and Risk Committee (Member)
Compensation Committee (Member)

Academic & Professional Qualification
- Bachelor of Science in Electrical and Electronic Engineering, National Taiwan University
- Master of Science and PhD, both in Control Engineering, University of Bradford in the United Kingdom
- Chartered Engineer and Member of the Institute of Electrical Engineers in the United Kingdom

Present Directorship
CSE Global Limited

Present Principal Commitments
Nil

Past Directorship held over the preceding five years
Nil

Past Principal Commitment held over the preceding five years
Nil

BOARD OF DIRECTORS

6 NG SHIN EIN 48

NON-EXECUTIVE INDEPENDENT DIRECTOR

Ms Ng Shin Ein was appointed to the Board in July 2020 and was last re-elected as a Director in 20 April 2021. She brings with her a blend of legal, finance and diplomatic experience.

Ms Ng is a legally trained private equity entrepreneur and co-founder of Gryphus Capital, a pan-Asian private equity firm. Prior to this, Ms Ng spent a number of years at the Singapore Exchange where she was responsible for developing Singapore's capital market and bringing foreign companies to list in Singapore. Additionally, she was part of the Singapore Exchange's IPO Approval Committee, where she contributed industry perspectives and acted as a conduit between the market and regulators.

Ms Ng Shin Ein was admitted as an advocate and solicitor of the Singapore Supreme Court in 1998 and practiced as a corporate lawyer in Messrs Lee & Lee. Whilst at Messrs Lee & Lee, she advised clients on joint ventures, mergers and acquisitions and fundraisings.

Ms Ng has served on boards of companies listed on Nasdaq, the Singapore Exchange and the Australian Stock Exchange. She has steered some of these companies through their IPOs and seen others through their privatisations. She presently serves on the boards of Grab Holdings Inc, Starhub Limited, Avarga Limited and Singapore Land Group Limited. She is also on the Board of Governors of the Singapore International Foundation.

In 2015, Ms Ng was awarded the Friend of Labour award for her service as a board member of Fairprice.

Apart from corporate boards, Ms Ng serves as Singapore's Non Resident Ambassador to the Republic of Hungary. In 2021, Ms Ng was awarded the Commander's Cross, Order of Merit, the second highest civilian state award of Hungary.

Date of first appointment as a director
1 July 2020

Date of last re-election as a director
20 April 2021

Board Committee Membership
Audit and Risk Committee (Member)

Academic & Professional Qualification
- Degree in Law (LLB Honours), Queen Mary and Westfield College, University of London
- Postgraduate Diploma in Singapore Law, National University of Singapore

Present Directorship*
CSE Global Limited
Grab Holdings Inc
StarHub Ltd
Singapore International Foundation
Avarga Limited
Global Esports Federation
Singapore Land Group Limited

* Listed Companies and Non-Profit organisations

Present Principal Commitments
Investments

Past Directorship held over the preceding five years
Dreamscape Networks Limited
Eu Yan Sang International Ltd
First Resources Ltd
Middle East Institute
NTUC Fairprice Cooperative Limited
Sabana Real Estate Investment Management Ltd
Working Capital Partners Ltd
Yanlord Land Group Limited

Past Principal Commitment held over the preceding five years
Nil

BOARD OF DIRECTORS

7 WONG SU YEN 52
NON-EXECUTIVE INDEPENDENT DIRECTOR

Ms Wong Su Yen brings over 25 years of experience in driving business strategy, strategic talent development, organisational transformation, operations re-design and risk management.

Ms Wong has served on the Boards of several public, private, and not-for-profit organisations in Australia, India, Indonesia, Myanmar, Singapore and the United States. She is the Chairman of the Singapore Institute of Directors, Lead Consultant of Yoma Strategic Holdings Ltd, and also serves on the board of First Resources Ltd and Pegasus Asia.

Previously, Ms Wong was the CEO of the Human Capital Leadership Institute, and prior to that, she was Chairman (Singapore) for Marsh & McLennan Companies and Senior Partner and Managing Director, Southeast Asia at Mercer. Before joining Mercer, she held various roles in leading strategy consulting firm, Oliver Wyman, and was the Asia Managing Partner for the Communications, Information and Entertainment practice.

Date of first appointment as a director
1 July 2020

Date of last re-election as a director
20 April 2021

Board Committee Membership
Compensation Committee (Member)

Academic & Professional Qualification
- Bachelor of Arts (summa cum laude) in Music and Computer Science, Linfield University
- Master of Business Administration, University of North Carolina at Chapel Hill
- Fellow and Chairman, Singapore Institute of Directors
- Member of the Women Corporate Directors
- Member of the Young Presidents' Organisation
- Member of the Australian Institute of Corporate Directors

Present Directorship
CSE Global Limited
First Resources Ltd
Yoma Strategic Holdings Ltd.
PeopleStrong HR Services Pvt. Ltd.
PeopleStrong Pte Ltd
NTUC First Campus
The Teng Ensemble Ltd
National Kidney Foundation
Singapore Institute of Directors
Pegasus Asia
Info-communications Media Development Authority of Singapore

Present Principal Commitments
Bronze Phoenix Pte Ltd

Past Directorship held over the preceding five years
Mediacorp Pte Ltd
CPA Australia
Nera Telecommunications Ltd

Past Principal Commitment held over the preceding five years
Nil

BOARD OF DIRECTORS

8 DEREK LAU TIONG SENG 57

NON-EXECUTIVE NON-INDEPENDENT DIRECTOR

Mr Derek Lau Tiong Seng joined Heliconia as CEO and Board member in April 2013. Prior to that, he was the Managing Director, Investment, with Temasek Holdings. In his 10 years tenor with Temasek, he headed the Industrials Cluster and also served as country head in Vietnam looking after investments in Vietnam, Myanmar, Cambodia and Laos.

Mr Lau has more than a decade of experience in investment banking before joining Temasek. He specialized in mezzanine debt, project finance, leveraged buyout and private equity investments.

Mr Lau is currently a member of the Listings Advisory Committee of Singapore Exchange Limited (SGX), a member of ISEAS-Yusof Ishak Institute's Board of Trustees and a member of the Clinical Governance Board Committee of National Healthcare Group.

Mr Lau holds a Bachelor's degree in Business Administration from the National University of Singapore.

Date of first appointment as a director
22 July 2020

Date of last re-election as a director
20 April 2021

Board Committee Membership
Investment Committee (Member)
Nominating Committee (Member)

Academic & Professional Qualification
- Bachelor of Business Administration, National University of Singapore
- Royal Military Academy, Sandhurst (UK)

Present Directorship
Orchid 1 Investments Pte. Ltd.
Heliconia Capital Management Pte. Ltd.
Orchid 2 Investments Pte. Ltd.
Vanda 1 Investments Pte. Ltd.
Heliconia Holdings Pte. Ltd
Encyclia 1 Investments Pte Ltd
Encyclia 2 Investments Pte Ltd
Orchid 3 Investments VCC
Ivy 2 Investments VCC
CSE Global Limited
Heliconia GP I Pte. Ltd.
Gerbera 1 Investments VCC
Vanda Generation Pte. Ltd.
VG Fund Investments Pte. Ltd.
VG Equity Pte. Ltd.

Present Principal Commitments
Chief Executive Officer, Heliconia Capital Management Pte. Ltd.

Past Directorship held over the preceding five years
CPG Corporation Pte Ltd
Group One Holdings Pte. Ltd.
Singapore Institute of Directors
Singapore Cooperation Enterprise
The UWCSEAS Foundation Limited
Ivy 1 Investments VCC

Past Principal Commitment held over the preceding five years
Nil

KEY MANAGEMENT

EDDIE FOO, 51

Mr Eddie Foo is the Group Chief Financial Officer of the Company. Mr Foo is responsible for the Group's overall financial strategy and management, corporate finance and treasury management, tax and investor relations. Mr Foo has over 25 years of financial management, corporate finance and merger and acquisitions experience in listed and multinational companies. Prior to joining CSE Global, Mr Foo was the Group CFO of ECS Holdings Limited, a public listed company on SGX. Mr Foo holds a Bachelor degree in Accountancy from the Nanyang Technological University and is both an Australian registered Certified Public Accountant and a Chartered Accountant registered with the Institute of Singapore Chartered Accountants.

ROY ROWE, 65

Mr Rowe was appointed as the Chief Executive Officer of the CSE Global Australian and New Zealand operations in 2011. Roy has over 30 years of experience working in the mining, oil and gas, construction and infrastructure industries delivering products, engineering, project management and integration solutions. Roy's experience includes delivering major construction projects and managing international engineering and construction organisations throughout Australia and the Asia region.

DONNIE SMITH, 50

Mr Smith was appointed as the Chief Executive Officer of CSE Americas Inc. in May 2018 and is concurrently the President and Chief Operating Officer of CSE W-Industries of Louisiana, a wholly owned subsidiary company of CSE Global Ltd since November 2014. Mr Smith has over 25 years of Upstream Oil & Gas experience, including his 13 years' working experience from 2005 to 2018 as President and Operations Manager of Control Concepts & Technology, a CSE W-Industries company.

LEONG SAY HAUR, 63

Mr Leong is the Chief Operating Officer of the Company, with overall strategic and business operational responsibility for CSE-ITS, CSE-IAP, CSE-EIS and CSE Communications & Security Pte Ltd. Mr Leong joined CSE Communications & Security Pte Ltd as Managing Director in July 2013. His career experience spans 33 years with leading US technology firms and a decade with locally listed company dealing in oil & gas, telecommunications, banking, defence, security, plus consulting & integration services. Mr Leong was also a board member (2005-2011) and Deputy Chairman (2009-2011) of IPOS (Intellectual Property of Singapore). He holds a Bachelor of Arts (Economic & Finance) from University of Western Ontario, Canada.

SCALABILITY WITH AGILITY

We are determined to take advantage of new growth opportunities through strategic acquisitions to ride on emerging trends towards urbanization, electrification, and decarbonisation.

OUR BUSINESS

PROCESS CONTROL SYSTEM

CSE provides process control solutions that utilise supervisory control and data acquisition systems (SCADA), distributed control systems (DCS), programmable logic controllers (PLCs), motors, drives and plant transducers. Many of our mission critical solutions are used in highly integrity environments such as oil & gas, power and nuclear installations, with client processes being wholly dependent on the control system.

SAFETY SHUTDOWN SYSTEM

CSE has been providing safety critical solutions for nearly 30 years. During this time our expertise has been applied to oil, gas and power facilities where we have supplied the following systems:

- Emergency Shutdown Systems
- Process Shutdown Systems
- Integrated Control & Safety Systems

CSE has supplied many different types of safety critical systems utilising a range of technologies from relays and solid state (hardwired systems) through to redundant PLC, DCS and TMR system architecture (software based systems). Over time, these systems have evolved with advances in both the technology and the methods of implementation and validation. Our safety critical systems are implemented to ensure protection of plant and personnel in potentially hazardous environments

FIRE & GAS DETECTION SYSTEM

Fire and Gas Detection systems are of paramount importance to project plant, production and personnel. CSE specialises in the provision and implementation of high integrity fire and gas detection systems to significantly reduce the risk of incidents.

CSE offers a range of solutions to monitor combustible gas, toxic gas, smoke and fire through the production facility, and provide control action for suppression, alarming and process shutdown.

SCADA

Recognised as one of the market leaders, CSE has supplied SCADA (Supervisory Control & Data Acquisition) systems to a wide range of industries through the world. CSE's SCADA system integrates a real time database with business systems to provide totally managed asset-base solutions and automated predictive based decisions.

WELLHEAD CONTROL SYSTEM

CSE provides hydraulic and/or pneumatic solutions to control dry wellhead valves and flowlines, in single or multi-headed wellhead systems. The wellhead control panel logic is often interfaced to and/or controlled by the facility safety system.

SUBSEA CONTROL SYSTEM

CSE has been providing Subsea Control systems since 1995 and is known as one of the premier suppliers of Subsea control systems around the world, especially in the Western hemisphere.

Our products and services are installed on production facilities as well as on drilling rigs and include:

- Engineering FEED and Interface Management service provided to Subsea Equipment Vendors and Operators
- Master Control Station (MCS): PLC-based control system that monitors and controls the entire subsea field and interfaces it with the facility Control and Safety system and Historian.
- Hydraulic Power Unit (HPU): HPU skid is responsible for providing reliable and clean hydraulic fluid at high pressures to the subsea controllers/actuators.

OUR BUSINESS

- Topsides Umbilical Termination Assembly (TUTA): Interfaces the subsea umbilical with all topsides controls, utilities, and Chemical Injection lines.
- Intervention and Workover Control System (IWOCS): This typically includes HPU and Operator cabin designed to be deployed in harsh hazardous area on the drilling rigs along with all the associated Subsea control panels such as the MCS and EPU.
- Fully managed Maintenance and life-of-the-field support contracts.

PROCESS SKID SYSTEM

CSE's chemical injection system, which consists of the skid assembly housing pumps, reservoirs, measurement and control devices and distribution circuitry, is used to disperse a wide array of treatment chemical into the production flow lines. Chemical injection is most often applied to subsea wellheads on offshore facilities.

ELECTRICAL DRIVE AND HIGH/MEDIUM VOLTAGE SYSTEMS

CSE's power conversion business incorporates various types of electrical control equipment including low/medium voltage variable speed drives and solid state soft starters, slip energy recovery drives and liquid resistance starters, all centred around the starting, running and electronic speed control of low, medium and high electric motors.

ELECTRICAL PROTECTION AND CONTROL SYSTEM

The protection system mainly deploys the GE Multilin range of products which cover motor protection, feeder protection, line protection, transformer protection and generator protection The offerings include industrial network and network security design and implementation to protect real-time process control and SCADA systems of critical infrastructure systems.

REAL-TIME INFORMATION SYSTEM

CSE provides a range of Real-time Information Systems (RtIS) solutions and services that are used by customers worldwide in the monitoring, analysis, automation and optimisation of their production processes. These RtIS solutions deliver timely and accurate plant information to the desktops of personnel in various disciplines, such as operations, process, engineering, maintenance and quality, thereby ensuring that informed business decisions are made in real time.

INTELLIGENT TRANSPORT SYSTEM (ITS)

Intelligent Transport System (ITS) is an application of advanced technologies such as electronics, communication, control and information technology for the benefit for more effective transportation. CSE has built up and established its competency and capability to provide intelligent transportation solutions such as:

- Electronic Road Pricing System (Congestion Charging)
- Electronic Toll Collection System
- Motorway and Tunnel Management System
- Urban Traffic Control System
- Communication Backbone System
- Electronic Information Display System

I&E CONSTRUCTION

I&E Construction is performed in offshore fabrication yards and offshore sites. It consists of installing the facility electrical power distribution cabling, control system cabling, fire & gas detection system and cabling, lighting system communication network and cabling, and instrumentation tubing systems. Commissioning, calibration services and commissioning services are also included.

MULTIPLE HEARTH FURNACE

CSE's Multiple Hearth Furnace is a fully developed product which has established market recognition and product acceptance in municipal and industrial markets. The multi hearth is extremely flexible making it highly advantageous for use in several thermal processing areas, including wastewater treatment, carbon regeneration, carbon activation, drying, roasting, calcining and reduction.

FLUID BED INCINERATOR

The fluid bed incinerator provides an environmentally sound method of reducing wastewater sludge, hazardous wastes and liquid wastes to a sterile, insert ash. Typically the ash is approximately 5% of the volume of feed, significantly extending the life of existing landfill and reducing the cost of their operation.

CARBON AND ENERGY RECOVERY SYSTEMS

CSE combines state-of-the-art carbonisation, activation, waste heat recovery and power generation technologies to provide a sustainable solution for production of wood lump charcoal, activated carbon and electricity.

ROTARY KILN INCINERATOR

The rotary kiln incinerator is a horizontal refractory-lined steel chamber which rotates on a slight incline and is capable of incinerating a wide variety of hazardous and non hazardous waste materials. The rotary kiln can accept a wide variety of wastes such as containerised solids, bulk solids, drums, contaminated soils, spent catalysts, in addition to sludges and liquids.

OUR BUSINESS

COMMUNICATION & SECURITY

CSE has the capability to design communications network system solutions

CSE provides communications solutions for demanding environments and put the technology in place to ensure safety, improve performance and maintain critical operations.

Partnering with the world's most advanced technology manufacturers, our communications system integration boosts workforce, asset and project capabilities with voice and data technologies, GPS monitoring, text and image capture, video transmission, asset management, fleet tracking and more.

TWO-WAY RADIO COMMUNICATIONS

CSE designs, installs and maintains two-way radio communications for both permanent and temporary locations. Its solutions offerings range from equipment rental, service and maintenance through to turnkey system design and management. CSE's two-way radio systems offer the latest in personnel safety management and personnel tracking, location and "man down" alert systems.

VSAT SATELLITE COMMUNICATIONS NETWORKS

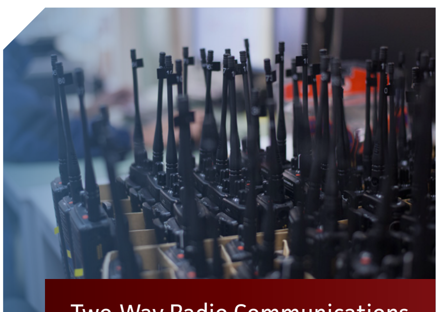
VSAT satellite systems are typically used in remote areas where conventional telecommunications are not accessible, or to backup other communications to form high reliability networks. The systems can be scaled to provide complete corporate facilities or only emergency fallback. CSE can provide VSAT systems for voice, data, remote monitoring and video conferencing. We can also provide the bandwidth or space segment required for a complete turnkey solution.

FIBRE OPTIC SYSTEMS

Fibre optic networks offer the highest throughput of all commonly used forms of communications. The networks are also more secure and reliable than copper or wireless networks. CSE has the capability to design, construct and commission fibre optic networks for hazardous and industrial applications.

MICROWAVE RADIO SYSTEMS

Microwave radio systems can provide point-to-point or point-to-multipoint communications. CSE provides complete system engineering for microwave systems. Our services include, site surveys, path analysis, spectrum planning, equipment recommendations and construction. Our system design can also incorporate solar and emergency diesel power as well as structural analysis and construction of towers.



Two-Way Radio Communications

OUR BUSINESS

CONVENTIONAL & TRUNKED RADIO SYSTEMS

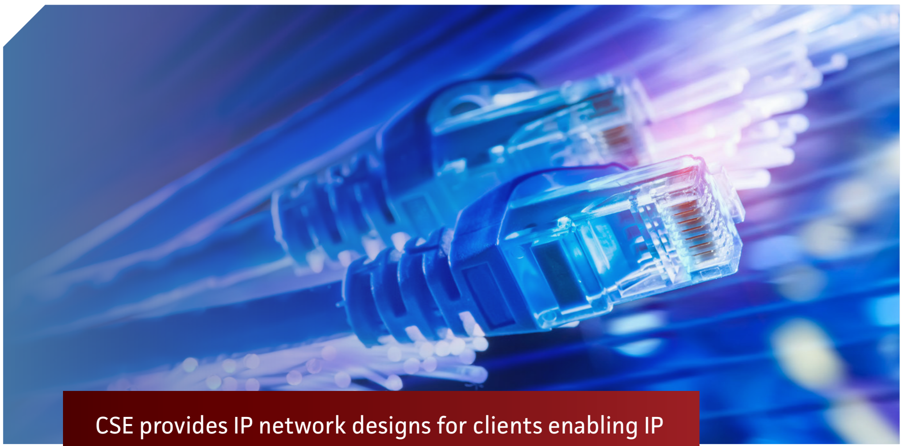
Conventional two-way radio networks have evolved into complex digital trunked systems providing highly reliable, secure communications that can be delivered across a single site, along a corridor hundreds of kilometres long, through an underground tunnel or even linking multiple sites. These systems not only provide two-way voice communications but are now an integral part of companies OH&S policy, providing GPS tracking, man down emergency alarm and many other features including wireless data messaging. CSE has many years of experience in this area having designed, constructed and commissioned both analogue and digital trunked radio systems (TETRA and APC025) that now support many thousands of terminals.

PUBLIC ADDRESS & GENERAL ALARM SYSTEMS (PAGA)

These are essential safety systems which alert personnel within a plant in the event of an emergency. CSE builds and engineers the systems to individual client requirements as this may require integrating the PAGA system with many different legacy plant systems. As part of the design work, CSE can also perform sound analysis and coverage studies to ensure audible, clear sound coverage is achieved in all areas where personnel need to be alerted.

CCTV, ACCESS CONTROL & FIDS SYSTEMS

CSE can provide high-quality CCTV systems designed for remote monitoring of plant and equipment as well as providing surveillance for security applications. Our systems are designed to comply with the highest intrinsic safety and security requirements for operating in environments where security is of paramount importance.



CSE provides IP network designs for clients enabling IP devices to communicate with other devices.

TELEPHONE NETWORKS

Plant-wide telephone networks connected to, or integrated with, large corporate telephony networks are essential infrastructure for almost all industrial plants. As part of our overall solutions, CSE can work with clients to design telephony systems for greenfield sites incorporating the latest IP technology or integrate legacy TDM or circuit switched technology into new networks.

LAN/WAN NETWORKS

Local and wide area networks are the key to underlying infrastructure required to support plant-wide data communications.

They enable computers and other devices to communicate with servers, company intranets and the internet. CSE provides design and construction services for LAN and WAN networks using fibre, copper, wireless or combinations of these mediums. CSE works with clients to ensure the design is engineered to meet their reliability requirements, this may include multiple levels of-redundancy, fire resistant materials, etc.

IP-BASED NETWORKS

IP (Internet Protocol) is the dominant standard used by almost all equipment vendors as the default communications protocol. CSE provides IP network designs for clients enabling IP devices to communicate with other devices while protecting them from unauthorised access. The network design can incorporate automatic failover switching, remote monitoring and traffic reporting.

SCADA & TELEMETRY NETWORKS

CSE understands the special requirements for SCADA and Telemetry networks. While these networks are rapidly moving to a common IP protocol they still require a higher level of engineering than corporate data networks. CSE has a sound record in the design and construction of high reliability SCADA/Telemetry networks, including the integration of legacy serial systems with IP-based systems.

GROUP STRUCTURE

CSE

- **CSE GLOBAL (AMERICAS) PTE LTD** (SINGAPORE) 100%
  - CSE (Americas) Pte Ltd (Singapore) 100%
    - CSE (Americas), Inc (United States) 100%
      - CSE ICON, Inc (United States) 100%
    - CSE W-Industries, Inc (United States) 100%
      - W-Industries of Texas, LLC (United States) 100%
      - W-Industries of Louisiana, LLC (United States) 100%
      - Volta, LLC (United States) 100%
    - Industrias W de Mexico, S.A. de C.V. (Mexico) 100%
  - 50% | 50%: CSE W-Industries De Mexico, S. de R.L. de C.V. (Mexico) 100%
  - Converge Resources, Inc (United States) 70%
- **CSE CROSSCOM (INTERNATIONAL) PTE LTD** (SINGAPORE) 100%
  - CSE Crosscom UK Limited (United Kingdom) 100%
    - CSE Crosscom Limited (United Kingdom) 100%
    - Zycomm Electronics Limited (United Kingdom) 100%
    - Radiotek Limited (United Kingdom) 100%
    - DTS.Solutions (U.K.) Ltd. (United Kingdom) 100%
  - CSE Crosscom USA, Inc (United States) 100%
    - Radio One, Inc* (United States) 100%
    - Communication Service Co.* (United States) 100%
- **CSE TECHNOLOGIES PTE LTD** (SINGAPORE) 100%
  - Logic Wireless Holdings Limited (New Zealand) 100%
    - Logic Wireless Limited (New Zealand) 100%
  - Logic Wireless Holdings Pty Ltd (Australia) 100%
    - Logic Wireless Pty Ltd (Australia) 100%
  - Logic Wireless Europe Limited (United Kingdom) 100%
- **CSE-GLOBAL (AUSTRALIA) PTY LTD** (AUSTRALIA) 100%
  - CSE-Uniserve Corporation Pty Ltd (Australia) 100%
    - CSE-Uniserve Pty Ltd (Australia) 100%
    - CSE New Zealand Ltd (New Zealand) 100%
  - CSE Crosscom Pty Ltd (Australia) 100%
    - RCS Telecommunications Pty Ltd (Australia) 100%
    - Gambier Electronics Pty Ltd (Australia) 100%
    - General Communications Pty Ltd (Australia) 100%
  - Astib Group Pty Ltd (Australia) 100%
  - Orionet Limited (New Zealand) 100%
- 60%: **CSE-HANKIN (CHINA) CO., LTD** (CHINA) 100% (40% held by CSE Global (Asia) Pte Ltd)
- **CSE GLOBAL (ASIA) PTE LTD** (SINGAPORE) 100%
  - CSE-ITS Pte Ltd (Singapore) 100%
  - CSE-Hankin (Singapore) Pte Ltd 100%
    - CSE-Hankin Inc (United States) 100%
    - CSE-Hankin (Taiwan) Ltd (Taiwan) 90%
  - CSE-IAP Pte Ltd (Singapore) 100%
  - CSE-EIS Pte Ltd (Singapore) 100%
  - CSE-EIS (Malaysia) Sdn Bhd (Malaysia) 100%
  - 90%: **CSE SYSTEMS & ENGINEERING (INDIA) PRIVATE LIMITED** (INDIA) 100%
- 10%: **CSE SYSTEMS & ENGINEERING (INDIA) PRIVATE LIMITED** (INDIA) 100%
- **CSE COMMUNICATIONS & SECURITY PTE LTD** (SINGAPORE) 100%
  - P.T. Communications & Security (Indonesia) 100%

* In January 2023, the Group has completed the acquisition of the acquisition in Radio One, Inc and Communications Service Co.

CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive

Lim Boon Kheng (Group Managing Director)

Non-Executive

Lim Ming Seong (Chairman, Independent)
Sin Boon Ann (Independent)
Dr Lee Kong Ting (Independent)
Tan Chian Khong (Independent)
Ng Shin Ein (Independent)
Wong Su Yen (Independent)
Derek Lau Tiong Seng (Non-Independent)

AUDIT AND RISK COMMITTEE

Tan Chian Khong (Chairman)
Dr Lee Kong Ting
Ng Shin Ein

NOMINATING COMMITTEE

Lim Ming Seong (Chairman)
Tan Chian Khong
Sin Boon Ann
Derek Lau Tiong Seng

COMPENSATION COMMITTEE

Lim Ming Seong (Chairman)
Dr Lee Kong Ting
Sin Boon Ann
Wong Su Yen

INVESTMENT COMMITTEE

Lim Ming Seong (Chairman)
Lim Boon Kheng
Derek Lau Tiong Seng

COMPANY SECRETARY

Eunice Hooi Lai Fann
(Appointed on 1 March 2023)

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Audit Partner-in-charge :
Andrew Tan Chwee Peng
(since financial year ended 31 December 2020)

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Bank of East Asia Ltd
BNP Paribas, Singapore Branch
CIMB Bank Berhad
Citibank Singapore Limited
CTBC Bank Co., Ltd
DBS Bank Limited
Oversea-Chinese Banking Corporation Limited
Qatar National Bank
RHB Bank Berhad
Sumitomo Mitsui Banking Corporation
Taipei Fubon Commercial Bank
The Hong Kong and Shanghai Banking Corporation Limited
United Overseas Bank Limited

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Control Concepts & Technologies – Bosco
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Radio One, Inc *
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Miguel Hidalgo
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México
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* **In January 2023, the Group has completed the acquisition of Radio One, Inc and Communications Service Co.**

GROWING THROUGH ACQUISITIONS

We are actively seeking value-accretive and strategic acquisitions to reshape and grow our business, in order to achieve a diversified and sustainable income stream.

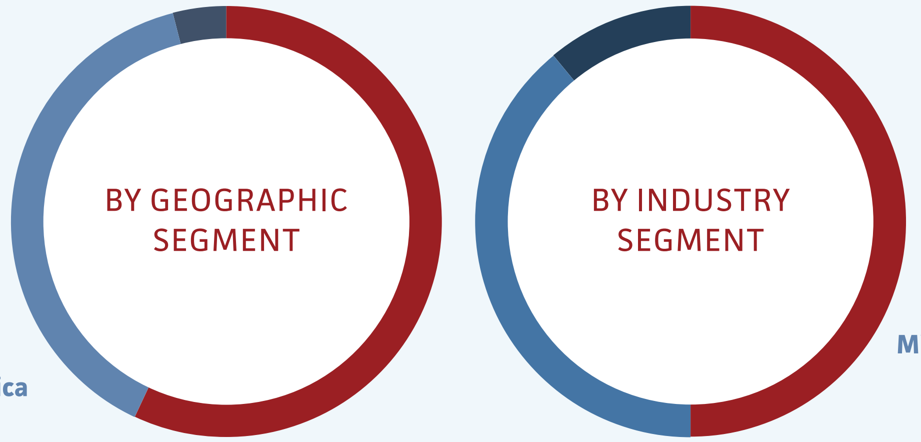
FINANCIAL HIGHLIGHTS

REVENUE BREAKDOWN

Americas
57.3%
$319.7M

Asia Pacific
39.2%
$218.6M

Europe/
Middle East/Africa
3.5%
$19.4M



Energy
49.6%
$276.8M

Infrastructure
39.3%
$219.3M

Mining & Minerals
11.1%
$61.6M

REVENUE
$557.7M
2021 : $468.7M
+19.0%

NET PROFIT
$4.8M
2021 : $15.0M
-68.2%

EARNINGS PER SHARE
0.89¢
2021 : 2.82¢
-68.4%

CASH FLOW FROM OPERATIONS
$9.1M
2021 : $36.3M
-75.0%

DIVIDEND PER SHARE
2.75¢
2021 : 2.75¢
0.0%

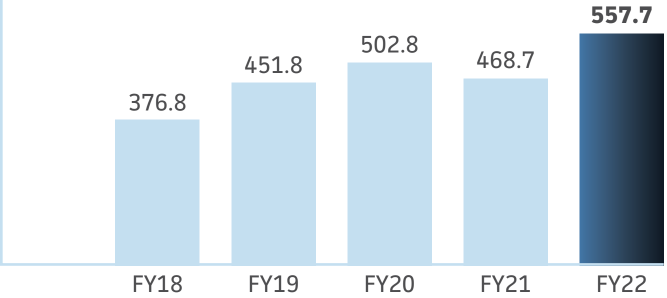
RETURN ON EQUITY
2.2%
2021 : 7.8%
-5.6p.p

ORDER INTAKE
$808.4M
2021 : $462.1M
+74.9%

ORDER BOOK
$480.1M
2021 : $229.4M
+109.3%

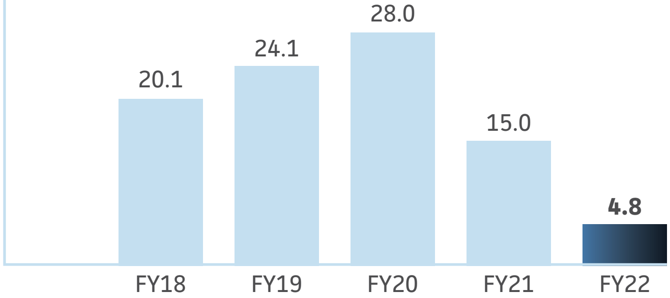
▲ REVENUE
(S$'Million)

557.7



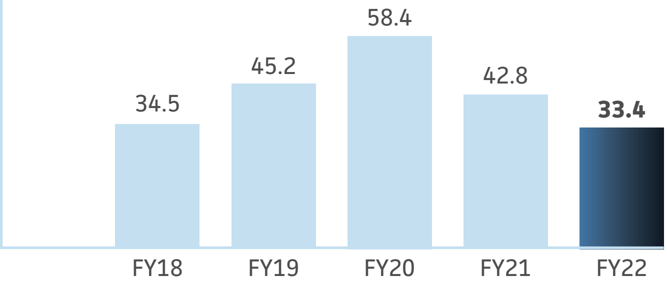
PROFIT ATTRIBUTABLE TO SHAREHOLDERS
(S$'Million)

4.8



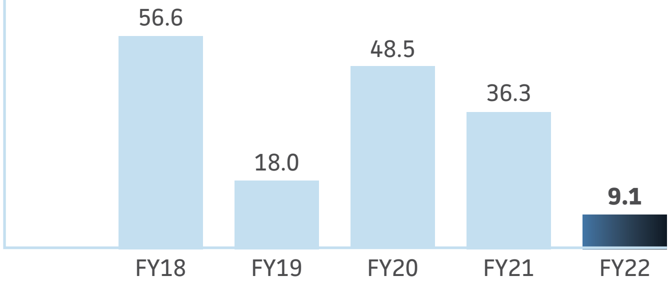
▲ EBITDA
(S$'Million)

33.4



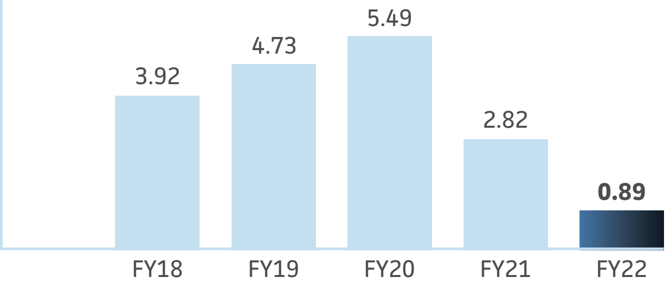
CASH FROM OPERATIONS
(S$'Million)

9.1



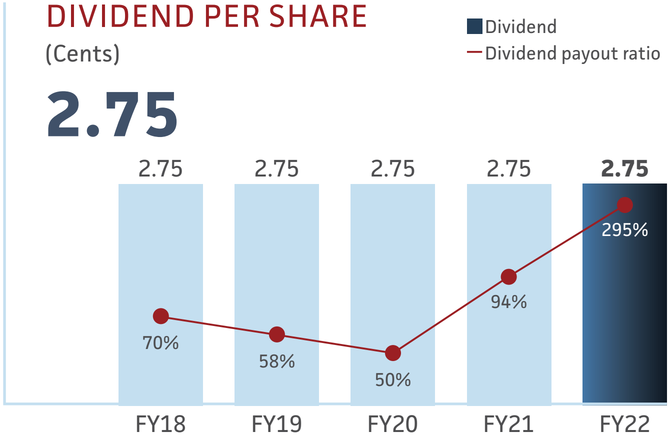
EARNINGS PER SHARE*
(Cents)

0.89



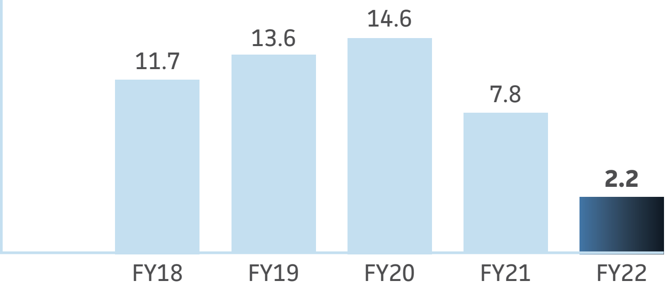
DIVIDEND PER SHARE
(Cents)

2.75



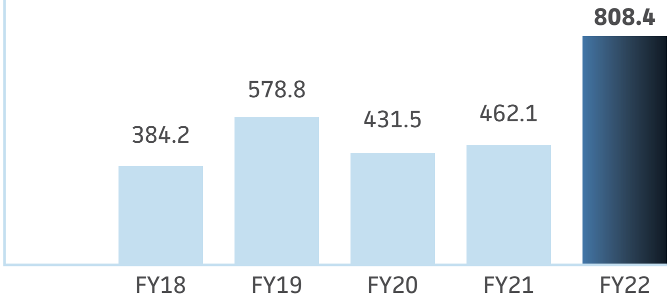
RETURN ON EQUITY
(%)

2.2



▲ ORDER INTAKE
(S$' Million)

808.4



▲ Turnover, EBITDA and order intake prior to FY19 include discontinued operation.

* Earnings per share for FY21 have been restated by applying a bonus factor for the right issues, in accordance with SFRS(I)1-33 Earnings per Share. Earnings per share for FY18 to FY20 were not restated.

OPERATIONS AND FINANCIAL OVERVIEW

S$'000	2022	2021	Change 2022 %
Revenue	557,699	468,661	19.0%
Gross profit	146,184	135,877	7.6%
Operating expenses	138,043	115,866	19.1%
Earnings before interest and tax (EBIT)	13,575	22,306	-39.1%
Earnings before interest, tax, depreciation and amortisation (EBITDA)	33,400	42,789	-21.9%
Net profit attributable to equity owners of the Company	4,769	15,003	-68.2%
Total assets	493,660	397,515	24.2%
Cash and bank balances	34,211	46,510	-26.4%
Loans and borrowings	106,415	95,385	11.6%
Net (debt)/ cash	(72,204)	(48,875)	47.7%
Shareholders' funds	212,301	192,043	10.5%
Earnings per share (cents)	0.89	2.82	-68.4%
Net assets value per share (cents)	34.53	37.48	-7.9%
Net cash generated from operations	9,086	36,288	-75.0%
Order intake	808,361	462,065	74.9%
Order book	480,063	229,401	109.3%

S$'000	Revenue			EBIT		
Geographic Segment	**2022**	**2021**	**Variance %**	**2022**	**2021**	**Variance %**
Americas	319,701	272,203	17.4%	(10,681)	1,126	N.M
Asia Pacific	218,585	184,284	18.6%	22,235	20,434	8.8%
Europe/Middle East/Africa	19,413	12,174	59.5%	2,021	746	170.9%
Total	**557,699**	**468,661**	**19.0%**	**13,575**	**22,306**	**-39.1%**
Industry Segment	**2022**	**2021**	**Variance %**	**2022**	**2021**	**Variance %**
Energy	276,786	277,324	-0.2%	(3,272)	3,069	N.M
Infrastructure	219,345	143,552	52.8%	12,435	15,955	-22.1%
Mining & Minerals	61,568	47,785	28.8%	4,412	3,282	34.4%
Total	**557,699**	**468,661**	**19.0%**	**13,575**	**22,306**	**-39.1%**

OPERATIONS AND FINANCIAL OVERVIEW

REVENUE	GROSS PROFIT	EARNINGS BEFORE INTEREST AND TAX (EBIT)
$557.7M	$146.2M	$13.6M
2021 : $468.7M	2021 : $135.9M	2021 : $22.3M
+19.0%	+7.6%	-39.1%

REVENUE

Group revenues in FY2022 increased by 19.0% to S$557.7 million as compared to FY2021 S$468.7 million, mainly attributable to growth in infrastructure project revenues in Australia and the Americas region.

EARNINGS

In line with higher revenues, gross profit increased by S$10.3 million or 7.6% year-on-year to S$146.2 million. Gross margin decreased by 2.8% to 26.2% in FY2022, impacted by increase in project execution costs due to supply chain disruptions and cost overruns from some projects resulting in lower gross margin, particularly in the Americas region.

The Group restructured a business division in USA in line with periodic reviews of its various business operations around the world. Post-exercise, a one-off restructuring cost of S$1.3 million was incurred in order to focus on profitable income streams for the future. The Group also recorded a loss of S$5.9 million in FY2022 due to cost overruns in two projects, whereby the costs to execute these were under-accounted for. These factors, together with an overall increase in operating expenses offsetted by higher gain on disposal of property, plant and equipment of S$4.4 million, led to a 21.9% decrease in earnings before interest, tax, depreciation and amortisation ("EBITDA") for the year.

The Group recognised higher interest costs of S$2.7 million year-on-year, offsetted by lower tax expense of S$1.1 million. Consequently, net profit attributable to equity of the Company decreased by 68.2% year-on-year to S$4.8 million in FY2022 from S$15.0 million in FY2021.

PERFORMANCE OF GEOGRAPHICAL SEGMENTS

In FY2022, the geographical regions of the Americas, Asia Pacific and EMEA contributed 57.3%, 39.2% and 3.5% to revenue respectively.

The Americas region registered a 17.4% increase in revenue for FY2022 of S$319.7 million as compared to FY2021 of S$272.2 million, mainly attributed to higher project and time and material revenue achieved. Despite higher revenue achieved in FY2022, the Americas region reported a loss before interest and tax of S$10.7 million as a result of increased costs of project execution from supply chain disruptions and cost overruns from certain projects which resulted in lower gross margin, and higher operating and sales costs of S$9.3 million, offsetted by a gain of disposal of property, plant and equipment of S$4.0 million.

The Asia Pacific region reported a strong growth of 18.6% in FY2022 revenue to S$218.6 million, due to higher mining & mineral and infrastructure project revenue in Australia. In line with growth in revenue, earnings before interest and tax ("EBIT") rose by 8.8% year-on-year to S$22.2 million.

The EMEA region registered a 59.5% increase in revenues from S$12.2 million in FY2021 to S$19.4 million in FY2022 mainly due to contributions from new acquisitions in United Kingdom and hence, an improvement in EBIT to S$2.0 million.

PERFORMANCE OF INDUSTRY SEGMENTS

In FY2022, the Energy sector remained the largest revenue contributor with a share of 49.6% over total revenue, the Infrastructure sector's revenue share increased to 39.3% for FY2022 while the Mining & Minerals sector's revenue share registered 11.1% share of total revenue.

The revenue in the Energy sector declined marginally by 0.2% from S$277.3 million in FY2021 to S$276.8 in FY2022, mainly attributed to lower large project revenues recognised in the Americas region offsetted by higher new smaller greenfield project and time and material revenues. The Energy's sector loss before interest and tax was S$3.3 million resulting from unfavourable sales mix of project revenues at lower gross margin.

OPERATIONS AND FINANCIAL OVERVIEW

The Infrastructure sector's revenue improved by 52.8% year-on-year from S$143.6 million in FY2021 to S$219.3 million in FY2022, mainly driven by higher revenue contributions across all key geographies in Australia, Singapore, United Kingdom and USA. Though Infrastructure sector's revenue was higher in FY2022, the growth in its EBIT was mitigated by lower profitability for infrastructure projects in USA and Australia as well as lower JSS grant income. As a result, EBIT for the Infrastructure sector decreased by 22.1% to S$12.4 million from S$16.0 million in FY2021.

Mining & Minerals revenues increased by 28.8% year-on-year, as projects are progressing and Covid-19 restrictions have eased as compared to delays in project execution from poor weather conditions and Covid-19 disruption in FY2021. With consistent gross margins, EBIT improved by 34.4% year-on-year to S$4.4 million.

CASH FLOW AND LIQUIDITY

For FY2022, the Group generated a cash inflow from operations of S$9.1 million, compared to S$36.3 million in FY2021 due to higher working capital requirements of S$21.2 million to support new projects secured during the year. The Group's net debt position was S$72.2 million as at end of December 2022, as compared to December 2021 of S$48.9 million, after S$34.1 million (cash paid on acquisition) made for business acquisitions in FY2022, capital expenditure of S$15.5 million, dividend payments of S$14.1 million; offsetted against S$33.4 million net proceeds from the rights issue. Net gearing as at 31 December 2022 was at 34.0%, with adequate headroom for working capital requirements.

Growth in infrastructure project revenues in Australia and the Americas region.

ORDER INTAKE

Order intake in FY2022 increased by 74.9% to S$808.4 million as compared to FY2021 of S$462.1 million, mainly driven by higher orders for both the Infrastructure and Energy sectors. With the surge in order intake in FY2022, this brings the order book as at 31 December 2022 to S$480.1 million, a 109.3% increase over S$229.4 million as at 31 December 2021.

S$'000	FY2022	FY2021	Variance %
Energy	402,862	265,680	51.6%
Infrastructure	341,546	147,721	131.2%
Mining & Minerals	63,953	48,664	31.4%
Total	**808,361**	**462,065**	**74.9%**

The Group's Infrastructure sector secured S$341.5 million of new orders in FY2022, as compared to S$147.7 million in FY2021. The 131.2% surge in new orders was mainly due to higher orders secured for the wastewater and data centre market in the Americas region and a multi-year system maintenance contract from the Singapore Government, as well as stronger orders for radio communication equipment and solutions led by utility and renewable customers in Australia.

In FY2022, new orders for the Group's Energy sector was 51.6% higher at S$402.9 million as compared to S$265.7 million in FY2021. This was due to the maintenance and refurbishment of building management control system for an offshore facility, a large greenfield order in the renewables space as well as more orders for integrated control systems.

The Mining & Minerals Sector clinched S$64.0 million worth of new orders in FY2022, compared to S$48.7 million in FY2021. This was mainly due to an LTE system project secured for a mine site in Australia and a steady pipeline of orders for radio communication network projects from mining customers in Australia.

REPORT ON CORPORATE GOVERNANCE

CORPORATE GOVERNANCE, ETHICS AND COMPLIANCE

The Board of Directors is committed to maintaining a high standard of corporate governance within the Group. Good corporate governance establishes and maintains a legal and ethical environment in the Group, which strives to preserve the interests of all stakeholders and to promote investors' confidence in the Group.

This report sets out the Company's corporate governance practices for the financial year ended 31 December 2022, with specific reference to the Code of Corporate Governance 2018 issued by the Monetary Authority of Singapore (the "**MAS**") on 6 August 2018 (the "**2018 CG Code**"). Where the Company's practices differ from the principles and guidelines under the 2018 CG Code, the Company's position and reasons in respect of the same are explained in this report.

BOARD MATTERS

The Board's Conduct of its Affairs

Principle 1

The Board plays an important role to oversee the Group's business affairs and to provide entrepreneurial leadership to the Company.

Board Approval

This includes the approval of the Group's strategic plans, key business initiatives, financial objectives, major investments and funding decisions, the review of the Group's financial performance, the evaluation of the performance of the management and the Group, the establishment of a prudent and effective controls framework, the values and standards of the Company and the fulfilment of obligations to the shareholders.

The Company has adopted internal guidelines setting forth matters that require the Board's approval. In that aspect, the Board has delegated to the management of the Company the authority to approve transactions in the ordinary course of business as specified in the following table. Any transactions falling outside the scope as specified in the following table would then have to be approved by the Board:

Nature of transactions	Quantum of transactions
Capital expenditure (budgeted)	Any amount more than S$3 million
Capital expenditure (unbudgeted)	Any amount
Mergers, acquisitions and divestments	Any amount more than S$10 million

The Directors ensure the decisions made by them are objectively in the interest of the Company. The Board has also examined the relationships or circumstances under which the Directors are involved and has confirmed that no such relationships or circumstances which are likely to affect, or could appear to affect, the Director's judgment. The Board has put in place requirements that all Directors should disclose to the Board as and when any such relationship or circumstance arises. In the event of conflict of interest arising in respect of a matter under consideration by the Board, the Director concerned shall comply with disclosure obligations and shall recuse himself from participating in the Board's deliberation and decision on the matter.

REPORT ON CORPORATE GOVERNANCE

Board and Board Committees

The Board is supported by four board committees namely: (1) Audit and Risk Committee ("ARC"); (2) Nominating Committee ("NC"); (3) Compensation Committee ("CC"); and (4) Investment Committee ("IC"). The duties, authorities and accountabilities of each committee are set out in their respective written terms of reference. While these Board Committees have the authority to examine particular issues in their respective areas, the Board Committees report to the Board with their decisions and recommendations as the ultimate responsibility on all matters lies with the entire Board. Further information on the roles and responsibilities as well as a summary of the activities of each of the ARC, NC, CC and IC are set out in the Principles throughout this Corporate Governance Report.

The Company is not required under the SGX-ST Listing Rules to perform quarterly reporting, which came into effect on 7 February 2020. Notwithstanding this, the Board continues to conduct regularly scheduled meetings for the first and third quarters of the financial year to receive key financial, business and operational updates, in addition to the half-yearly meetings which coincide with the announcement of the Group's half-year and full-year results respectively.

Ad-hoc meetings may also be convened as and when warranted by particular circumstances, as deemed appropriate by the Board. The Company has provided for telephonic and videoconference meetings in its Constitution. Annually, the Company will have an offsite planning meeting for the Directors and key executives to come together to discuss the key business growth and the growth plans going forward. In 2022, the Board had one strategy meeting with key executives.

The Directors' attendance at Board, Board Committee and General Meetings during the financial year ended 31 December 2022 ("FY2022") are set out as follows:

	Board	Audit and Risk Committee	Nominating Committee	Compensation Committee	Investment Committee	General Meeting
No. of meetings held during the financial year ended 31 December 2022	6	4	2	1	1	1
			No. of meetings attended			
Lim Ming Seong	6	–	2	1	1	1
Lim Boon Kheng	6	4 [(1)]	2 [(1)]	1 [(1)]	1	1
Sin Boon Ann	5	–	2	1	–	1
Lee Kong Ting	6	4	–	1	–	1
Tan Chian Khong	6	4	2	–	–	1
Ng Shin Ein	5	4	–	–	–	1
Wong Su Yen	5	–	–	1	–	1
Derek Lau Tiong Seng	6	–	–	–	1	1
Tan Hien Meng[(2)]	1	1	–	–	–	1
Lim How Teck[(3)]	–	–	1	–	–	–

Note:
1 Attendance by invitation
2 Mr Tan Hien Meng retired as an Independent Director on 20 April 2022.
3 Mr Lim How Teck was on leave of absence from 25 February 2022 and subsequently stepped down as Non-Executive Non-Independent Director on 24 August 2022.

REPORT ON CORPORATE GOVERNANCE

Directors' Induction, Training and Development

The Company has in place general induction-training programmes to ensure that every newly appointed Director of the Company is familiar with the Group's structure, the Group's business and its operations, the Company's governance practices and relevant statutory and regulatory compliance issues. Every newly appointed Director of the Company is expected to undergo an induction programme which includes meetings with the Chairman, Managing Director and Group Chief Financial Officer as part of the training in the affairs of the business.

For new Directors who do not have prior experience as a director of a public listed company in Singapore, they must undergo the mandatory training courses as prescribed by Singapore Exchange Securities Trading Limited.

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

To ensure that Directors have the opportunities to develop their skills and knowledge and to continually improve performance of the Board, all Directors are encouraged by the Company to undergo continual professional development at the Company's expense, during the term of their appointment. Our Directors are also encouraged to be members of the Singapore Institute of Directors ("SID") and to receive updates and training from SID in order to stay abreast of relevant developments in financial, legal and regulatory requirements.

Our Directors are regularly updated on the Group's businesses and the regulatory and industry-specific environments in which the entities of the Group operate. Updates on relevant legal, regulatory and technical developments and good corporate governance may be in writing or disseminated by way of briefings, presentations and/or handouts.

During the financial year:
(a) The external auditor, Ernst & Young LLP briefed the ARC on changes in accounting standards that affects the Group;
(b) The Chief Executive Officer regularly updates the Board on the business activities and strategies of the Group during Board meetings. Such update would also include any significant developments, issues or risks affecting the Group; and
(c) The Board and Senior Management also held business planning meetings to have a more in-depth discussion on the strategic issues and direction of the Group.
(d) Each of the Directors has attended the mandatory training on sustainability and ESG matters.

Access to Information

The management of the Company has an on-going obligation to supply the Board with complete, adequate and relevant information in a timely manner. In addition, the Board has separate and independent access to the Company's management in respect of obtaining information, as reliance purely on what is volunteered by the management of the Company may not to be adequate in certain circumstances and further enquiries may be required for the Board to fulfil its duties properly.

The information that is provided by the management of the Company to the Board includes background or explanatory information relating to matters to be brought before the Board, copies of disclosure documents, budgets, forecasts and internal financial statements. In addition, in respect of budgets, any material variances between the projections and actual results are also disclosed and explained.

REPORT ON CORPORATE GOVERNANCE

As a general rule, board papers are sent to Board members at least 3 working days before the board meeting to afford the Directors with sufficient time to review the board papers prior to the meetings.

Directors have separate and independent access to the senior management, company secretary and external advisers (where necessary) at the Company's expenses. The role of the Company Secretary is clearly defined and includes the responsibility for ensuring that the Board procedures are followed and that applicable rules and regulations are complied with. The Company Secretary (or his authorised nominee) attends all Board and ARC meetings. Under the direction of the Chairman, the Company Secretary's responsibilities include ensuring good information flows within the Board and the ARC and between senior management and Non-Executive Directors, as well as facilitating orientation and assisting with professional development as required. The appointment or the removal of the Company Secretary is subject to the Board's approval.

In addition to the above, the Board has procedures for Directors, either individually or as a group, in the furtherance of their duties, to take independent professional advice, if necessary, at the Company's expense.

Board Composition and Guidance

Principle 2

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

Non-Executive Independent Directors:

Lim Ming Seong – Chairman
Sin Boon Ann
Dr Lee Kong Ting
Tan Chian Khong
Ng Shin Ein
Wong Su Yen

Non-Executive Non-Independent Directors:

Derek Lau Tiong Seng

Executive Director:

Lim Boon Kheng – Group Managing Director/ Chief Executive Officer

The Board presently comprises eight Directors of whom six are Non-Executive Independent Directors and one is Non-Executive Non-Independent Directors. Accordingly, a majority of the Board is made up of Independent Directors who are free of any material business or financial connection with the Company. The Board has an appropriate level of independence and diversity of thought which is appropriate for the nature and scope of the Group's current operations. The Board is already made up of majority non-executive independent Directors, serves to reinforce management accountability. Matters requiring the Board's approval are discussed robustly with participation from each member of the Board and decisions are made collectively without any individual or select group of individuals dominating the decision-making process. Directors are required to take the necessary actions to resolve any conflict of interest they might have, including recusing themselves from meetings or discussions or abstaining from voting on matters in which they are interested or conflicted. There is no alternate director appointed during the year.

REPORT ON CORPORATE GOVERNANCE

Board Independence

The Board, through the NC, assessed the independence of each Board member taking into consideration of Provision 2.1 of the 2018 CG Code and Rule 210 (5)(d)(i), (ii) and (iii) of the Listing Manual of the SGX-ST (the "**Listing Rules**") and the individual Director's declaration. For Directors who had served more than nine years as at 31 December 2022 namely Mr Lim Ming Seong and Mr Sin Boon Ann, the NC has reviewed their independence rigorously. The two Directors have continuously demonstrated independence in character and judgement in the discharge of their responsibilities as Directors of the Company. The Board has also observed instances of constructive challenge and probing of Management by these Directors at Board and Board committee meetings and other occasions and has no reason to doubt their ability to exercise independent judgement in the interest of the Company. Given their combined strength of objectivity, wealth of working experience and professionalism in carrying out their duties, the Board acknowledges and recognises the benefits of the experience and stability brought by these long-serving Independent Directors. The Board has also noted that the latest changes to the Listing Rules in respect of the hard limit of 9 years for director's tenure which came into effect on 11 January 2023 and as a transition, an independent director whose tenure exceeds the nine-year limit can continue to be deemed independent until the Company's annual general meeting to held in FY2024. The Board has been taken this latest change to the Listing Rules into consideration as part of the ongoing board renewal process.

Based on the declarations of independence which are submitted by the Directors annually and reviewed by the NC, none of the independent Directors has any relationship with the Company, its related corporations, its substantial shareholders or the officers of the Company that could interfere, or be reasonably perceived to interfere, with the exercise of their independent business judgement in the best interests of the Company. In particular, none of the independent Directors is or has been employed by the Company or any of its related corporations in the current or any of the past three financial years or has an immediate family member who is employed or has been employed by the Company or any of its related corporations in the current or any of the past three financial years, and whose remuneration is or was determined by the Compensation Committee of the Company.

Mr Derek Lau Tiong Seng is nominated by Heliconia Capital Management Pte. Ltd. ("Heliconia"), a substantial shareholder of the Company. Therefore, the Board has deemed him as non-independent.

As the Chief Executive Officer of the Company, Mr Lim Boon Kheng is considered non-independent by virtue of his employment with the Company.

Each member of the NC and the Board recused himself from the NC's and the Board's deliberations respectively on his own independence.

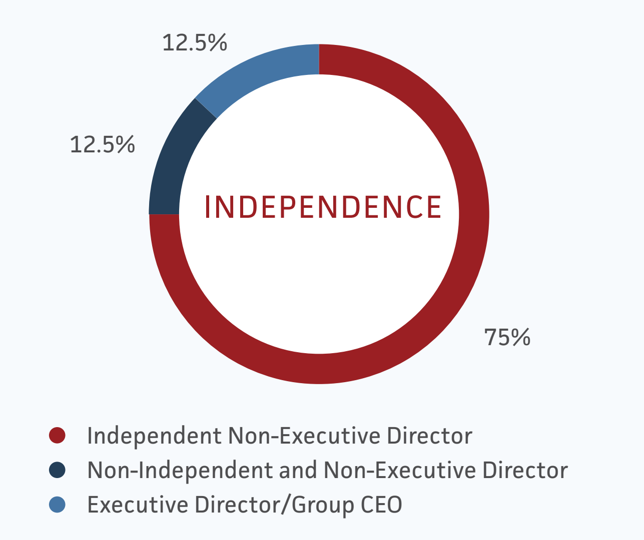
Board Diversity

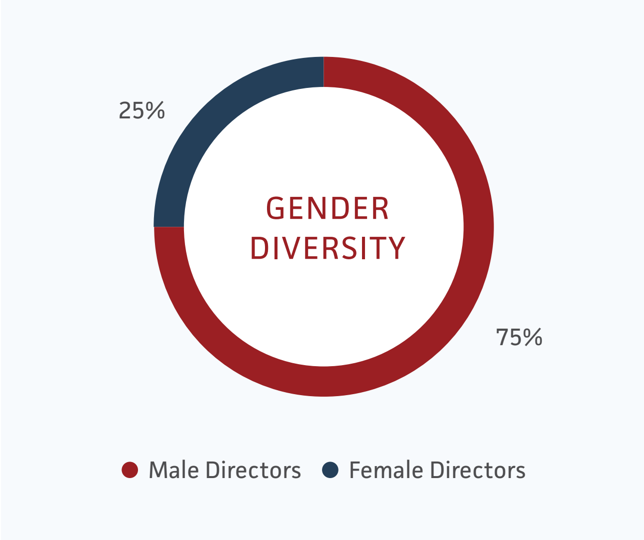
The Board has a Board Diversity Policy which sets out the approach to diversity of the Board. The Board Diversity Policy recognises that a diverse Board would be beneficial to the Company as it would allow for the harnessing of a variety of skills, industry and business experiences, gender, independence and other distinguishing qualities of members of the Board. The Company is committed to implementing the Board Diversity Policy for any board composition changes and the Board is of the view that any new appointments would provide further diversity to core competencies and skill sets of the Board.

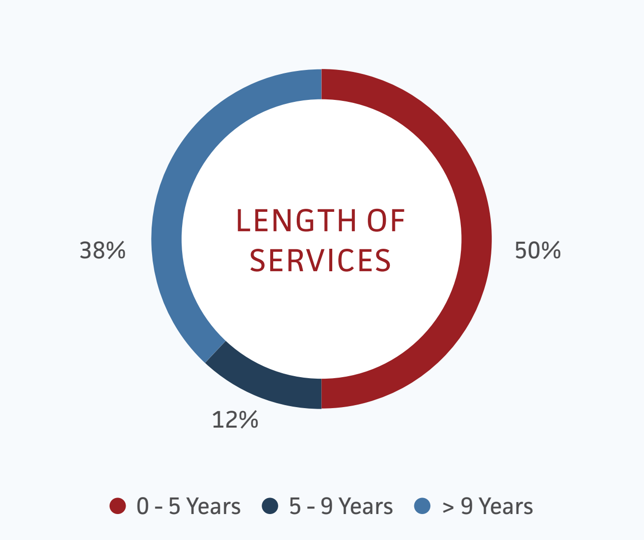
In terms of gender diversity, the Board currently comprises of two female directors. The NC noted the recommendation of the Council for Board Diversity for listed companies to have 25% female representation on their boards by 2025 and 30% by 2030. With Ms Ng Shin Ein and Ms Wong Su Yen on the Board currently, it has met the 25% female representation.

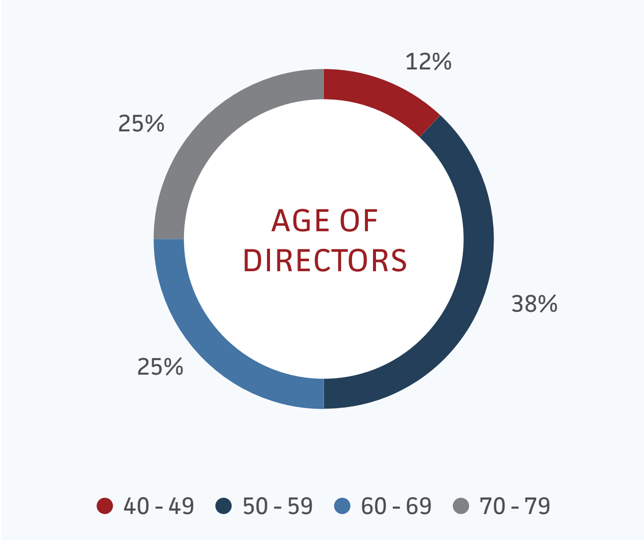
The Board has Directors with ages ranging from the mid-40s to late-70s, who have served on the Board for different tenures, with 75% of the Board being independent. The members of the Board with their combined business, management and professional experience, knowledge and expertise, provide the core competencies to allow for diverse and objective perspectives on the Group's business and direction. Further information on the individual Directors' background, experience and skills can be found in the 'Board of Directors' section in this Annual Report.

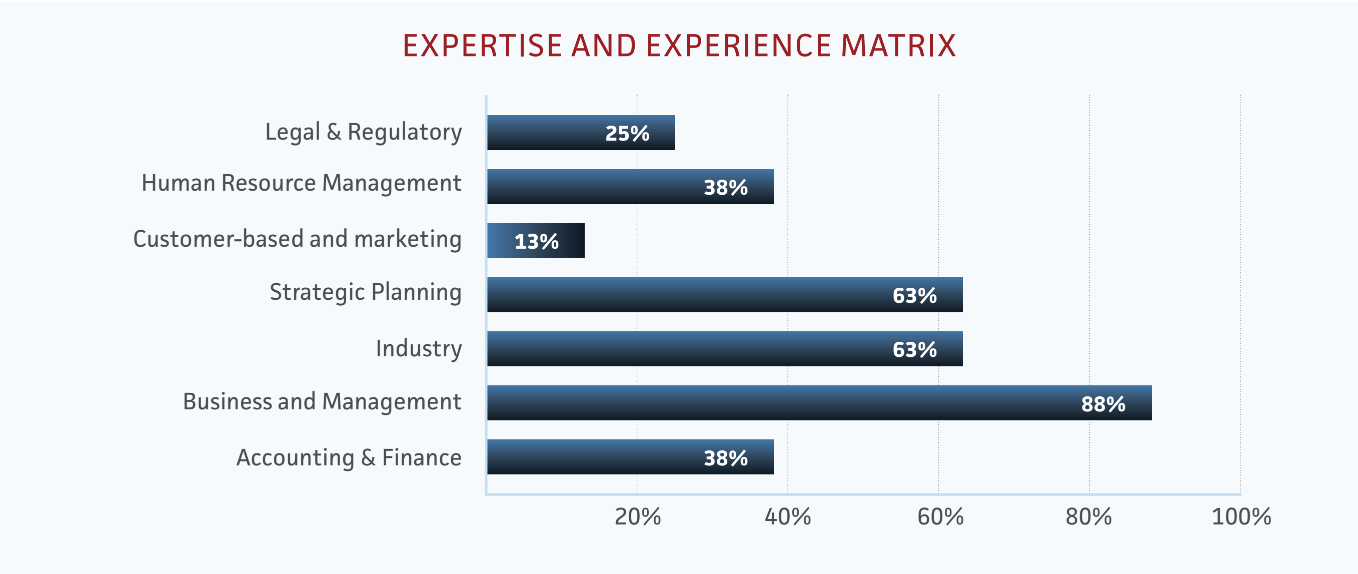
REPORT ON CORPORATE GOVERNANCE











REPORT ON CORPORATE GOVERNANCE

The NC is responsible for setting the relevant objectives that promote and achieve diversity on the Board. When reviewing and assessing the composition of the Board and making recommendations to the Board for the appointment of Directors, the NC will consider all aspects of diversity in order to arrive at an optimum balanced composition of the Board. In order to maintain or enhance its balance and diversity, the Board, with the assistance of the NC, would continue to take the following steps:

- annual review by the NC to assess if the existing attributions and core competencies of the Board are complementary to the Group's risk profile, business operations and future business strategies in order to enhance the efficacy of the Board; and
- annual evaluation by the Directors of the skill sets that the other Directors possess, with a view to understanding the range of expertise which is lacking by the Board.

The Board and NC would consider the results of these exercises in its recommendation for the appointment of new Directors and/or the re-appointment of incumbent Directors.

When reviewing candidates for future Board appointment, the NC will be considering candidates from other disciplines such as information technology and digital transformation and with relevant industry sector experiences, in order to provide more diverse viewpoints and introduce additional skill sets to the Board.

During the year, a review of the size and composition of the Board (and Board Committees) was also undertaken by the Company to ensure alignment with the needs of the Group and the objectives set out in the Board Diversity Policy. The Board is of the view that there is sufficient diversity in skills, experience, knowledge, age and gender in its current Board composition to maximise effectiveness after taking into account the scope and nature of the operations of the Group and is satisfied that the objectives set out in the Board Diversity Policy have been met.

Board Guidance

The Non-Executive Directors contribute to the board process by monitoring and reviewing Management's performance. For the financial year under review, the Non-Executive, Independent and Non-Independent Directors have constructively challenged Management's proposals and decisions and reviewed Management's performance. They have unrestricted access to Management for any information that they may require to discharge their oversight function effectively. As Non-Executive Independent Directors constitute a majority of the Board, objectivity on Board's deliberations is assured.

The responsibilities of the Non-Executive Directors include:

(a) assisting the Board to develop proposals on strategy, constructively challenging it when necessary; and
(b) reviewing and monitoring the performance of the management in meeting the goals and objectives committed.

Besides the above, the Non-Executive Directors' responsibilities include other duties as required in their capacity as members of the ARC, NC, CC and IC.

Meeting of Directors without Management

The Independent Directors would meet without the presence of the Management and Executive Directors at each Board meeting. The Chairman of the Board who is also Non-Executive Director would feedback to the CEO on any concerns or feedbacks raised by Non-Executive Directors during such meeting.

REPORT ON CORPORATE GOVERNANCE

Chairman and Chief Executive Officer

Principle 3

The Company has a separate Chairman and Chief Executive Officer to ensure that there is an appropriate balance of power, increased accountability and greater capacity of the Board for independent decision-making. In addition, the Chairman and the Chief Executive Officer are not related to each other. The Board has set out in writing the division of responsibilities between the Chairman and CEO.

The Chairman, Mr Lim Ming Seong, is a Non-Executive Director who is independent of the management of the Company and his responsibilities pertaining to the Board includes but are not limited to:

(a) leading the Board in a strategic effective and decisive way;

(b) Setting the agenda and ensuring (with the assistance of the Company Secretary) that adequate time is available to discuss all agenda items, in particular, strategic issues;

(c) promoting a culture of openness and debate within the Board;

(d) ensuring (with the assistance of Management and Company Secretary) that the directors receive complete, adequate and timely information;

(e) ensuring effective communication with the shareholders and other stakeholders;

(f) encouraging constructive relationships within the Board and between the Board and Management;

(g) ensuring Non-Executive Directors contribute effectively and that their contribution are taken into account by the Board; and

(h) promoting high standards of corporate governance.

The Chairman's responsibilities pertaining to the Board also includes those other duties as required in his capacity as a member of the NC, CC and IC.

The Chief Executive Officer, Mr Lim Boon Kheng, has full executive responsibilities over business direction and operational decisions concerning the Group. He works closely with the Board to implement the policies set by the Board.

The clear separation of roles of the Chairman and Chief Executive Officer provides a healthy professional relationship between the Board and Management with clarity of roles and robust deliberations on the business activities of the Group.

Given that the roles of the Chairman and Chief Executive Officer are separate and the Chairman is independent, no lead independent director is required to be appointed.

REPORT ON CORPORATE GOVERNANCE

Board Membership

Principle 4

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

Lim Ming Seong – Chairman
Sin Boon Ann
Tan Chian Khong
Derek Lau Tiong Seng

The NC comprises four members, three of whom are Independent Directors including the NC Chairman.

During FY2022, the NC held two meetings.

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. The primary function of the NC is to provide assistance to the Board in reviewing the composition of the Board and Board committees annually, taking into account the performance and contribution of each individual director. Board composition is also evaluated to ensure that diversity of skills, core competencies, knowledge, professional experience, educational background, gender, age and length of service as prescribed under the Board Diversity Policy is maintained within the Board and Board committees.

The responsibilities of the NC include:

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

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

(c) Determining annually if a Director is independent pursuant to the guidelines 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 or her duties as a Director when the Director concerned holds multiple board representations; and

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

The Company's Constitution provides for all Directors, including the CEO of the Company to retire by rotation at least once every three years. The Directors, who are eligible for re-election, may submit themselves for re-election at the AGM. After assessing the performance of the retiring Directors, the NC has also recommended the re-election of Mr Derek Lau Tiong Seng, Ms Wong Su Yen and Ms Ng Shin Ein who are retiring pursuant to Regulation 91 of the Company's Constitution to be re-elected as Directors of the Company at the forthcoming AGM. The Board has accepted all the NC's recommendation.

The NC will seek to refresh the Board membership progressively and in an orderly manner, for long-term continuity and stability bearing in mind the nine-years rule.

Shareholders are provided with relevant information on the candidates for re-election on pages 195 to 196 of this Annual Report.

REPORT ON CORPORATE GOVERNANCE

Nomination and Selection of Directors

The NC is responsible for identifying and recommending to the Board new Board members, after considering the necessary and desirable competencies. Accordingly, in selecting potential new directors, the NC will seek to identify the competencies required to enable the Board to fulfil its responsibilities. In doing so, the NC will have regard to the results of the annual appraisal of the Board's performance. The NC may engage consultants to undertake research on, or assess candidates for new positions on the Board, or to engage such other independent experts as it considers necessary to carry out its duties and responsibilities. Recommendations for new Board members are put to the Board for its consideration.

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

(a) a determination of the candidate's independence;
(b) the qualifications and expertise required or expected of a new Board member taking into account the current Board size, structure, composition, diversity of skill competencies and gender, and progressive renewal of the Board;
(c) whether the candidate would be able to commit time to his appointment having regard to his other Board appointments and principal commitments; and
(d) prescribed factors under the Board Diversity Policy.

Review of Directors' Independence

The NC conducts and annual review of each director's independence and takes into consideration the relevant provisions in the 2018 CG Code and Listing Rules. The NC has ascertained that, save for Mr Derek Lau Tiong Seng and Mr Lim Boon Kheng, all Directors are considered independent according to the criteria. Please refer to our disclosure under Principle 2 above on the determination of independence. Directors must also immediately report any changes in their external appointments which may affect their independence.

Directors' Time Commitment

The NC has adopted internal guidelines to address the conflict of competing time commitments that are faced by the Directors when the Directors have multiple board representations. With due respect to individual autonomy of each Director, no maximum number of listed company board representations a Director may hold is prescribed. However, each Director is required to disclose to the Board his board representation whenever there are changes to his directorship. If a Director is on the Board of other companies, the NC will consider whether adequate time and attention have been devoted to the Company. In the event that there are sufficient grounds for concern, the Chairman of the Board shall discuss, and if necessary, warn the Director of the issues and in any continuance, the consequences flowing from the situation.

In respect of the financial year under review, 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/her duties as director effectively. The NC is satisfied that all the Directors have been able to and had adequately carried out their duties as Directors of the Company for the financial year ended 31 December 2022 notwithstanding their multiple directorships where applicable and other principal commitments.

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

Key Information on Directors

The profile of the Directors and key information are set out under "Board of Directors" section in this Annual Report. Additional information on Directors seeking for re-election as required under Rule 720 (6) of the Listing Rules is also appended to the Notice of AGM.

Board Performance

Principle 5

Board Evaluation

The NC undertakes a process to assess the effectiveness of the Board and its Board Committees. Directors are requested to complete both the Board and Board Committees Evaluation Questionnaires to assess the overall effectiveness of the Board and the Board Committees The NC has extracted salient recommendations from the 2018 CG Code and incorporated these recommendations into the Board and Board Committees Evaluation Questionnaires. On an annual basis, the Directors will complete both the Board and Board Committees Evaluation Questionnaires of which results are then collated by the Company Secretary in the form of a collective report. The reports will be discussed during the NC meeting to assess and further enhance the effectiveness of the Board and/or the Board Committees. The Board Chairman, who is also the Chairman of the NC, will act on the results of the performance evaluation and in consultation with the NC propose, where appropriate, new members to be appointed to the Board or seek the resignation of existing members.

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.

Board Performance Criteria

In evaluating the performance of the Directors, the NC took into account, amongst other factors, the Directors' qualification by knowledge and experience to fulfil their duties, attendance and participation at Board meetings and Committee meetings (where applicable), quality of interventions or differences of opinion expressed and any other special contributions. The NC also considered whether the Directors have reasonable understanding of the Company's business and the industry, and the Directors' working relationship with the other members of the Board. These performance criteria shall not change from year to year, and where circumstances deem it necessary for any of the criteria to be changed, the NC and the Board shall justify its decision for the change.

As the NC will be measuring the Board's stewardship of the Company based principally on qualitative criteria, it is therefore not easy to show a direct correlation between the Board's actions taken as a whole and the Company's long term performance. Therefore, the NC will not attempt to specifically quantify the Board's contribution to enhancing long term shareholders' value, for instance, by measuring it against the Company's share price performance over a five-year period vis-à-vis the Singapore Straits Times Index. As such, the Company's share price performance will not be used as a performance evaluation criterion of the Board. In addition, there are no specific benchmark indices of industry peers for comparison in respect of such quantitative performance criteria. In the absence of any appropriate and relevant benchmark indices, the benchmark indices of industry peers will also not be used as a performance evaluation criterion of the Board.

Individual Director Evaluation

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

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

REPORT ON CORPORATE GOVERNANCE

REMUNERATION MATTERS

Procedures for Developing Remuneration Policies

Principle 6

The members of the CC at the date of this report comprise the following Directors: -
Lim Ming Seong – Chairman
Sin Boon Ann
Dr Lee Kong Ting
Wong Su Yen

The CC comprises four members, all of whom are non-executive and independent directors.

The Chairman of the CC, Mr Lim Ming Seong, is an Independent Director, who is knowledgeable in the field of executive compensation. In addition, the CC has access to the relevant expert advice within the Company.

During FY2022, the CC held one meeting.

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

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

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

(c) determining and setting specific remuneration packages (such as annual increments, variable bonuses, long-term incentive awards and other incentive awards or benefits in kind) for each of CEO 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) approving the total bonus pool for distribution to staff of all grades at each year end;

(e) administering share plan that may be established from time to time for the Directors and KMP;

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

(g) reviewing the Company's obligations to ensure that contracts of service of CEO and key management personnel contain fair and reasonable termination clauses.

Level and Mix of Remuneration
Disclosure of Remuneration

Principles 7 and 8

In setting remuneration packages, the CC will take into consideration the pay and employment conditions within the industry the Group operates in as well as companies within the same business segment as there are no exactly comparable companies. In addition, the CC will take into account the Group's relative performance and the key management of the Group when setting the remuneration packages.

REPORT ON CORPORATE GOVERNANCE

Non-Executive Director Remuneration

The fees for Non-Executive Directors comprise a basic retainer fee, additional retainer fees for appointment to Board Committees, attendance fees for Directors for Board and Board Committee meetings held in Singapore and overseas. In FY2021, the CC has engaged third party professional firm to conduct a benchmarking exercise on the Non-Executive Directors' remuneration. Arising from this benchmarking exercise, the CC noted that CSE fee structure remains competitive and in line with market practice. Hence, the fee structure for FY2022 remains the same as FY2021 and is set out as follows:

Board and Committees	Retainer per annum	Attendance Fee Per Physical Meeting
a. Main Board		
- Chairman	S$35,000	S$2,000
- Member	S$25,000	S$2,000
b. Audit & Risk Committee		
- Chairman	S$25,000	S$2,000
- Member	S$12,000	S$2,000
c. Other Committees		
- Chairman	S$12,000	S$1,000
- Member	S$6,000	S$1,000
d. Annual Planning Meeting		US$1,000 per day

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 Director's fees are paid wholly in cash.

The following table shows the Directors' fees recommended by the Board for the financial year ended 31 December 2022 which will be tabled for shareholders' approval at the forthcoming AGM:

Name	Total Directors' Fee proposed ($'000)
Lim Ming Seong	90
Sin Boon Ann	55
Lee Kong Ting	69
Tan Chian Khong	83
Ng Shin Ein	58
Wong Su Yen	45
Derek Lau Tiong Seng	49
Tan Hien Meng*	15
Lim How Teck*	29

* Pro-rated to date of retirement or date of resignation

Executive Director Remuneration

The CEO, being the Executive Director, does not receive Directors' fees. The compensation of the CEO comprises performance-related elements, which form a significant proportion of his total remuneration package. These performance-related elements are designed to align the interests of the CEO with those of the shareholders such that the CEO's rewards are linked to the performance of the Group as well as his individual performance. There are appropriate and meaningful measures for the purpose of assessing the CEO's performance. There is no existing service contract between the Company and the Executive Director.

The following table shows the remuneration of the Executive Director (who is also the CEO) for the year ended 31 December 2022:

Name	Total remuneration ($'000)	Salary (%)	Bonus (%)	Other Benefits & Provident Fund (%)
Lim Boon Kheng	871	79	6	15

The Group's remuneration policy is to be competitive within its industry and to offer fair and reasonable remuneration packages that are commensurate with competence, level of responsibility, performance and contributions to the Group. Based on this broad principle, the CC has the responsibility and discretion to recommend to the Board the remuneration packages for the Executive Director, all of the Non-Executive Directors and key management personnel of the Group, and the CEO has the responsibility and discretion to determine remuneration packages of all other employees who are non-key management of the Group.

The remuneration package for the key management personnel consists of both fixed and variable components. The variable component in the form of profit sharing is based on annual profits and achievement of the mid to long term business targets of the individual business units and the Group in the relevant financial year.

The Company has implemented a share-based long term incentive plan known as CSE Performance Share Plan ("Share Plan") in lieu of an existing cash plan on 20 April 2017, details of which are disclosed in the Directors' Statement. The Share Plan will allow management to further align their interest and share in the future of the Company with the shareholders. The Share Plan is administered by the CC. The performance shares are awarded to participants (namely Executive Directors and key management personnel of the Company) based on the performance criteria as determined by the CC who is administering the Share Plan. The awards consist of the grant of fully paid shares. The share awards are not subject to a vesting period, but are subject to a selling moratorium period of 0 to 3 years from the date of award against any disposal or sale and/or other dealings in the shares. The performance shares, if granted, are to be released to the participants via the release of Treasury shares. The details of the grant are as follows:

Date of Grant	Number of shares which are the subject of the award under the Share Plan
20 February 2019	3,060,000 shares
26 February 2020	3,197,070 shares
23 February 2021	3,908,164 shares

During the financial year under review, no awards were granted as the Company did not meet the performance targets set by the Board.

The Company does not have any contractual provisions which allow it to reclaim incentive components of remuneration from key executives as such provisions may have a negative impact on attracting and retaining talent in the Company.

Remuneration of Top Five Key Management Personnel ("KMP")

To maintain confidentiality of staff remuneration, the names of the top five KMP are not stated. The Company believes that it may not be in the best interest of the Company to disclose the remuneration of key executives on an individually named basis as recommended by the 2018 CG Code. Having considered the highly competitive human resource environment for personnel with the requisite knowledge, expertise and experience in the Company's business activities, the Company had not disclosed the names of the KMP as this may give rise to recruitment and talent retention issues. There would be negative impact to the Company if members of the experienced and qualified senior management team are poached, which may affect the ability to both nurture a sustainable talent pool and ensure the smooth continuity in leadership critical for the achievement of the strategic objectives of the Company. The Company believes that shareholders' interest will not be prejudiced as a result of such non-disclosure of the names of the KMP. After considering the recommendations set out in 8.1 and 8.3 of the 2018 CG Code carefully, having taking into account the highly competitive conditions for talent in the industry, the Board is of the view that the Group's key management personnel's remuneration shall be disclosed as bands, as laid out in the following table.

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

Information relating to the remuneration of the Group's top 5 key management personnel (who are not Directors or the CEO of the Company) for the year ended 31 December 2022 are as follows:

Remuneration Band	No of employees	Salary (%)	Bonus (%)	Other Benefits & Provident Fund (%)
S$1,250,001 - S$1,500,000	1	35	61	4
S$1,000,001 – S$1,250,000	1	57	39	4
S$500,001 – S$750,000	2	86	8	6
S$250,001 – S$500,000	1	92	3	5

The total remuneration of the top five key management personnel (who are not Directors or the CEO of the Company) for the year ended 31 December 2022 amounted to $3,860,173.

There were no termination, retirement and post-employment benefits paid to any Directors and the top five key executives in the year ended 31 December 2022. In addition, the CC was satisfied that the service contracts with the key executives do not contain termination clauses that are overly generous.

Remuneration of employees who are immediate family members of a Director or the CEO

There are currently no employees whose remuneration exceeds $100,000 per year who are immediate family members of a Director or the Managing Director/CEO.

ACCOUNTABILITY AND AUDIT

Risk Management and Internal Controls

Principle 9

The ARC assists the Board in overseeing the risk governance of the Group to ensure that there is a sound system of risk management and internal controls to manage risks in a way that is aligned with the Group's risk tolerance. The Company has put in place an Enterprise Risk Management ("ERM") framework which was established to ensure adequate and effective management of risks and facilitate the Board's assessment on the adequacy and effectiveness of the Group's risk management system. The frameworksets out governing policies, processes and systems pertaining to each of the key risk areas to which the Group are exposed. The framework also facilitates the assessment by the Board in the effectiveness of the Group in managing each of the key risks.

The Board, through the ARC's reviews, monitors the adequacy of the Company's internal controls including financial, operational, compliance and information technology controls and risk management policies and systems established by Management. The internal auditor also conducts independent reviews of the adequacy and effectiveness of the Company's material internal controls, including financial, operational and compliance controls, information technology and risk management, at least annually and reports these findings to the ARC. The ARC also reviews the effectiveness of the actions taken by Management on the recommendations made by the internal auditor in this respect. In addition, the external auditors have also performed a review of the internal financial systems and operating controls for the financial statements attestation purpose. Such reviews have also been reported to the ARC.

Further details on the CSE Global Risk Management Framework can be found on pages 57 to 65 of this Annual Report.

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

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

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 said assurances set out above, the Board, with the concurrence of the ARC, is of the view that the Company's system of risk management and internal controls (including financial, operational, compliance and information technology controls) were adequate and effective as at 31 December 2022 to risks which the Company considers relevant and material to the Group's operations.

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

The process of reviewing and strengthening the Company and Group's control environment is an evolving process. When controls should be enhanced, the Board and Management take action to rectify and strengthen the internal controls and risk management systems. The Board and Management will continue to devote resources and expertise towards improving its internal policies and procedures to maintain a high level of governance and internal controls.

Audit and Risk Committee

Principle 10

To ensure that corporate governance is effectively practiced, the Directors have established self-regulatory and monitoring mechanisms, including the establishment of the ARC.

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

Tan Chian Khong – Chairman
Dr Lee Kong Ting
Ng Shin Ein

The ARC comprises three members, all of whom including Chairman, are independent. The members of the ARC are appropriately qualified to discharge their responsibilities and have relevant accounting and related financial management experience and expertise. None of the ARC members were previous partners or directors of the Company's external auditor, Ernst & Young LLP, within the last two years or hold any financial interest in the external auditor.

The ARC, together with the external auditors and internal auditor, meets regularly with at least four ARC meetings within each financial year, and also as warranted by particular circumstances, as deemed appropriate by the ARC. In addition, the ARC also met with the external auditors and internal auditor, without the presence of the Company's management during the financial year under review. The ARC met four times during FY2022 during which the external and internal auditors were present for four times.

The Board is satisfied that all the members of the ARC have accounting, financial, business management, corporate legal expertise and work experience to discharge their responsibilities. The Chairman of the ARC, Mr Tan Chian Khong, has accounting or related financial management expertise or experience. Mr Tan Chian Khong is a veteran with more than 35 years of experience in providing audit and business advisory services to clients in a wide range of industries.

REPORT ON CORPORATE GOVERNANCE

The ARC has full access to the external auditors and internal auditor without the presence of the management of the Company as well as full access to and co-operation of Management. The ARC has explicit authority to investigate any matters within its terms of reference, full access to and co-operation by the management of the Company and full discretion to invite any Director or management of the Company to attend its meetings, and has reasonable resources to enable it to discharge its functions properly.

The primary function of the ARC is to provide assistance to the Board in fulfilling its responsibilities relating to corporate accounting and auditing, reporting practices of the Company, the quality and integrity of the financial reports of the Company, and the Company's risk management and internal control systems regarding finance, accounting, legal and regulatory compliance, contractual obligations and ethics established by the Board and the management of the Company.

The ARC is guided by its terms of reference which sets out its responsibilities. The terms of reference are in line with the 2018 CG Code. The responsibilities of the ARC 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) keeping under review the scope and results of the audit and its cost effectiveness, keeping the nature and extent of non-audit services supplied by the external auditors under review yearly where the external auditors also supply a substantial volume of such services to the company, with the objective of balancing the maintenance of objectivity and value for money;

(c) considering and reviewing with the external auditors and the internal auditor, at least annually, the adequacy, effectiveness and efficiency of the management processes, internal financial controls, operational and compliance controls, risk management policies and any significant findings and recommendations of the external auditors and the internal auditor, together with the management's responses thereto;

(d) meeting with the external auditors, the internal auditor, the management and any others considered appropriate in separate executive sessions to discuss any matters the ARC believes should be discussed privately and establishing a practice to meet with the external auditors without the presence of the management of the Company at least annually;

(e) reviewing the significant financial reporting issues and judgements so as to ensure the integrity of the financial statements of the company and any formal announcements relating to the company's financial performance;

(f) reviewing the effectiveness of the company's internal audit function that is independent of the activities that it audits, appropriate standing within the Company and adequately resourced;

(g) reviewing and taking actions on the arrangements by which staff of the company and external parties may, in confidence, raise concerns about possible improprieties in matters of financial reporting or other matters;

(h) reviewing the interested person transactions falling within the scope of the Listing Rules; and

(i) meeting principal overseas subsidiaries' independent directors, the management and any others considered appropriate in their periodic visits to these subsidiaries.

During the financial year, the ARC held four meetings and has carried out the above duties as provided in their terms of reference.

The ARC keeps abreast of the changes to accounting standards and issues that may have a direct impact on the financial statements by referring to the best practices and guidance in the Guidebook for Audit Committee in Singapore and the reports issued from time to time in relation to the Financial Reporting Surveillance Programme administered by the Accounting and Corporate Regulatory Authority. During the year, the ARC was also briefed on the new accounting standards that might impact the Group's consolidated financial statements by the external auditors at the ARC meetings.

In appointing the auditing firms for the Company, subsidiaries and significant associated companies, the Group has complied with Rules 712, 715, 716 and 717 of the Listing Rules.

REPORT ON CORPORATE GOVERNANCE

In line with Rule 1207(6) of the Listing Rules, the ARC has undertaken a review of all non-audit services that are provided by the external auditors and is satisfied that the provision of such services has not affected the independence of the external auditors. The fees that are charged to the Group in respect of the audit and non-audit work by the external auditors are set out as follows:

	2022 $'000	2021 $'000
Audit fees :		
- Auditor of the Company		
- Statutory audit	420	355
- Other assurance services	45	45
- Other auditors of subsidiaries	352	225
Total audit fees	**817**	**625**
Non-audit fees :		
- Auditor of the Company	38	125
- Member firm of Ernst & Young Global Limited	186	193
- Other auditors of subsidiaries	141	49
Total non-audit fees	**365**	**367**
Total audit and non-audit fees	**1,182**	**992**

The ARC has a policy that non-audit fee exceeding 50% of the audit fee would not be approved by the ARC.

Whistle-Blowing Policy

The Group has in place a Whistle-Blowing Policy. This Policy provides an independent feedback channel through which matters of concern about possible improprieties in matters of financial reporting or other matters may be raised by employees and external parties in confidence and in good faith, without fear of reprisal. Details of this policy have been disseminated and made available to all employees of the Company. All matters which are raised are then independently investigated and appropriate actions taken. The ARC ensures that independent investigations and any appropriate follow-up actions are carried out.

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

Bribery and Corruption Prevention Policy

The Company adopts a strong stance against bribery and corruption. In addition to clear guidelines and procedures for the giving and receipt of corporate gifts and concessionary offers, all employees of the Group are required to make a declaration on an annual basis where they pledge to uphold the Company's core values and not to engage in any corrupt or unethical practices. This serves as a reminder to all employees to maintain the highest standards of integrity in their work and business dealings. The Company's stance against bribery and corruption is also reiterated by Management during its regular staff communications sessions.

Key Audit Matters

The key audit matters in relation to the 2022 financial statements are outlined below. Reviews include discussions with management and the external auditor, Ernst & Young LLP, and, where appropriate, the significant financial reporting matters have been addressed under the Key Audit Matters in the Independent Auditors' Report on pages 95 to 99.

REPORT ON CORPORATE GOVERNANCE

Audit and Risk Committee Commentaries

Key Audit Matters	How the ARC reviewed these matters and what decisions were made
Revenue recognition on project contracts	The ARC discussed with management and the external auditor in relation to the revenue recognition on project contracts. The ARC was satisfied with the appropriateness of the project revenues recognised in the consolidated financial statements of the Group for the financial year ended 2022.
Assessment on expected credit loss of trade receivables and contract assets	The ARC discussed with management and the external auditor on the basis used to determine the level of expected credit loss on trade receivables and contract assets, and was satisfied that as of 31 December 2022, the level of expected credit loss for the Group was appropriate.
Impairment assessment on goodwill	The ARC considered the approach and methodology applied in performing the annual goodwill impairment assessment. It reviewed the key assumptions used in the discounted cash flow model such as discount rate and growth projections. The ARC was satisfied with the appropriateness of the analysis performed by management that no impairment in goodwill is required as at 31 December 2022.
Acquisition of a subsidiary	The ARC discussed with management and external auditor on the assumptions used by the management in the estimate of the fair values of the acquired identifiable assets and liabilities as well as the goodwill and intangible assets - customer relationship that have been recognised as of the initial accounting date. The ARC was satisfied with the appropriateness of goodwill and intangible assets - customer relationship that have been recognised as of the initial accounting date and the disclosures made in Note 5 of the financial statements for the financial year ended 31 December 2022.

Internal Audit

The Company has an in-house internal audit function that is independent of the activities that it audits. The ARC has also appointed KPMG to supplement the in-house IA function. KPMG is a member of the Institute of Internal Auditors ("**IIA**"), a professional internal auditing body affiliated to the IIA. KPMG and the in-house IA (together known as the "**Internal Auditors**") work together to review the effectiveness of the key internal controls, including financial, operational, technology and compliance controls for selected scope of review annually, as approved by the ARC.

The Group's internal audit function is independent of the external audit. The Internal Auditor's primary line of reporting is directly to the Chairman of the ARC and has unrestricted access to the Company's documents, records, properties, and personnel of the Group. However, the in-house internal auditor also reports administratively to the Managing Director of the Company. The ARC approves the hiring, removal and evaluation of the Internal Auditors.

The ARC is satisfied that the Internal Auditors have met the standards set by nationally or internationally recognised professional bodies including the Standards for the Professional Practice of Internal Auditing set by the IIA. In addition, KPMG has confirmed their independence to the ARC.

The ARC is satisfied that the Internal Audit function is adequately resourced and has the appropriate standing within the Company.

The ARC has reviewed the adequacy and effectiveness of the in-house IA at least annually, and is satisfied that the in-house IA is adequate and effective and has maintained its independence from the activities that he audit.

The Internal Auditors adopts a risk-based auditing approach in formulating the annual audit plan which aligns its activities to the key risks across the Group's business. The reviews performed by the Internal Auditors are aimed at assisting the Board in evaluating the adequacy and effectiveness of risk management, controls and governance processes.

During the year, the Internal Auditors conducted its audit reviews based on the annual internal audit plan which was approved by the ARC. The annual internal audit plan incorporates the audit of key risk areas identified under the Group's Enterprise Risk Management framework. Each quarter, the Internal Auditors would submit a report to the ARC on the key audit findings and actions to be taken by Management on such findings. Key findings are also highlighted at ARC Meetings for discussion and follow up actions. The ARC monitors the timely and proper implementation of the required corrective, preventive or improvement measures to be undertaken by Management.

REPORT ON CORPORATE GOVERNANCE

External Auditor

The Board is responsible for the initial appointment of external auditor. Shareholders then approve the appointment at the Company's AGM. The external auditor holds office until its removal or resignation. The ARC assesses the external auditor based on factors such as the performance and quality of its audit and the independence of the auditor, and recommends its appointment to the Board. Pursuant to the requirements of the Listing Rules, an audit partner may only be in charge of not more than of five consecutive annual audits and may then return after two years. Ernst & Young LLP ("**EY**") has met this requirement, and the current EY's audit partner for the Company took over from the previous audit partner with effect from the financial year ended 31 December 2020.

In reviewing the nomination of EY for re-appointment for the financial year ending 31 December 2023, the ARC had considered the adequacy of the resources and experience of the audit engagement partners assigned to the audit, the size and complexity of the audit exercise for the Group, and the number and experience of the supervisory and professional staff assigned to the Group's audit through a review of the curriculum vita of the EY audit team. The ARC had also considered the quality of discussions with the findings raised by EY, including the Audit Quality Indicators presented. On this basis, the ARC recommended the re-appointment of EY at the upcoming AGM of the Company.

The Company has complied with Rules 712 and 715 of the Listing Rules in relation to the appointment of its auditor.

SHAREHOLDER RIGHTS AND ENGAGEMENT

Shareholder rights and conduct of general meeting
Principle 11

Engagement with shareholders
Principle 12

Engagement with Stakeholders
Principle 13

The shareholders of the Company have the opportunity to participate effectively and to vote at the Company's AGM and any other general meetings. The Company has employed electronic polling since 2014. An independent scrutineer firm is also present to validate the votes at each general meeting. The results of all votes for and against each resolution is tallied and instantaneously displayed at the meeting. The voting results are announced via SGXNet following each general meeting.

Shareholders are allowed to vote in person or by proxy if they are unable to attend the Company's AGM. 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 SGX shares through a nominee company or custodian bank or through a CPF agent bank may attend and vote at each general meeting of shareholders. Currently, the Company's Constitution does not allow for shareholders to vote at general meetings in absentia.

Information on general meetings will be disseminated through notices in the annual report or circulars, sent to all shareholders; announced on SGXNet; and advertised in local newspapers. The Company's website at www.cse-global.com also provides updated information to shareholders and investors on its corporate development.

REPORT ON CORPORATE GOVERNANCE

The Company ensures that all material and price sensitive information which may affect the price or value of the Company's shares is promptly disseminated to the public on a comprehensive, accurate and timely basis via SGXNet and is not selectively disclosed. On the rare occasion when such information is inadvertently disclosed to a select group, the Company will make the same disclosure publicly to all others as soon as practicable.

There are separate resolutions at the general meetings on each distinct issue.

All shareholders receive the Annual Report and the notice of AGM. The notice of AGM is also released via SGXNet, published in local newspapers and uploaded on the corporate website. At each general meeting, each distinct issue is proposed as a separate resolution. At the general meetings, shareholders are given the opportunity to air their views and direct questions to the Board on any matter relating to the Group's business and operations or the resolutions tabled at the meeting. At each AGM, the CEO delivers a presentation to update shareholders on the Group's performance over the past year. Directors and senior management are present at general meetings to address shareholders' queries. The external auditors are also present at the AGMs of the Company to address queries about the conduct of audit and the preparation and content of the Auditors' Report. The Company Secretary prepares minutes of general meetings, which incorporate substantial comments or queries from shareholders and responses from the Board and Management. These minutes are made available to shareholders on the Company's website.

Following the amendments to Rule 705(2) of the Listing Rules which came into effect from 7 February 2020, the Company is no longer required to release the Group's unaudited financial statements on a quarterly basis. After due deliberation, the Board decided not to continue with quarterly reporting of the Group's financial results and instead, release financial reports on a half-yearly basis.

To supplement the half-year and full year financial reports which continue in the existing format prescribed by the Listing Rules, the Company has been providing business and financial updates for the Group's first and third quarter performance.

In addition, the Company conducts quarterly briefings with analysts based on the business and financial updates which are posted on SGXNet. At such briefings, Management openly communicates the Group's financial and operational performances, business growth strategies as well as general business updates. The Company does not practice selective disclosure of information.

The Company does not have a formal dividend policy but the Board strives to provide sustainable dividend payouts. For the financial year ended 31 December 2022, the Board has proposed a final dividend of 1.5 Singapore cents per share, which brings the full-year ordinary dividend to 2.75 Singapore cents per share.

Securities Transactions

The Company has adopted and issued an internal compliance code entitled "Code of Best Practice on Securities Transactions by Officers" to the Officers of the Group. The internal compliance code set out a code of conduct to provide guidance for the Officers of the Group on their dealings with the Company's securities, as well as the implications of insider trading. During the financial year, the Company's internal compliance code has been amended to be in line with the Listing Rules following the Company's cessation of the quarterly reporting.

Under Company's internal compliance code, the Company, its Directors and officers should not deal in the Company's securities during the following "black out" 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 relevant business and financial updates; and

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

REPORT ON CORPORATE GOVERNANCE

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 report to the Company Secretary within two business days whenever they deal in the Company's securities and the latter will make the necessary announcements in accordance with the requirements of the Listing Rules.

The Company has complied with its Best Practices Guide on Securities Transactions.

Interested Person Transactions

The Company has in place procedures to ensure that all transactions with interested persons are reported in a timely manner to the ARC for its review.

There was no shareholder mandate obtained for interested person transaction for the financial year under review.

There was also no interested person transactions for the financial year under review.

Material Contracts

Pursuant to the requirements as stipulated under Rule 1207(8) of the Listing Rules, except for the interested person transactions disclosed under item 17, there were no material contracts of the Company or its subsidiary companies involving the interests of any Directors of the Company, the Managing Director of the Company or any controlling shareholders of the Company or their associates, either still subsisting at the end of the financial year or if not then subsisting, entered into since the end of the previous financial year.

RISK GOVERNANCE AND INTERNAL CONTROL

CSE GLOBAL RISK MANAGEMENT FRAMEWORK

Overview

Risk management is integral to the whole business of the Group. The Group has a system of controls in place to create an acceptable balance between the cost of risks occurring and the cost of managing the risks.

CSE's Board is responsible for governing risks and ensuring that management maintains a sound system of risk management and internal controls to safeguard shareholders' interests and the company's assets, and determining the nature and extent of the significant risks which the Board is willing to undertake in achieving its strategic objectives. Assisted by the Audit & Risk Committee ("ARC"), the Board provides valuable advice to management in formulating the risk management framework, policies and guidelines.

The ARC oversees how management monitors compliance with the Group's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the Group. The ARC is assisted in its oversight role by Internal Audit. Internal Audit undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the ARC.

The management continually monitors the Group's risk management process to ensure that an appropriate balance between risk and control is achieved. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities. The management surfaces key risk issues for discussion with the ARC and the Board regularly.

The internal auditor's primary role in relation to risk management is to provide management and the board objective assurances in:

a. The design of the risk management processes and how well they are working

b. The effectiveness in management of key risks

c. The reliability and appropriateness in risk assessment and the reporting of the risk and control status

The external auditor will provide objective assurance of the effectiveness of risk management and internal controls, particularly within the financial system and reporting.

RISK GOVERNANCE AND INTERNAL CONTROL

Objective

The Board has put in place three risk tolerance guiding principles for the Group. These principles serve to determine the nature and extent of the significant risks, which our Board is willing to undertake in achieving its strategic objectives.

These principles are:

1. Risk taken should be carefully evaluated, commensurate with rewards and in line with the Group's core strengths and strategic objectives.

2. No risk arising from a single area of operation, investment or undertaking should be so huge as to endanger the entire Group.

3. The Group does not condone safety breaches or lapses, non compliance with laws and regulations, as well as acts such as fraud, bribery and corruption.

CSE Enterprise Risk Management (ERM) Framework

CSE is committed to establishing an organisation that ensures 'managing risks' is an integral part of its business activities and a core capability where ERM is used to support decision-making. In CSE, ERM implementation aims to achieve more specifically the following objectives:

- Promote good corporate governance and a sound system of Risk Management and internal controls;
- Embed a structured and disciplined approach to systematically identify key risks that will impact CSE's businesses, assess the likelihood and impact of these risks and develop action plans to treat these risks;
- Establish a system to monitor and report key risks to the Group CEO through the Risk Management Committee (RMC) as part of the risk management framework;
- Develop and embed an organisational risk culture within CSE;
- Enhance compliance with relevant legal and regulatory requirements; and
- Minimize unexpected losses and manage expected losses.

CSE's Enterprise Risk Management (ERM) framework provides the Group with a holistic and systematic approach to risk management. It outlines the reporting structure, monitoring mechanisms, processes and tools, as well as policies and limits, in addressing the Group's key risks.

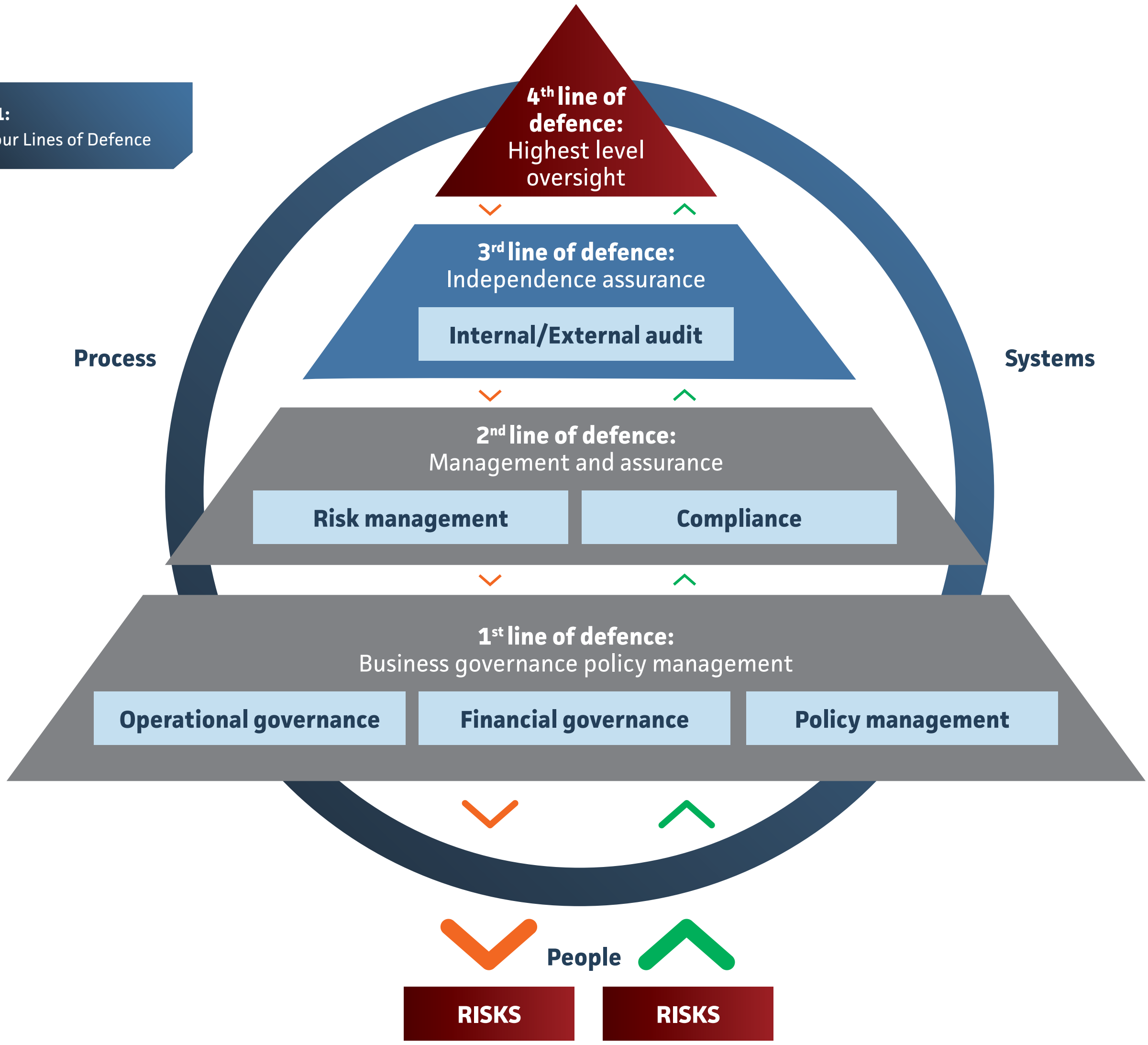
Our ERM framework is constantly refined, ensuring relevance in a dynamic operating environment. The main references of this ERM Framework are:

- ISO 31000 - This ERM Framework Manual is based on the ISO 31000:2018 Risk Management - Guidelines. ISO 31000 is a generic framework on Risk Management and is not specific to any sector or industry. Whilst CSE's ERM Framework Manual has drawn guidance from ISO 31000, further customisation has been made to better suit CSE's operating environment.
- COSO Enterprise Risk Management Framework.

RISK GOVERNANCE AND INTERNAL CONTROL

The ERM framework within CSE is to embed and build on the 4 lines of defence (as illustrated in the diagram below), a prerequisite to ensure the overall ERM process and system of internal controls is robust across CSE.

Figure 1:
CSE's Four Lines of Defence



Lines of Defence

1. Business Governance / Policy Management – This refers to CSE's policies and procedures (e.g. Standard Operating Procedures) and operational staff that help to manage and monitor key risks and detect changes in the organisation's risk profile.

2. Management and Assurance – This refers to CSE's Risk Management function and other functions, involved in ensuring compliance, which enforce and coordinates risk and control activities in CSE.

3. Independent Assurance – This refers to independent sources of assurance on CSE's internal controls, risk mitigating measures or financial statements.

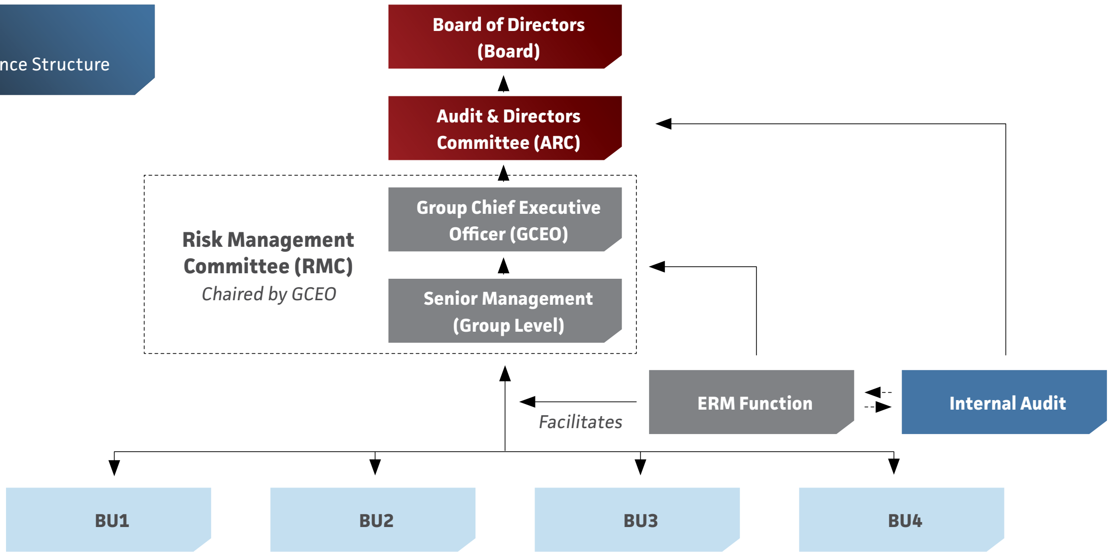
4. Board Oversight – This refers to CSE's Board and/or Audit & Risk Committee (ARC) and their oversight over CSE's key risks, controls and measures to manage risks within the organisation.

RISK GOVERNANCE AND INTERNAL CONTROL

Risk Governance Structure

Adopting the 4 lines of defence, CSE has developed a risk governance structure embedded within the existing organisational structure with assigned ERM roles and responsibilities that provide an appropriate segregation of duties:

Figure 2 :
ERM Governance Structure



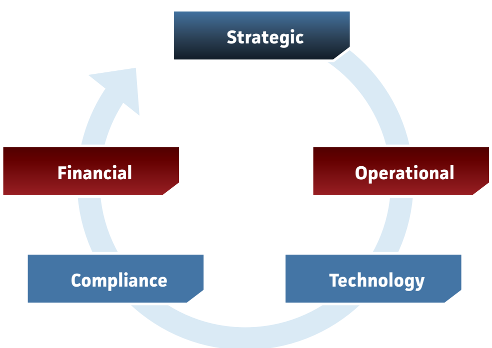
As a Group, we adopt a balanced approach to risk management. As not all risks can be eliminated, we will only undertake appropriate and wellconsidered risks to optimise returns for the Group.

Risk Factors

Our financial performance and operations are influenced by a vast range of risk factors. Many of these affect not just our businesses, but also other businesses in and outside the industry. These risks vary widely and many are beyond the Group's control. There may also be risks that are either presently unknown or not currently assessed as significant, which may later prove to be material. However, we aim to mitigate the exposures through appropriate risk management strategies and internal controls.

Key Risks

A clear and comprehensive risk categorisation is used to define and organise relevant risks to facilitate risk identification, assessment, measurement, monitoring and reporting.



Strategic Risks	Associated with the business plans, strategies, and strategic positioning of the enterprise. Have longer term perspective and could result in significant material impact to the business.
Operational Risks	Associated with the delivery of goods or services to the customers, often relating to people, processes and systems.
Technology Risks	Associated with use, ownership, operations, involvement, protection and adoption of IT. Includes IT reliability and continuity, data protection and cyber security.
Compliance Risks	Associated with compliance to regulations imposed by authorities or contractual commitments to business contracts.
Financial Risks	Associated with the financial performance of the business and the recording of business activities in the financial statements.

RISK GOVERNANCE AND INTERNAL CONTROL

1. STRATEGIC RISK

Market and Competition

The Group's strategic risks comprise market and competition risks. These include market driven forces, increased competition and changing customer demands. The Group remains vulnerable to challenges and uncertainties in the industry markets in which it serves, implications from geo-political developments on globalisation and threats of disruptive technology. The Group holds strategy meetings to review business strategies and develop action plans to mitigate against these risks.

The ARC guides the Group in formulating and reviewing risk policies and limits. These are subject to periodic reviews to ensure they continue to support business objectives and are aligned to our risk tolerance level. Taking into consideration the prevailing business climate and the Group's risk appetite, the policies aim to address risks effectively and proactively.

The Group competes internationally with many firms that are substantially larger and have substantially greater financial, professional and other resources than the Group. The Group's continued success depends on its ability to compete effectively with its competitors as well as to persuade customers to use the Group's products and services instead of those developed in-house by the customers. The Group intends to further develop its niche markets in the energy and petrochemical / chemical, oil and gas and power and utility industries, as well as the water, drainage, sewerage and environmental industries, and the public sector. The Group intends to achieve this by offering customers industry specific knowledge and cost-effective solutions. Such a strategy has enabled the Group to enjoy significant growth in recent years as reflected in its turnover and profits.

Management of growth

The Group has experienced rapid growth in the past few financial years in terms of the number of employees, scope of activities, geographical markets and level of technical expertise. This growth has resulted in added responsibilities for the Group's management who are responsible for overseeing the expansion of the Group's operations into new products and geographical markets. Further, in order to meet the demand of its current and future projects, the Group will need to attract, motivate and retain a significant number of highly qualified professionals who have significant relevant industry experiences. As a systems integrator providing highly sophisticated information technology and industrial automation solutions and services locally and overseas, the Group requires qualified professionals who are experienced and possess the relevant skill sets. Given the exacting job specification, the pool of qualified professionals is relatively small. As such, the Group faces keen competition for such pool of qualified professionals. Moreover, due to rapid growth in the global information technology and industrial automation markets, increasing competition for such professionals may also increase the Group's labour costs. To manage and sustain its growth effectively, the Directors must continue to expand its management team by attracting more talent into the Group and to motivate and retain such professionals at a competitive cost, as well as improve its operational efficiency and financial management.

Acquisitions and Divestments

Being an acquisitive company, CSE faces challenges arising from integrating newly acquired businesses with our own operations and managing these businesses in markets where we have limited experience. The Group risks not being able to generate synergies from these acquisitions, and the acquisitions may become a drain on the Group's management and capital resources.

The Company recognises the risks associated with acquisitions. However, CSE views suitable acquisitions as the fastest way to achieve scale and will mitigate risks through pre-acquisition due diligence and carefully managed integration processes. CSE recognises that rapid growth will stretch the organisation, its infrastructure and processes, but is willing to bear the attendant risk so long as it is able to reasonably mitigate the key risks.

CSE has an established process for evaluating acquisition and divestment decisions. Acquisitions are monitored to ensure they are on track in meeting the Group's strategic objectives and investment returns.

The Board guides the Group to take risks in a controlled manner, preserving the entrepreneurial spirit as well as exercising financial discipline to earn the best riskadjusted returns on invested capital. The investment portfolio is constantly monitored to ensure that performance is on track to meet the Group's strategic objectives and investment returns.

Human Resources

CSE is committed to attracting and retaining the best talents, with the ultimate goal as a preferred employer of choice. This can be achieved by maintaining good employee relations, promoting employee engagement, enhancing talent development and fostering a conducive work environment for our employees. The Group continues to focus on strengthening and building our human capital and capabilities to support our long term and sustainable growth plans.

2. OPERATIONAL RISK

Project Management

As a contractor and system integrator, CSE is subject to the risks of increased project costs, disputes and unexpected implementation delays, any of which can result in an inability to meet projected completion dates. We face potential project execution risks when projects are not accurately scoped or the quality of service performance is not up to customers' specifications, resulting in over-commitments to customers, as well as inadequate resource allocation and scheduling. These can lead to cost overruns, project delays and losses. The Group has a project risk management framework in place with processes for regular risk assessment, performance monitoring and reporting of key projects. Particular attention is given to technically challenging and highvalue projects, including greenfield developments, as well as those that involve new technology or operations in a new country. Projects are managed in accordance to the respective country's environmental laws and labour practices.

Health, Safety & Environment

Maintaining a high level of health, safety and environmental (HSE) standards is of paramount importance to the Group. As such, we are constantly raising awareness and building a HSE culture at the ground level. Key initiatives include driving a zero fatality strategy across our global operations, enhancing competency of employees performing safetycritical tasks, strengthening operational controls, as well as developing more proactive and leading metrics to monitor HSE performance. Environmental management practices in key operating sites are also closely monitored. As a Group, we continue to embrace and leverage technology to improve HSE processes and systems.

Business & Operational Processes

Through ongoing efforts to streamline business processes, we have established a common shared services platform which allows us to achieve cost savings, improve efficiency and productivity, as well as enhance governance, compliance and control. We adopted ISO standards and certifications to achieve standardisation of processes and best practices. In addition, procedures relating to defect management, operations, project control and supply chain management were established to improve quality of deliverables. We conduct regular reviews of policies and authority limits to ensure that they remain relevant in meeting changing business requirements.

Business Continuity

We are committed to enhancing operational resilience through a robust Business Continuity Plan (BCP) that will equip us to respond effectively to disruptions, while continuing with critical business functions and minimising the impact on our people, operations and assets. As a Group, we have increased efforts in reviewing and testing our operational preparedness and effectiveness of these plans. Follow up actions are taken to strengthen operational resilience and key learning points are documented.

Crisis management and communication procedures have also been embedded into the Group's BCP processes. These procedures are constantly refined to allow us to respond in an orderly and coordinated way, as well as to expedite recovery. Our focus is on building capabilities to respond to crises effectively while safeguarding our people, assets and the interests of our stakeholders.

3. TECHNOLOGY RISK

Information Technology

The Group has in place an Information Technology (IT) security framework to address evolving IT security threats such as hacking, malware, mobile threats and loss of data. Our IT security, governance and controls have been strengthened through the alignment of IT policies, processes and systems, and the consolidation of servers and storages.

Extensive training have been conducted on user security education to heighten awareness of IT threats. Measures and considerations have also been taken to safeguard against loss of information, data security, and prolonged service disruption of critical IT systems.

4. COMPLIANCE RISK

We have a defined framework and continue to work towards strengthening our policies and processes surrounding regulatory compliance, to foster a compliance-centric culture. The framework deals with the structure, people, policies and activities required for management to identify, assess, mitigate and monitor key compliance risks.

(i) Laws, Regulations & Compliance

Given the geographical diversity of our businesses, we closely monitor developments in laws and regulations in countries where the Group operates, to ensure that our businesses and operations comply with all relevant laws and regulations. We regularly engage with local government authorities and agencies to keep abreast of changes in regulations.

Recognising that noncompliance with laws and regulations has potential significant reputational and financial impact, particular emphasis is placed on regulatory compliance in all our operations.

(ii) Corporate Governance - Policies And Procedures

(a) Employee Code of Conduct

We have a strict Code of Conduct that applies to all employees, who are required to acknowledge and comply with the code. The Code of Conduct sets out principles to guide employees in carrying out their duties and responsibilities to the highest standards of personal and corporate integrity when dealing with the Company, customers and suppliers. It covers areas such as conduct in the workplace and business conduct, including anti-corruption and conflict of interests. These policies are reviewed regularly and updated to reflect changes where required.

(b) Whistle-Blowing Policy

CSE has had a whistle-blowing policy and procedures, which provide employees with well-defined and accessible channels within the Group through which they may, in confidence, raise concerns about possible improprieties in matters of business activities, financial reporting or other matters to the Audit Committee. This arrangement facilitates independent investigation of such matters for appropriate resolution.

(c) Training & Communications

Training is a key component within CSE's regulatory compliance framework and we continue to focus on refining our compliance training programme and curriculum for new and existing employees. Training programmes are tailored to the audience and we leverage Group-wide forums to reiterate the key messages. Our employees are also required to complete mandatory annual assessment covering key policies, as well as to acknowledge that they have read and understood our policies and declare any potential conflicts of interest.

(d) Financial Discipline Process

A systematic approach has been in place for CSE Global Limited and its subsidiaries to ensure financial discipline across the Group. We have set up a self-check, review and certification process called the Self- Assessment Declaration for all subsidiaries to confirm their commitment to and compliance with a prudent financial discipline framework. The framework provides for management at various levels in the countries to systematically review and ensure compliance with the requirements of new accounting standards and the treatment of transactions and ensures that acceptable accounting policies are followed. It allows early identification of areas of potential exposure that can be addressed to minimise adverse impact to the Group as well as ensure the adequacy of provisions made in the accounts.

Each subsidiary operating and finance heads are required to review, report and ensure adequate provisioning for project losses, asset impairment, significant long outstanding debtors, significant inter-company balances, contingent liabilities, fraud incidents and any transactions and/or events with material impact or potential material impact on the subsidiary's financial results. These financial impacts (if any) are reported on a quarterly basis to CSE Global Limited and accounted for in the interim accounts of the respective subsidiary.

Each subsidiary are also required to complete the review and certification of financial discipline for revenue recognition, cost recognition, recognition of assets and liabilities, recognition of assets, consolidation and internal controls.

RISK GOVERNANCE AND INTERNAL CONTROL

5. FINANCIAL RISK

Fraud, Misstatement of Financial Statements & Disclosures

We continue to maintain a strong emphasis on ensuring financial statements are accurate and presented fairly in accordance with applicable financial reporting standards and framework. Where appropriate, we leverage the expertise of the external auditors in the interpretation of financial reporting standards and changes. Regular external and internal audits are conducted to provide assurance on accuracy of financial statements and adequacy of the control framework supporting the financial statements. We encourage regular training and education programmes to enhance competency of finance managers across the Group.

Financial Management

The Group operates internationally and is exposed to a variety of financial risks, including currency risk, interest rate risk, credit risk and liquidity risks.

As part of the Group's Enterprise Risk Management framework, Group treasury policies and financial authority limits are documented and reviewed periodically. The policies set out the parameters for management of Group liquidity, counterparty risk, foreign exchange and derivative transactions and financing.

The Group utilises various financial instruments to manage exposures to interest rate and foreign exchange risks arising from operational, financing and investment activities. Transactions such as swaps, options and contracts for difference hedge the Group against fluctuations in the market prices of the underlying instruments. The Group monitors and hedges, where appropriate, its exposure to fluctuations in interest rates and foreign exchange rates. Exposures to foreign currency risks are also hedged naturally where possible.

The financial authority limits seek to limit and mitigate operational risk by setting out the threshold of approvals required for the entry into contractual obligations and investments.

Impact assessment and stress tests are performed to gauge the Group's exposure to changing market situations, allowing for informed decision-making and implementation of prompt mitigating actions. We also regularly monitor the concentration of exposure in the countries where the Group operates.

The Group's principal financial instruments comprise bank loans, finance leases, cash and bank balances. The main purpose of these financial instruments is to finance the Group's operations. All financial transactions with the banks are governed by banking facilities duly accepted with Board of Directors resolutions and banking mandates which define the permitted financial instruments and facilities limits, approved by the Board of Directors. All financial transactions require dual signatories. The Group has various other financial assets and liabilities such as trade receivables, trade payables, and lease liabilities which arise directly from its operations.

Foreign currency risk

The Group has transactional currency exposures arising from sales or purchases that are denominated in a currency other than the respective functional currencies of Group entities, primarily Singapore Dollar (SGD), United States Dollar (USD), British Pound (GBP), Euro (EUR), and Australia Dollar (AUD). Approximately 99% (2021: 99%) of the Group's sales and approximately 83% (2021: 83%) of costs including taxes are denominated in the respective functional currencies of the Group entities.

The Group's trade receivables and trade payables balances at the end of the reporting period have similar exposures with 94% (2021: 92%) and 90% (2021: 86%) denominated in their respective functional currencies.

The Group and the Company also hold cash and bank balances denominated in foreign currencies of respective entities for working capital purposes. At the end of the reporting period, such foreign currency balances are mainly in USD, GBP, EUR, AUD and SGD.

The Group is also exposed to currency translation risk arising from its net investments in foreign operations. The Group's net investments in foreign subsidiaries are not hedged as the currency positions in the respective countries are considered to be long-term in nature.

Credit risk

Credit risk is the risk of loss that may arise on outstanding financial instruments should a counterparty default on its obligations. The Group's exposure to credit risk arises primarily from trade and other receivables, and contract assets. For other financial assets (including other investment and cash and bank balances), the Group minimises credit risk by dealing exclusively with high credit rating counterparties.

In respect of credit risk arising from the inability of customers of the Group to make payments when their receivables fall due, it is the Group's policy to provide credit terms to creditworthy and reputable customers. These receivables are monitored on an ongoing basis to ensure that issues arising from non-collectibility are minimised.

RISK GOVERNANCE AND INTERNAL CONTROL

Exposure to credit risk
The Group's maximum exposure to credit risk, in the event that the counter-parties to the transactions with the Group fails to perform their obligations at the end of reporting period in relation to each class of recognised financial assets, is the carrying amount of those assets as indicated in the balance sheet, and is generally limited to the amounts, if any, by which the counter-parties' obligations exceed the obligations of the Group.

The Group has no significant concentration of credit risk.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of the Group's and the Company's financial instruments will fluctuate because of changes in market interest rates. The Group's and the Company's exposure to interest rate risk arises primarily from their loans and borrowings, interest-bearing loans given to related companies and bank deposits.

The Company's loans at floating rate given to related parties form a natural hedge for its current floating rate bank loan. All of the Group's and Company's financial assets and liabilities at floating rates are contractually repriced at intervals of less than 6 months (2021: less than 6 months) from the balance sheet date.

In respect to the term loan, the Group enters into interest rate swaps, in which it agrees to exchange, at specified intervals, the difference between fixed and variable rate interest amounts calculated by reference to an agreed-upon notional principal amount.

Liquidity risk

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

The Group's and the Company's liquidity risk management policy is to maintain sufficient liquid financial assets and stand-by credit facilities with different banks. At the end of the reporting period, 65% (2021: 50%) of the Group's loans and borrowings (Note 14) of the financial statements will mature in less than one year based on the carrying amount reflected in the financial statements.

Notwithstanding the headwinds, we continued a disciplined pursuit of new opportunities and revenue streams to safeguard shareholders' interests and the Group's assets. Supported by a robust risk management system, we are able to respond effectively to shifting business demands and seize opportunities that create value for our stakeholders.

Proactive Risk Management

We remain vigilant against emerging threats that may affect our different businesses. Through close collaboration with stakeholders, we will continue to review our risk management system to ensure that it remains adequate and effective.

	OUR RISKS
Strategic Risks	Market and competition Management of growth Acquisitions and Divestments Human Resources
Operational Risks	Project Management Health, Safety & Environment Business & Operational Processes Business Continuity
Technology Risks	Information Technology
Compliance Risks	Laws, Regulations & Compliance Corporate Governance – Policies and Procedures
Financial Risks	Fraud, Misstatement of financial statements & disclosures Financial Management - Foreign currency - Credit - Interest rate - Liquidity

SUSTAINABLE IN OUR APPROACH

Our core strategy for developing a robust, sustainable, and thriving business lies a commitment to environmental responsibility, social equity, and sound governance principles.

2022 SUSTAINABILITY REPORT

1. INTRODUCTION

1.1 About CSE Global

CSE Global Limited (CSE) is a global technologies company listed on the Singapore Stock Exchange, with an international presence spanning across Americas, Asia Pacific, Europe, Middle East and Africa regions.

With a track record of over 30 years, we pride ourselves as a trusted, lifelong partner to all customers, and have been very successful in offering cost-effective, totally integrated solutions to industries in the Automation, Telecommunications and Environmental sectors.

We now have more than 1,800 employees worldwide and operate a network of 57 offices across the globe, generating more than 90 percent of our revenues outside our home market. In line with global ambitions, we have adopted the ISO 9001 Quality Management System as certified by Lloyd's Register Quality Assurance ("LRQA") and DNV.

1.2 Vision and Mission

We believe it is our responsibility to manage the Group successfully on a sustainable long-term basis. We are committed to deliver greater value and returns to our shareholders, business partners and employees.

Our employees operate according to a set of core values that guide all aspects of our business. We recognise that cooperation, communication, and trust are essential for us to collaborate to compete, and that care and concern through respect, patience, empathy, and consideration are essential, both between each other and among the communities in which we operate.

2. CEO STATEMENT

Dear Stakeholders,

I am pleased to present CSE Global Limited (the "Company") and its subsidiaries' (the "Group") fifth annual sustainability report for the financial year ended 31 December 2022 ("FY2022"). This report covers all performance data and sustainability practices for our material Environmental, Social and Governance ("ESG") topics.

2022 was a year of continuous change for us as we began to navigate a "new normal" and emerge from the shadows of the COVID-19 pandemic. Beyond the pandemic, the world experienced a climate crisis with more frequent and intense extreme weather conditions. This underscores the importance for companies to focus on climate action and accelerate positive change.

We continue to place a strong focus on sustainability as it is our belief that building a sustainable business is vital to our continued success, and the Board oversees all corporate governance and operational matters relating to our business. We strive to achieve this by delivering positive ESG outcomes to our stakeholders and achieving long-term economic value. During the year, we advanced our ESG efforts and made strides toward making our business more sustainable, beginning with the enhancement of our climate disclosures. To build climate resilience, we are committed to aligning our reporting with the Task Force for Climate-related Disclosures ("TCFD") and embarked on a climate risk assessment to better understand our climate-related risks and opportunities. We also continue to track our energy usage and remain steadfast in exploring new innovative solutions to ensure the efficient use of environmental resources.

We remain guided by the principles laid out in our Corporate Sustainability Policy and Environmental Policy as we continue to advance our sustainability efforts and work towards building a sustainable business. We believe that it is our responsibility to ensure sustainable practices are embedded throughout our supply chain. With global calls for climate action, we are determined to continue to push new boundaries in areas of ESG and work closely with stakeholders to build a more sustainable and resilient future.

Lim Boon Kheng
Group CEO

3. ABOUT THIS REPORT

This report reaffirms our commitment to sustainability and is designed to provide an overview of our approach, priorities, targets and performance for ESG areas which are material to our business and stakeholders.

No restatements were made from the previous report except Scope 1 and paper consumption-related figures in 2020 and 2021 in Section 6.3 of this report. We however retained key methodologies on our stakeholder engagement and materiality to provide context on our ambitions and actions that have not changed.

We have also reset our baseline reporting for GHG carbon emissions, electricity and paper consumption indices from year 2018 to year 2020 in order to improve the quality of the reporting as a result of impacts of various mergers & acquisitions over these years.

The information in this report should be read in conjunction with our Annual Report, which can be found at https://cseglobal.listedcompany.com/ar.html.

3.1 Report Scope

The scope of the report covers the performance of the consolidated entities across America, Australia/New Zealand and Singapore, with annual revenues exceeding 91.4% of total group revenue for the financial year ended 31 December 2022 (“FY2022”).

As our sustainability reporting matures, we have plans to progressively include more global operations as part of the reporting scope in future years.

3.2 Report Framework

This report has been prepared in accordance with the SGX-ST Listing Rules (711A and 711B) and references the Global Reporting Initiative (“GRI”) Standards 2021. The GRI Standards were chosen as it enables us to communicate our sustainability performance and impact in a holistic manner by drawing upon the robust guidance provided by GRI, which offers an international reference for the disclosure of governance approach, environmental, social, and economic performance, and impacts of organisations. Please refer to the GRI Content Index on Section 13 of this report for further information relating to the GRI disclosures referenced in this report.

In view of SGX’s enhanced listing rules which require climate reporting, we have aligned our climate-related disclosures with the recommendations of the Task Force on Climate-related Financial Disclosures (“TCFD”), which outlines our approach in the four key areas of governance, strategy, risk management, and metric and targets.

Additionally, being a strong supporter of international initiatives, disclosures within this report continue to make references to the United Nations Sustainable Development Goals (“UN SDGs”) and United Nations Global Compact (“UNGC”).

We have sought internal assurance for all information disclosed within this report. To date, we have not sought third party or external assurance, but we have plans to do so as our sustainability reporting matures over time.

3.3 Report Contact and Feedback

We seek to continuously improve its sustainability performance and welcomes feedback and queries from all stakeholders through the following channels:

In writing to:
Investor Relations
CSE GLOBAL LIMITED
202 Bedok South Avenue 1
#01-21
Singapore 469332

Via our IR contact at https://cseglobal.listedcompany.com/

As part of our commitment to reduce our environmental impact, limited number of physical copies of the report were printed and no physical copies were distributed to shareholders unless on specifc request by shareholders. This report is available for download on our corporate sustainability website: https://cseglobal.listedcompany.com/sr.html

4. INTEGRATING SUSTAINABILITY INTO OUR BUSINESS

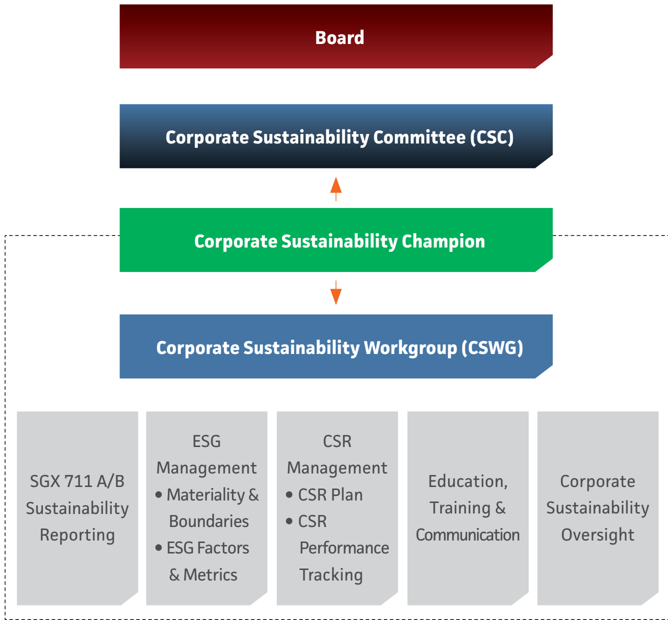
We are cognisant that corporate social responsibility is a key-driver towards long-term sustainability, and one which must be embedded in our business. Through this, it ensures that our business strategy and operations are in line with a long-term vision towards a conducive and sustainable future.

2022 SUSTAINABILITY REPORT

4.1 Sustainability Governance

Our Board of Directors ("the Board") oversees all corporate governance and operational matters relating to our business, including climate-related risks and opportunities. For corporate sustainability, the Board is supported by the Corporate Sustainability Committee ("CSC") which is chaired by our Group Managing Director and Group Chief Financial Officer. The CSC provides leadership and approval over corporate sustainability matters such as Corporate Social Responsibility ("CSR") plans, community investment, and environmental initiatives. Supported by the CSC, our Corporate Sustainability Champion is our Subject Matter Expert in corporate sustainability, and pro-actively raises awareness through education and training across the organization.

Through the Corporate Sustainability Work Group ("CSWG"), our Champion engages businesses and functions in collectively executing the CSR plan, identifying, and managing material ESG factors as well as engaging sustainability stakeholders. Businesses and functions provide back-to-back assurance over the quality of information for sustainability reporting.



4.2 Stakeholder Engagement

Stakeholders are important to our success and understanding our needs will enable us to align our priorities to ensure long-term sustainability of our business. We engage with our stakeholders throughout the year on our sustainability progress by providing regular and up-to-date communication about our CSR policies and activities as well as seeking feedback from them. In-turn, this enables us to evaluate our current status and explore new possibilities stimulated by stakeholder responses. Due to our global presence, we are reporting the stakeholder engagement and material issues for our Singapore operations in this report.

Stakeholder	Significance of stakeholder to us	Material Issues	Addressing stakeholders' issues
Future generation	Our sustainability agenda for the environment and future generation is embedded into the day-to-day business activities among our staff. We continue to strive to improve from a holistic perspective through the company culture and practices. Within the big picture of sustainability, we take steps to focus on key goals such as curbing global warming and conserving resources. Such areas are crucial to a sustainability economic ecosystem for our customers which are keys to our business sustainability.	• Environmental education of our employees and customers • Reduction of carbon emissions • Energy consumption	• Environmental policy • Waste Management • ISO 14001 certification

2022 SUSTAINABILITY REPORT

Stakeholder	Significance of stakeholder to us	Material Issues	Addressing stakeholders' issues
Employee	An ethical and professional working environment is crucial in cultivating a corporate culture which motivates and empowers our employees to meet our full potential both professionally and personally.	• Employee well-being through workplace health & safety and work life balance • Regular training of employees on critical skillsets to sustain competitiveness • Competitive compensation scheme to retain talents • Non-discrimination, diversity and equality • Senior management engagement with employees	• Code of Conduct • Fair Employment Practices • Training and Career Development • Flexible Work Policy • Pension Scheme • WHS Framework • OSHAS Certification • BizSafe
Customer	The quality and safety of our services and products to our customers are the core focuses of our commitments. Through our quality and safety commitments to our customer, we will, in turn, be contributing to our own successful sustainable development.	• Safety of our customers in our services delivery • Customer data privacy • Customer satisfaction and customer-centric approach	• Customer Relationship Management Policies • Policies on Quality Assurance • Data Security for Customer Information • Privacy policy • ISO9001
Supplier	To implement our sustainability agenda effectively and meaningfully, it is important that our suppliers and partners share our values in our business practices in the areas such as the environment, human rights, labour practices and corporate ethics. Such alignment of values is a crucial part of building mutually beneficial relations with supplier and channel partners to enhance both our own competitiveness and that of ours.	• Environmental, labour and human rights impact in the supply chain	• Supplier Selection and Regular Review Process
Community	In our vision in moving our business to high value-added business areas, abilities to identify and attract people with knowledge and talent are crucial to sustainability of our businesses. Within a broad range of our community engagements, we focus on the education of today's youth and providing financial and practical support to targeted local and communities, through donation, sponsorship, fundraising and voluntary activities.	• Impact on communities and local economies, and future generation education • Economic value generated and distributed to local community	• Selection of Community Initiatives in Alignment with Organization Goals

4.3 Materiality Assessment

We conducted a materiality assessment in 2017 to evaluate our ESG focus areas material as well as ensure stakeholders' concerns are addressed. We continuously re-evaluate our material topics through regular stakeholder engagements and prioritise both our sustainability efforts as well as ESG issues which are most relevant to our business and stakeholders. The following table below highlights our key focus area and respective material topics.

Key focus area	Material topics
Protecting our environment for future generations	• Climate resilience • Reduction of carbon footprint
Caring for our employees	• Employee well-being • Workplace health and safety • Future-ready work
Focusing on our customers' needs	• Customer feedback and satisfaction • Service quality and safety • Data security and privacy
Partnering our suppliers	• Supply chain management
Supporting our community	• Local communities
Governance	• Ethics and compliance • Economic performance

5. ALIGNING WITH INTERNATIONAL INITIATIVES

5.1 United Nations Sustainable Development Goals ("UN SDGs")

The 17 UN SDGs were developed in 2015 to address sustainable development challenges by 2030 and achieve a more sustainable future for all. Although the UN SDGs are primarily aimed at governments, they represent an important opportunity for businesses to also act for a more sustainable world.

We are committed to taking action to advance sustainable development and have aligned its activities with four SDGs:

SDG	Relevant SDG target to our business	Our contribution to the SDG
SDG 7: Ensure access to affordable, reliable, sustainable and modern energy for all	7.2: By 2030, double the global rate of improvement in energy efficiency	We have our own internal processes and environmental policies to reduce electricity and fuel consumption. Our approach to mitigating climate change includes staff training and implementing energy-efficient measures. We monitor and report our GHG emissions and set reduction targets.
SDG 12: Ensure sustainable consumption and production patterns	12.2: By 2030, achieve the sustainable management and efficient use of natural resources	

2022 SUSTAINABILITY REPORT

SDG	Relevant SDG target to our business	Our contribution to the SDG
SDG 13: Take urgent action to combat climate change and its impacts	13.3: Improve education, awareness raising and human and institutional capacity on climate change mitigation, adaptation, impact reduction and early warning.	
SDG 15: Protect, restore and promote sustainable use of terrestrial ecosystems, sustainably manage forests, combat desertification, and halt and reverse land degradation and halt biodiversity loss	15.1: By 2030, ensure the conservation, restoration and sustainable use of terrestrial and inland freshwater ecosystems and our services, in particular forests, wetlands, mountains and drylands, in line with obligations under international agreements.	All the paper used in our offices are either Forest Stewardship Council (FSC) certified or made from KHAN-NA. We actively promote the use of such papers across our organisation. Through that, the Company supports efforts in mitigating global warming and the creation of positive rural community engagement, job opportunity, and better livelihood for the farmers and members of the community.

5.2 United Nations Global Compact ("UNGC")

The UNGC refers to a set of principle-based commitments centred around four areas: Human Rights, Labour, Environment and Anti-Corruption. It encourages businesses worldwide to adopt sustainable and socially responsible policies, and to report on our implementation. We are committed to responsible business practices in the four areas set out by the UNGC and has aligned our disclosures with its principles.

Principle	Report section reference
Human Rights	
Principle 1: Businesses should support and respect the protection of internationally proclaimed human rights.	7.2.5
Principle 2: Make sure that they are not complicit in human rights abuses.	7.2.5
Labour	
Principle 3: Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining.	7.2
Principle 4: Elimination of all forms of forced and compulsory labour.	7.2.5
Principle 5: Effective abolition of child labour.	7.2.5
Principle 6: Elimination of discrimination in respect of employment and occupation.	7.2
Environment	
Principle 7: Businesses should support a precautionary approach to environmental challenges.	6.2, 6.3
Principle 8: Undertake initiatives to promote greater environmental responsibility.	6.2, 6.3
Principle 9: Encourage the development and diffusion of environmentally friendly technologies.	6.2.2
Anti-corruption	
Principle 10: Businesses should work against corruption in all its forms, including extortion and bribery.	11.2

6. PROTECTING OUR ENVIRONMENT FOR FUTURE GENERATIONS

6.1 Our Approach

The World Economic Forum Global Risks Report 2023 ranked failure to mitigate and adapt to climate change as well as natural disasters as the top three long-term threats, thus placing a spotlight on the urgency for businesses to accelerate its climate action and transition to a lower-carbon economy. To deliver positive outcomes for the environment, we will continue to be guided by the same environmental policies (e.g. green procurement guidelines and environmental and sustainability policy) and standards (e.g. ISO 14001) as our parent company and key regional affiliates, and seeks innovative ways to reduce the environmental footprint of our products and services.

6.2 Climate Resilience

We are cognisant of the impact climate change can have on our operations and is taking steps to identify and integrate these climate-related risks into our business strategy. To that end, we started adopting the recommendations of the TCFD framework in FY2022, which enabled us to better position ourselves to manage identified climate-related risks and seize climate-related opportunities arising from these risks. The following section comprises our climate-related disclosures in the four key areas of governance, strategy, risk management, and metric and targets. Achieving a climate-resilient future is a journey and we will continue to enhance upon our disclosures in future reports.

6.2.1 Pillar 1: Governance

Our governance around climate-related risks and opportunities

CSE Group is committed to implementing an effective governance structure to ensure that the entire business is aligned to sustainability and creating positive, long-term impact, guided by our Group purpose and sustainability framework.

The Board oversees all corporate governance and operational matters relating to our business and has oversight of all climate-related risks and opportunities. Climate-related issues are also considered as part of our business plans and diversification strategy. The Board has regular discussions with management surrounding the topic of climate-related risks and opportunities, such as embarking on renewable energy projects. The Board also reviews and monitors targets on an annual basis to ensure they are on track.

CSE Group complies with SGX's new requirement for Directors to undergo mandatory sustainability training. Our Board of Directors have attended sustainability training courses on ESG Essentials and Sustainability for Directors offered by the Singapore Institute of Directors.

6.2.2 Pillar 2: Strategy

The actual and potential impacts of climate-related risks and opportunities on our businesses, strategy, and financial planning

We worked with an external consultant and conducted our first climate assessment in FY2022 to identify our preliminary climate-related risks (chronic and acute) and opportunities across our portfolio. This included an analysis of current and upcoming trends specific to the technology industry and regulations specific to the location of our operations, as well as discussions with internal stakeholders.

2022 SUSTAINABILITY REPORT

The following table summarises our climate-related risks across the short- (1-2 years), medium- (3-4 years) and long-term (5 years and above) as well as its potential impact on our business.

Identified climate-related risk		Likelihood of climate-related risk SG	ANZ	UK	USA	Impact of climate-related risk
Physical risks	Hurricane	Risk not identified	Medium-term	Short-term	Short-term	• Reduced revenue due to potential risks of supplier, logistics and network disruption • Increased operating costs from volatile fossil fuel prices or increase in energy consumption • Weakened investor confidence for not shifting towards the adoption of greener products
	Wildfires	Risk not identified	Short-term	Short-term	Risk not identified	
	Droughts	Long-term	Medium-term	Short-term	Long-term	
	Floods	Long-term	Short-term	Short-term	Medium-term	
	Extreme heat	Medium-term	Medium-term	Short-term	Medium-term	
	Changes to precipitation pattern	Long-term	Short-term	Short-term	Medium-term	
Transition risks	More stringent carbon tax	Long-term	Medium-term	Medium-term	Medium-term	
	Increased cost of raw materials	Short-term	Medium-term	Medium-term	Medium-term	
	Customer's preference for greener products	Long-term	Medium-term	Long-term	Short-term	
	Increased stakeholder concern	Medium-term	Medium-term	Long-term	Risk not identified	
	Increase in digitalization and technology	Long-term	Medium-term	Medium-term	Medium-term	
	Additional costs from reporting requirement	Short-term	Long-term	Medium-term	Short-term	

Legend: ● Short-term ● Medium-term ● Long-term ● Risk not identified

We have also identified opportunities across the short- and medium- term in the areas of:
- Investing in green technology such as energy efficient electronic equipment, LED lighting and solar power
- Conducting flood and heat risk assessments on existing properties
- Ensuring all products meet industry standards through certifications
- Negotiating with banks for possible Sustainability Linked Loans ("SLL")
- Including climate criteria as part of the annual supplier review

6.2.3 Pillar 3: Risk Management

The processes used by us to identify, assess, and manage climate-related risks

We have established an Enterprise Risk Management ("ERM") framework to ensure adequate and effective management of risks. The framework sets out governing policies, processes and systems pertaining to each of the key risk areas to which we are exposed, and facilitates the assessment by the Board in the effectiveness managing each of our key risks. Recognising the impact climate-related risks may pose on our operations, we will progressively phase in climate-related risks as part of the overall ERM framework.

6.2.4 Pillar 4: Metrics and Targets

The metrics and targets used to assess and manage relevant climate-related risks and opportunities

To assess climate-related risks and opportunities, we currently disclose energy consumption, Scope 1 and Scope 2 emissions, and paper consumption. We also have developed the following targets to manage our identified climate-related risks and opportunities and track our progress:

- Reduce greenhouse gas carbon emission index by 10% by 2030 (Base year: 2020)
- Reduce greenhouse gas carbon emission index by 1.0% annually
- Reduce paper consumption index by 10% by 2030 (Base year: 2020)
- Reduce paper consumption index by 1.0% annually

Please refer to section 6.3 of this report for an overview of our environmental performance.

6.2.5 Our TCFD journey ahead

This is our first year reporting our climate disclosures aligned with the TCFD recommendations, and we recognise that more efforts are required in our ongoing journey towards greater transparency and accountability in the business world as we address our climate risks and seek climate resilience. Hence, we are disclosing our TCFD roadmap to enable stakeholders to better understand our efforts in driving climate action and how we plan to integrate climate-related risks and opportunities into our business strategy in the coming years.

Governance	Strategy	Risk Management	Metrics and Targets
• Strengthen the roles and responsibilities of the Board in monitoring and reviewing climate risks • Continued Board oversight of climate-related risks and opportunities • Further integrate climate change considerations into all decision-making processes • Conduct climate-related training for all Board Members and Management Team	• Engage with external stakeholders as part of our climate-related risk identification process • Quantify the impact of identified climate-related risks and opportunities to our business • Conduct a climate risk assessment (scenario analysis) to understand the exposure of climate-related risks to our business	• Integrate climate-related risks within the ERM framework • Develop a process to manage identified climate-related risks, including assessing different mitigation measures • Continued monitoring and assessing of climate-related risks and opportunities	• Continue reporting on Scope 1 and 2 emissions • Continue to track our environmental performance against targets • Develop a Scope 3 GHG emissions inventory • Progressively expand the coverage of Scope 1, 2, and 3 emissions to include other overseas entities • Review other climate-related metrics and targets

6.3 Reduction of Carbon Footprint

6.3.1 Energy and greenhouse gas emissions ("GHG")

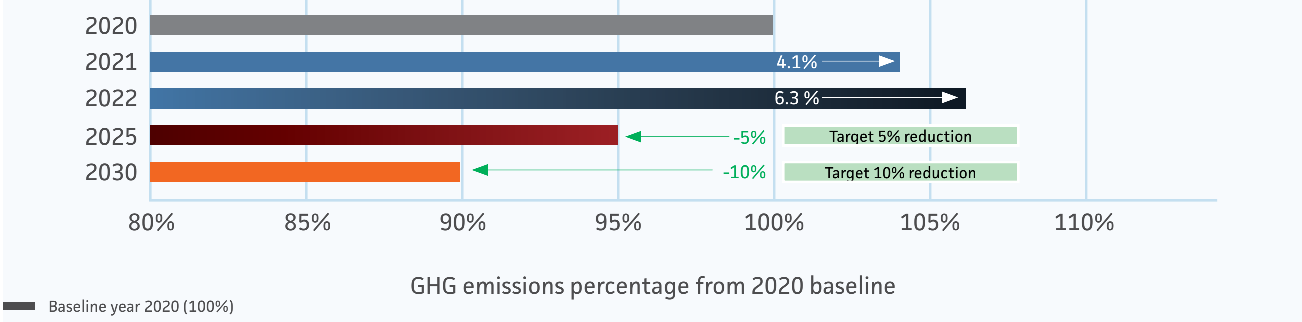
We recognise the need to minimise our environmental footprint and seek to achieve resource efficiency. In the same vein, managing and monitoring of our carbon footprint can also raise our brand profile, enable us to gain a competitive advantage by being an environmental champion in our industry as well as reduce operating costs.

FY2022 Targets	Our Progress	FY2023 Targets
Reduce greenhouse gas carbon emission index by 1% annually (as compared to 2021)	Not met	Reduce greenhouse gas carbon emission index by 1% annually

In FY2022, we consumed a total of 6,062,774 kWh of electricity, an 8.3% increase from past reporting period as we gradually resumed our business operations post COVID-19. However, our electricity consumption index decreased from 11,943 kWh/SGD million to 10,871 kWh/SGD million.

	FY2020	FY2021	FY2022
Electricity consumed (kWh)	6,017,961	5,597,121	6,062,774
Electricity consumption index (kWh / SGD million)	11,969	11,943	10,871

CSE GROUP GHG 1 & 2 BASELINE, PERFORMANCE AND TARGETS



2022 SUSTAINABILITY REPORT

Apart from electricity, we also track Scope 1 and 2 emissions[1] which arise from our consumption of fuel and electricity respectively. Scope 1 emissions makes up a bulk of our emissions, contributing to 98% of our total emissions. Emissions increased by 21.5% in FY2022 as compared to FY2021 and our GHG emission index rose from 4.85 tCO_2e/SGD million to 4.96 tCO_2e/SGD million. As a result, we did not met our FY2022 target of reducing our greenhouse gas carbon emission index by 2% as compared to FY2021.

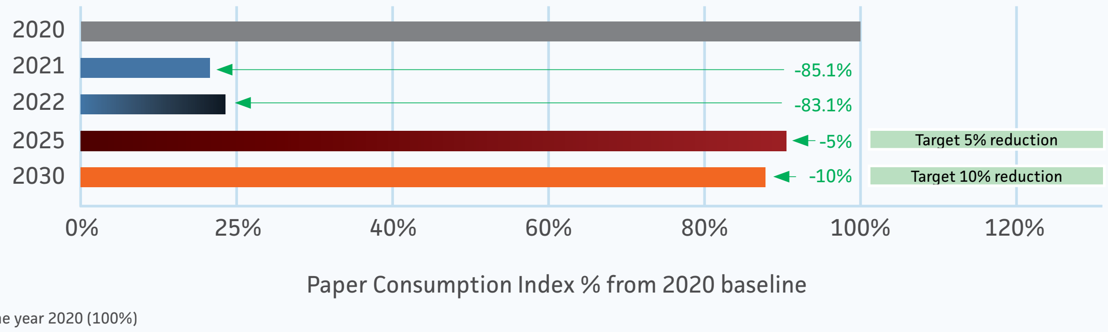
	FY2020	FY2021	FY2022
Scope 1 emissions ($t CO_2e$)	2,300	2,234	2,720
Scope 2 emissions ($t CO_2e$)	44	41	45
Total emissions ($t CO_2e$)	2,344	2,275	2,765
GHG emission index ($t CO_2e$ / SGD million)	4.66	4.85	4.96

We will continue to implement energy-efficient solutions at our operations and work towards our long-term target of reducing greenhouse gas carbon emission index by 10% by 2030 (Base year: 2020).

6.3.2 Paper consumption

We seek to minimise paper wastage at our operations and has established an Internal Paper Reduction Guideline which is adhered by all of our employees. The guidelines state out ways which our employees can reduce the use of paper such as the use of double-sided printing and using blank sides of unneeded single-sided copies to print drafts. To further reduce paper waste generated, we inculcate paper re-use and recycling habits among our employees, and we are also encouraged to adopt the use of digital documents instead of paper documents.

CSE GROUP PAPER CONSUMPTION INDEX BASELINE, PERFORMANCE & TARGETS



To ensure that we consumed paper that are eco-friendly and sourced from responsibly managed plantations, 100% of paper used across our operations are either Forest Stewardship Council (FSC) certified or made from KHAN-NA. In FY2022, we consumed a total of 7,200 kg of paper, a 35.2% increase compared to prior reporting year, and our paper consumption index stands at is 12.9 kg/SGD million. With our paper consumption index increasing by 13.2% as compared to FY2021, we did not meet our FY2022 targeting of reducing our paper consumption index by 1% annually, though we have already met our original target set for 2030. We will strive to continue improving on our consumption index further in the future years ahead.

	FY2020	FY2021	FY2022
Paper consumed (kg)[2]	38,522	5,329	7,200
Percentage of paper consumed with FSC certification	100%	100%	100%
Paper consumption index (kg / SGD million)[2]	76.6	11.4	12.9

We will continue to enhance resource efficiency across our operations and seek new ways to minimise paper consumed.

1 We calculate our Scope 1 and 2 emissions in accordance with the GHG Protocol. Entities included in the consolidation of emission data follow the scope of this Report. The emission factors used in the calculation of emissions were derived from the GHG Protocol, which references the International Energy Agency and Intergovernmental Panel on Climate Change Fifth Assessment Report.

2 Due to a change in methodology, where weight of paper consumed will be accounted based on the number of reams instead of sheets of paper, the weight of paper consumed from FY2020 to FY2021 has been restated.

7. CARING FOR OUR EMPLOYEES

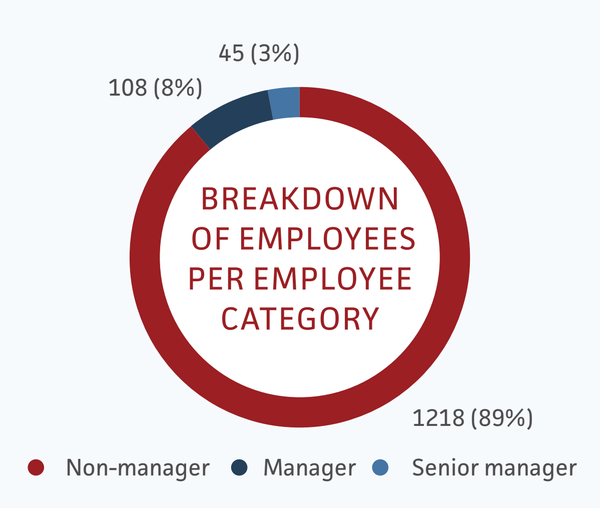
7.1 Our Approach

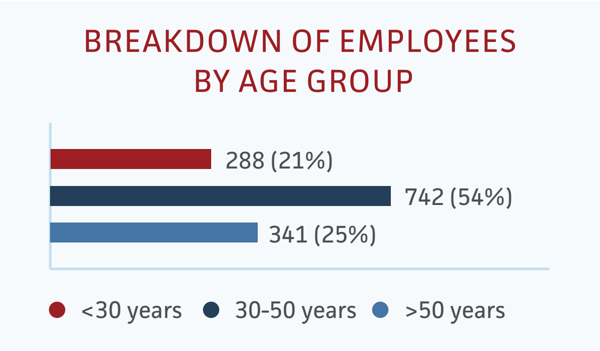
We recognise that people are our greatest asset and building a diverse and motivated workforce while ensuring each of our well-being is important for our sustainable growth. We are committed to creating an inclusive work environment where every employee feels safe, valued and empowered.

7.2 Employee Well-being

7.2.1 Profile of our workforce

As of 31 December 2022, we employed a total of 1371 employees, of which 85% are males and 15% are female. Majority of our employees are between 30 to 50 years of age.



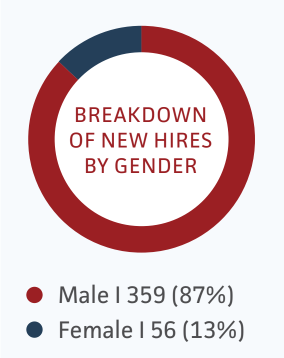


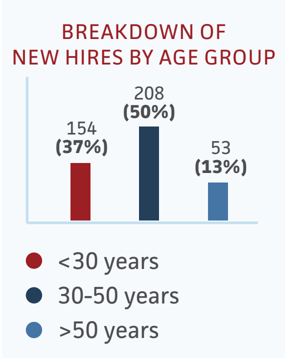
Due to the nature and industry of our operations, majority of our workforce is male. However, we remain committed to empowering women across our operations and continue to support our career growth and development.

	FY2022
Ratio of male to female in non-managerial positions	1052 : 166
Ratio of male to female in managerial positions	114 : 39

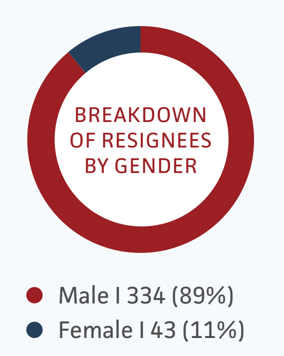
During the year, we had 415 new hires and 377 resignees, which translates to a new hire and turnover rate of 30% and 27% respectively.

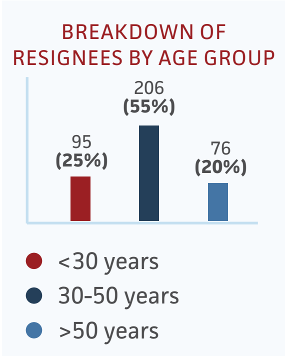
New hires





Resignees



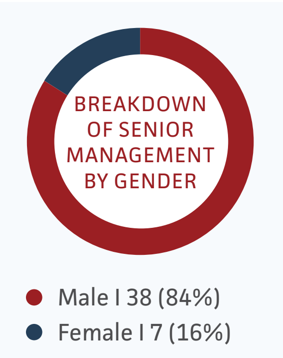


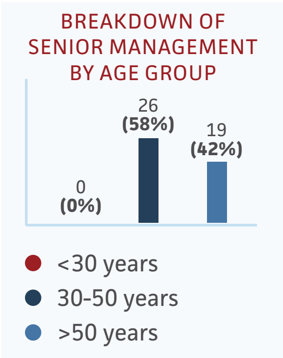
In addition to our employees, we engage external contracted companies as our outsourced vendors, who provide outsourced personnel who might work at our operations. Although we supervise these personnel, they are not included as part of our headcount as they are employed by the contracted companies respectively. However, we ensure that contracted companies we work with share our core HR management practices.

2022 SUSTAINABILITY REPORT

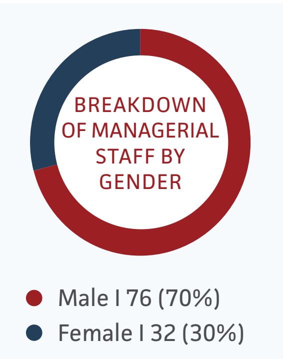
We value diversity in the composition of our employees and believes diversity is imperative in helping our business achieve greater heights through the different perspective, skills and experience each individual has. To that end, our operations is guided by policies such as the Diversity and Inclusion Policy and Equal Opportunities Policy, which sets out the guiding principles and practices in developing and maintaining a diverse and inclusive workplace. Our employees come from a diverse range of background and age groups, and the breakdown of each employee category by gender and age group is as follows:

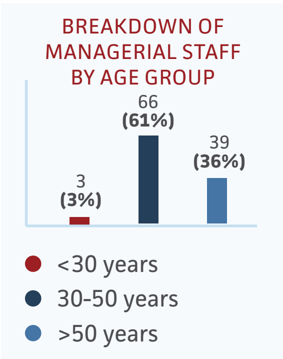
Senior Management



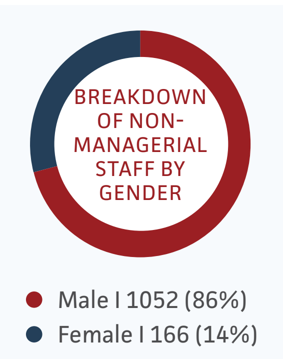


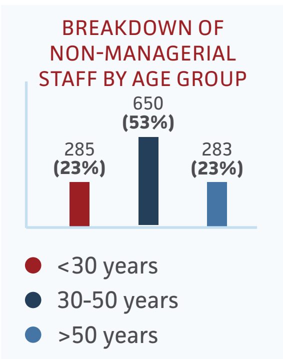
Managerial staff





Non-managerial staff





7.2.2 Fair employment practices

To attract and retain our employees, we ensure fair employment practices and is guided by our Human Resource ("HR") management principles and policies as well as Recruitment Procedure, which covers key areas such as remuneration, benefits, health and safety, career development and training. Due to the nature of our business operation which spans different geographic locations and comprise of our employees from a diverse range of background, the HR policies implemented considers the prevailing laws and regulations as well as local culture, norms, and racial sensitivity of each location. For example, the HR practices at our Singapore office is guided by the Tripartite Guidelines on Fair Employment Practices ("TGFEP"), which outlines fair and merit-based employment practices which must be adhered to. In FY2022, zero cases of discrimination was reported.

All HR policies are communicated to our employees annually through our Employee Handbook, which is regularly reviewed by our Management. Additionally, we also seek feedback from our employees to ensure that our concerns are addressed.

7.2.3 Employee engagement and feedback

We engage with our employees through various communication sessions to ensure our employees understand our objective and our purpose. This is done through customised communication sessions based on each employee category. We also established employee objective setting, performance review as well as exit interview in the case of resignations, to better understand the concern of our employees and gather feedback, which can aid in the improvement of overall management and operation of the organisation.

Additionally, our employees have access to feedback channels specific to different business and functions for issues relating to health and safety or compliance amongst others. Our leaders and managers of the specific business and function have oversight of the feedback channels. A reporting and escalation channel has also been established for any feedback which requires the attention of higher management.

7.2.4 Employee benefits and well-being

Benefits such as parental leave and compassion leaves are provided to our employees in addition to the statutory benefits outlined by the respective local statutory manpower legislation for countries, we have operations in.

For countries with local laws and regulations on pension and healthcare for our employees, our HR management practices will adhere to the respective laws. For example, we participate in the Central Provident Fund ("CPF") personal savings scheme, which is a compulsory comprehensive savings and pension plan for working Singaporeans and permanent residents to fund our retirement, healthcare needs, and home ownership.

We place great focus on the well-being of our employees as a productive, engaged, and healthy workforce is one of the single biggest contributing factors to the success of our businesses. We adopt flexible work arrangements and offer our employees various programmes to support our health and wellness. For example, our operations in Australia have implemented a Wellbeing Strategy to increase staff engagement as well as mental and physical well-being of our employees. This includes the implementation of initiatives such as excellence awards, monthly well-being workshops and complimentary fresh fruits available at all offices, amongst many others.

7.2.5 Human rights

We strive to protect the rights of the people and communities which we operate in, and we have a zero-tolerance stance against any form of discrimination and harassment at the workplace as well as modern slavery. This is ingrained in our Code of Conduct, Anti-Slavery Policy and Modern Slavery and Human Rights Framework, which outlines expectations relating to the prohibition of discrimination and harassment, protection of privacy and prohibition of forced and child labour. In FY2022, zero cases of forced labour, child labour or young workers, and human rights-related grievances were reported.

We also respect our employees' rights to freedom of association, and our employees can be members of trade unions and professional bodies.

7.3 Workplace Health and Safety

The health and safety of our employees is our top priority, and we are committed to the highest standard of workplace health and safety ("WSH") to ensure all our employees feel safe at the workplace. We seek to inculcate a safety culture among at the workplace and take extra precautions to prevent any form of injuries among our employees. To that end, we comply with the respective local WSH regulations, and have attained certifications for ISO45001 and BizSafe globally, which reflects our commitment to ensuring that proper measures are in place to manage risks. We also invest in safety trainings to ensure employees are equipped with the necessary safety knowledge, skills and capabilities.

In FY2022, we recorded zero fatalities, zero high-consequence work-related injuries and seven recordable work-related injuries.

	Number of fatalities	Rate of fatalities	Number of high-consequence work-related injuries	Rate of high-consequence work-related injuries	Number of recordable work-related injuries
FY2022	0	0%	0	0%	7

We adopt a risk-based approach towards mitigating potential health hazards and have in place a hazard identification and risk management procedure which describes the processes for identifying health and safety hazards, identifying environmental aspects, conducting risk assessment activities, and controlling the risks posed from these safety hazards and environmental aspects.

We will remain committed to safeguarding the safety of our employees and creating a safe working environment for all employees.

7.4 Future-ready Workforce

7.4.1 Training development

We invest in the learning and development of our employees and provide opportunities for our employees to upskill, reskill and be equipped with the latest industry knowledge. This is critical to maintaining a competitive, skilled, and motivated workforce which can contribute to the growth of the business.

All our employees are required to attend trainings part of our core training curriculum, where the contents developed are guided by well-established industry and international standards such as ISO-9001, ISO-14001, ISO45001 and BizSafe. We also conduct training needs analyses and ensure our employees are exposed to a variety of training topics across different sectors, including soft skills such as communications and leadership as well as technical skills covering project management and office productivity tools. Specific training curriculums are also curated based on the specific requirements of each business and function.

In FY2022, each employee[3] received an average of six hours of training and partook in trainings relating to workplace safety, information and technology and business development amongst many others.

	FY2020	FY2021	FY2022
Average training hours per employee	9	7	6

3 The number of employees here includes all employees employed as of 31st December 2022 and those who resigned in FY2022.

We will continuously seek to revise our training curriculum and programme to align with our objectives and ensure training provided will enable our employees to have the right skills and knowledge in this ever-changing business environment.

7.4.2 Career progression and development

Apart from employees' training, we also nurture our talents and invests in each employees' professional growth. We regularly conduct goal settings and performance reviews for our employees and review the performance and development of our employees to effectively match our strengths against the job specifications.

8. FOCUSING ON OUR CUSTOMERS' NEEDS

8.1 Our Approach

We always place customer satisfaction at the forefront to ensure sustainable business growth and remain committed to delivering unparalleled customer experience through our customer service as well as high quality products.

8.2 Customer feedback and satisfaction

We recognise that good customer service ensures customer retention and increase brand trust. Hence, we place utmost importance on training our employees in customer service excellence. We also constantly seek to understand our customers' concerns and satisfaction levels to ensure our products meet our needs through open communications and listening to customer feedbacks.

We have in place multiple communication channel to gather customers' feedback, including our website, regular customer survey, and customer service personnel. This enables us to gain a better understanding of our customers' experience and pinpoint areas which we should focus on. Apart from concerns, we also track compliments provided by customers and cascade the positive feedback received to our employees, our superiors and our management team.

In FY2022, our customer satisfaction index stands at 82%, an 9% increase from FY2021. We will continue our commitment in understanding our customers and seek new ways to innovate to meet their needs in order to create a positive customer experience and build long-term relationships with them.

	FY2020	FY2021	FY2022
Customer satisfaction index (%)	83	75	82

8.3 Service quality and safety

We continuously innovate to create safer and high-quality products for our customers, and exercise due diligence to ensure all products meet quality standards as well as not pose any health hazards. We also commit to achieving zero incidents relating to product safety and foster a 'Safety First' culture through our employee training and quality control.

Since 2001, we have been certified under the ISO 9001 standard for quality management systems, which enables us to increase control of our internal processes and quality of our services. We also comply with other regulations and international standards such as ISO 45001 and BizSafe to ensure product safety.

To achieve the highest standards of quality control, we are guided by our Quality Policy which lays out specific quality objectives and our product quality management approach and processes. Our quality management approach includes identifying stakeholders, key aspects of the product quality and the impacts on our stakeholders.

As for our quality management processes, it comprises of an end-to-end quality review across areas relating to planning, operation and performance evaluation and improvement. Top management has oversight and is in-charge of quality improvement processes. We also mapped out the sequence and interaction of business processes to ensure a seamless collective management of inter-dependencies of the quality management processes among those in charge.

8.4 Data security and privacy

We uphold stringent levels of data privacy to safeguard our confidential information and prevent the loss of customers' data. We continue to strengthen our data protection systems to ensure resiliency against any form of cybersecurity risks. To that end, we have processes and controls in place for handling and communicating sensitive and confidential information of our customers such as contracts, customer orders and service delivery orders. We are also guided by our information security policies, which ensures our customers' data are managed in accordance to the level of confidentiality, and strictly adhere to all local laws and internal regulations applicable relating to personal information protection.

In FY2022, we recorded zero number of cases relating to loss of customer data, and zero number of substantiated complaints received concerning breaches of customer privacy.

9. PARTNERING OUR SUPPLIERS

9.1 Our Approach

Recognising that a bulk of emissions come from our supply chain and the importance of addressing supply chain emissions to reduce our environmental impact, we embed sustainability across our value chain and work closely with our supplies to promote sustainability practices.

9.2 Supply chain management

We take a holistic approach in implementing sustainability across our value chain and ensure our local partners and suppliers upholds responsible business practices. We continue to be guided by our Green Procurement Guidance, identify new opportunities to collaborate with our suppliers and ensure responsible sourcing of suppliers to minimise our indirect environmental and social impacts.

9.2.1 Supplier selection

We engage in a supplier evaluation and screening process to select key suppliers. As part of the selection process, suppliers will have to fill in a Supplier Assessment Form, which includes questions relating to the quality of products and services, certifications and health and safety. Additionally, the sustainability policies adopted by our suppliers are also considered. The final decision on supplier selection will be based on the overall assessment which takes a balanced view across all selection criteria.

9.2.2 Supplier review

We regularly review the performance of our key suppliers through a review process which includes two-way conversations and feedbacks, before determining whether to extend our partnership with them. This ensures that the suppliers who we engage with, and the products supplied to us aligns with our business requirements and sustainability objectives.

We will continue to engage our suppliers on an annual basis, ensure that most of suppliers incorporate a sustainability criterion and promote sustainability practices among them as we journey towards building a more sustainable future.

10. SUPPORTING OUR COMMUNITY

10.1 Our Approach

We champion good corporate social responsibility (“CSR”) and seek to create long-lasting positive impacts in the communities we operate in.

10.2 Local communities

At CSE Global, corporate citizenry is part of our DNA across the regions where we operate. We firmly believe in giving back to our communities while pursuing our business objectives, with particular emphasis on community engagement and contributions through meaningful initiatives.

10.2.1 Australia

In 2022, CSE Australia has proudly contributed donations and gifts in excess of A$60,000 to various charities and not-for-profit organisations. Beneficiaries include UNICEF for their appeal for the Ukraine, Red Cross, Mercy Hospice to support their end-of-life care program, St John Ambulance, Princess Margaret Children’s Hospital, and the Immune Deficiencies Foundation of Australia’s Circus Quirkus for children living with immunodeficiencies.

Our employees at CSE Australia took part in Dry July, a not-for-profit organisation that calls for abstinence from alcohol for the month of July in support of those affected by cancer. As part of the event, CSE Australia raised a total of around A$1,300. Additionally, every CSE Australia office held a food and gift drive in December 2022 as part of the “Salvation Army Christmas Appeal” to collect Christmas presents and food items’ donation for families in need during Christmas.

10.2.2 America

In the Americas, CSE participated in over 20 different community activities, fundraisers, and events supporting many local non-profit organisations and making positive impact on the lives of others. These fundraising events for charitable causes include TechnipFMC’s 25th annual golf tournament, ExxonMobil’s United Way Golf tournament and the “Battle for the Paddle” Fundraiser, where CSE Americas contributed over US$8,800 in funds and 62 community work man-hours at the events. Other charitable donations for the year include the BEAR Be A Resource, the Breast Cancer Research Foundation, the St. Jude Children’s Research Hospital, the Second Harvest Food Bank, and the Boys Town Louisiana. CSE Americas has also been supporting "Arrow Child and Family Ministries" for three consecutive years through multiple charitable events and fundraisers such as toy drives, back-to-school events as well as golf tournaments to raise funds for foster kids and families in our community.

In addition, CSE Americas contributed over US$4,000 to local scholarship foundations such as the Houston Electrical League Foundation and the Pipeliners Association of Houston. CSE Americas' VetNet (Veterans Network) was honoured for its continuous support of local non-profit veterans' organizations in the Houston area. During the year, CSE Americas' employees also participated in different sporting events and as cook sponsors at many local fundraising and networking events that focused on non-profit and community support causes.

10.2.3 Singapore

In 2022, we donated S$5,000 to Yellow Ribbon Singapore as part of our commitment to support and help inmates and ex-offenders rebuild their lives and lower the recidivism rate through skills and long-term career development. We also continue to invest in the development of our people and granted a total of 30 bursaries to our Singapore employees to further their studies at various higher learning institutions in Singapore. We will continue to champion good corporate social responsibility and seek to empower underprivileged groups as well as enrich our communities through our staff volunteerism opportunities.

11. GOOD GOVERNANCE

11.1 Our Approach

Good corporate governance underpins the success of our business and trust among our stakeholders.

11.2 Ethics and compliance

We have a zero-tolerance stance against fraud, bribery, and corruption. It is our policy to conduct all of our business in an honest and ethical manner, and we will not tolerate any acts of bribery and corruption. We are committed to acting professionally and ethically in all our business dealings and relationships and is committed to implementing and enforcing effective systems to counter bribery. Policies relating to anti-corruption and bribery is communicated to all our employees via the Employee Handbook.

We also have in place a Whistle-blowing policy to ensure that there is a safe and confidential avenue for our employees and external persons to communicate and lodge an alleged incident.

To safeguard the business against any potential risks, we conduct a Risk Assessment and Control Self-Assessment exercise which entails the identification, assessment and documentation of material risks and corresponding internal controls. Such material risks include fraud and corruption, environmental, health and safety, and human capital risks which are ESG-relevant.

In FY2022, we recorded zero confirmed incidents relating to corruption.

11.3 Economic Performance

We create financial value and sustainable business growth through our dedication to customer service and innovative products.

Our main source of revenue comes from our energy, infrastructure and mining and minerals sectors.

	FY2020	FY2021	FY2022
Gross revenue (SGD million)[4]	483	443	510
Operating costs (SGD million)[4]	102	106	125

For more information relating to the Group's economic performance, please refer to Financial Highlights and Operations and Financial Review section of our Annual Report.

4 All figures provided only pertain to the entities scoped into the report and not the whole Group.

12. TCFD CONTENT INDEX

TCFD Pillars	Recommended Disclosures	Section Reference
Governance		
Disclose the organisation's governance around climate-related risks and opportunities	a) Describe the board's oversight of climate-related risks and opportunities	SR Section 4.1, 6.2.1
	b) Describe management's role in assessing and managing climate-related risks and opportunities	SR Section 6.2.1
Strategy		
Disclose the organisation's governance around climate-related risks and opportunities.	a) Describe the climate-related risks and opportunities the organisation has identified over the short, medium, and long term.	SR Section 6.2.2
	b) Describe the impact of climate-related risks and opportunities on the organisation's businesses, strategy, and financial planning.	SR Section 6.2.2
	c) Describe the resilience of the organisation's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario.	SR Section 6.2.2
Risk Management		
Disclose how the organisation identifies, assesses, and manages climate-related risks.	a) Describe the organisation's processes for identifying and assessing climate-related risks.	SR Section 6.2.3
	b) Describe the organisation's processes for managing climate-related risks.	SR Section 6.2.3
	c) Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organisation's overall risk management.	SR Section 6.2.3
Metrics and Targets		
Disclose the metrics and targets used to assess and manage relevant climate-related risks and opportunities where such information is material.	a) Disclose the metrics used by the organisation to assess climate-related risks and opportunities in line with its strategy and risk management process.	SR Section 6.2.4
	b) Disclose Scope 1, Scope 2 and, if appropriate, Scope 3 greenhouse gas (GHG) emissions and the related risks.	SR Section 6.3.1
	c) Describe the targets used by the organisation to manage climate-related risks and opportunities and performance against targets.	SR Section 6.2.4

13. GRI CONTENT INDEX

GRI Standards	Disclosure Number	Disclosure Title	Section Reference and/ or Remark
General Disclosures			
GRI 2 (2021): General Disclosures	2-1	Organisational details	SR Section 1
	2-2	Entities included in the organisation's sustainability reporting	SR Section 3.1
	2-3	Reporting period, frequency and contact point	SR Section 3.1, 3.3
	2-4	Restatements of information	SR Section 6.3.2
	2-5	External assurance	SR Section 3.2
	2-6	Activities, value chain and other business relationships	SR Section 1.1
	2-7	Employees	SR Section 1.1, 7.2.1
	2-9	Governance structure and composition	SR Section 4.1 AR - Report on Corporate Governance
	2-10	Nomination and selection of the highest governance body	SR Section 4.1 AR - Report on Corporate Governance
	2-11	Chair of the highest governance body	SR Section 4.1 AR - Report on Corporate Governance
	2-12	Role of the highest governance body in overseeing the management of impacts	SR Section 4.1
	2-13	Delegation of responsibility for managing impacts	SR Section 4.1
	2-14	Role of the highest governance body in sustainability reporting	SR Section 4.1
	2-15	Conflicts of interest	AR - Report on Corporate Governance
	2-16	Communication of critical concerns	SR Section 11.2
	2-17	Collective knowledge of the highest governance body	SR Section 4.1
	2-18	Evaluation of the performance of the highest governance body	AR - Report on Corporate Governance
	2-19	Remuneration policies	SR Section 7.2.2 AR - Report on Corporate Governance
	2-20	Process to determine remuneration	SR Section 7.2.2 AR - Report on Corporate Governance
	2-22	Statement on sustainable development strategy	SR Section 2
	2-23	Policy commitments	SR Section 4.2, 7.2, 8.3, 11.2
	2-24	Embedding policy commitments	SR Section 4.2, 7.2, 8.3, 11.2
	2-25	Processes to remediate negative impacts	SR Section 11.2
	2-26	Mechanisms for seeking advice and raising concerns	SR Section 3.3, 4.2, 11.2
	2-27	Compliance with laws and regulations	SR Section 7.2, 7.3, 8.4, 11.2
	2-29	Approach to stakeholder engagement	SR Section 4.2

GRI Standards	Disclosure Number	Disclosure Title	Section Reference and/ or Remark
Reduction of Carbon Footprint			
GRI 3 (2021): Material Topics	3-1	Process to determine material topics	SR Section 4.3
	3-2	List of material topics	SR Section 4.3
	3-3	Management of material topics	SR Section 6.1
GRI 302 (2016): Energy	302-1	Energy consumption within the organisation	SR Section 6.3.1
	302-3	Energy intensity	SR Section 6.3.1
	302-4	Reduction of energy consumption	SR Section 6.3.1
GRI 305 (2016): Emissions	305-1	Direct (Scope 1) GHG emissions	SR Section 6.3.1
	305-2	Energy indirect (Scope 2) GHG emissions	SR Section 6.3.1
	305-4	GHG emissions intensity	SR Section 6.3.1
	305-5	Reduction of GHG emissions	SR Section 6.3.1
Employee Well-being			
GRI 3 (2021): Material Topics	3-1	Process to determine material topics	SR Section 4.3
	3-2	List of material topics	SR Section 4.3
	3-3	Management of material topics	SR Section 7.1
GRI 401 (2016): Employment	401-1	New employee hires and employee turnover	SR Section 7.2.1
	401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	SR Section 7.2.4
	401-3	Parental leave	SR Section 7.2.4
GRI 405 (2016): Diversity and Equal Opportunity	405-1	Diversity of governance bodies and employees	SR Section 7.2.1
	406-1	Incidents of discrimination and corrective actions taken	SR Section 7.2.2
Workplace Health and Safety			
GRI 3 (2021): Material Topics	3-1	Process to determine material topics	SR Section 4.3
	3-2	List of material topics	SR Section 4.3
	3-3	Management of material topics	SR Section 7.3
GRI 403 (2018): Occupational Health and Safety	403-1	Occupational health and management system	SR Section 7.3
	403-2	Hazard identification, risk assessment, and incident investigation	SR Section 7.3
	403-4	Worker participation, consultation, and communication on occupational health and safety	SR Section 7.3
	403-5	Worker training on occupational health and safety	SR Section 7.3
	403-6	Promotion of worker health	SR Section 7.2.4, 7.3
	403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	SR Section 7.3
	403-8	Workers covered by an occupational health and safety management system	SR Section 7.3
	403-9	Work-related injuries	SR Section 7.3

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GRI Standards	Disclosure Number	Disclosure Title	Section Reference and/ or Remark
Future-ready Workforce			
GRI 3 (2021): Material Topics	3-1	Process to determine material topics	SR Section 4.3
	3-2	List of material topics	SR Section 4.3
	3-3	Management of material topics	SR Section 7.4
GRI 404 (2016): Training and Education	404-1	Average hours of training per year per employee	SR Section 7.4.1
	404-2	Programmes for upgrading employee skills and transition assistance programmes	SR Section 7.4.1
Customer Feedback and Satisfaction			
GRI 3 (2021): Material Topics	3-1	Process to determine material topics	SR Section 4.3
	3-2	List of material topics	SR Section 4.3
	3-3	Management of material topics	SR Section 8.2
Service Quality and Safety			
GRI 3 (2021): Material Topics	3-1	Process to determine material topics	SR Section 4.3
	3-2	List of material topics	SR Section 4.3
	3-3	Management of material topics	SR Section 8.3
Data Security and Privacy			
GRI 3 (2021): Material Topics	3-1	Process to determine material topics	SR Section 4.3
	3-2	List of material topics	SR Section 4.3
	3-3	Management of material topics	SR Section 8.4
GRI 418 (2016): Customer Privacy	418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	SR Section 8.4
Supply Chain Management			
GRI 3 (2021): Material Topics	3-1	Process to determine material topics	SR Section 4.3
	3-2	List of material topics	SR Section 4.3
	3-3	Management of material topics	SR Section 9.1
Local Communities			
GRI 3 (2021): Material Topics	3-1	Process to determine material topics	SR Section 4.3
	3-2	List of material topics	SR Section 4.3
	3-3	Management of material topics	SR Section 10.1
GRI 413 (2016): Local Communities	413-1	Operations with local community engagement, impact assessments, and development programs	SR Section 10.2
	413-2	Operations with significant actual and potential negative impacts on local communities	SR Section 10.2
Ethics and Compliance			
GRI 3 (2021): Material Topics	3-1	Process to determine material topics	SR Section 4.3
	3-2	List of material topics	SR Section 4.3
	3-3	Management of material topics	SR Section 11.1

GRI Standards	Disclosure Number	Disclosure Title	Section Reference and/ or Remark
GRI 205 (2016): Anti-corruption	205-1	Operations assessed for risks related to corruption	SR Section 11.2
	205-2	Communication and training about anti-corruption policies and procedures	SR Section 11.2
	205-3	Confirmed incidents of corruption and actions taken	SR Section 11.2
Economic Performance			
GRI 3 (2021): Material Topics	3-1	Process to determine material topics	SR Section 4.3
	3-2	List of material topics	SR Section 4.3
	3-3	Management of material topics	SR Section 11.3
GRI 201 (2016): Economic performance	201-1	Direct economic value generated and distributed	SR Section 11.3
	201-2	Financial implications and other risks and opportunities due to climate change	SR Section 6.2.2

CONTENT

DIRECTORS' STATEMENT

For the financial year ended 31 December 2022

The directors are pleased to present their statement to the members together with the audited consolidated financial statements of CSE Global Limited (the "Company") and its subsidiaries (collectively, the "Group") and the balance sheet and statement of changes in equity of the Company for the financial year ended 31 December 2022.

OPINION OF THE DIRECTORS

In the opinion of the directors,

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

DIRECTORS

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

Lim Ming Seong
Lim Boon Kheng
Sin Boon Ann
Lee Kong Ting
Tan Chian Khong
Ng Shin Ein
Wong Su Yen
Derek Lau Tiong Seng

ARRANGEMENTS TO ENABLE DIRECTORS TO ACQUIRE SHARES AND DEBENTURES

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

DIRECTORS' STATEMENT

For the financial year ended 31 December 2022

DIRECTORS' INTERESTS IN SHARES AND DEBENTURES

The following directors, who held office at the end of the financial year, had, according to the register of directors' shareholdings required to be kept under Section 164 of the Companies Act 1967, an interest in shares and share options of the Company and related corporations (other than wholly-owned subsidiaries), as stated below:

	Held by Director			Other shareholdings in which the Director is deemed to have an interest		
Name of Director	**At 1.1.2022**	**At 31.12.2022**	**At 21.1.2023**	**At 1.1.2022**	**At 31.12.2022**	**At 21.1.2023**
Ordinary shares of the Company						
Lim Boon Kheng *	4,406,192	2,407,429	2,407,429	8,772,500	13,407,000	13,407,000
Lim Ming Seong **	100,000	120,000	120,000	3,150,000	4,670,000	4,670,000
Tan Chian Khong***	–	–	–	50,000	60,000	60,000

* Lim Boon Kheng is deemed to be interested in (i) 4,893,600 shares held by Citibank Nominees Singapore Pte. Ltd.; (ii) 113,400 shares held by United Overseas Bank Nominees (Private) Limited; and (iii) 8,400,000 shares held by HSBC (Singapore) Nominees Pte Ltd.

** Lim Ming Seong is deemed to be interested in (i) 180,000 shares held by his spouse; and (ii) 3,600,000 shares held by Citibank Nominees Singapore Pte. Ltd; and (iii) 890,000 shares held by DBS Nominees Pte Ltd.

*** Tan Chian Khong is deemed to be interested in 60,000 shares held by DBS Nominees Pte Ltd.

Except as disclosed in this statement, no director who held office at the end of the financial year had interests in shares, share options, warrants 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.

SHARE OPTIONS AND PERFORMANCE SHARE PLAN

There is currently no share option scheme on unissued shares of the Company.

The Company has implemented a share-based long term incentive plan known as CSE Performance Share Plan ("Performance Share Plan") in lieu of an existing cash plan on 20 April 2017. The duration of the Performance Share Plan is 10 years commencing 20 April 2017. The Performance Share Plan is administrated by the Compensation Committee, namely Messrs Lim Ming Seong, Sin Boon Ann, Wong Su Yen and Lee Kong Ting. Details of the Performance Share Plan are as follows:

(a) All employees of the Group who are of the age of 18 years and above and Executive Directors of the Company, who, in the opinion of the Compensation Committee, have contributed or will contribute to the success of the Group (collectively known as the "Participants"), shall be eligible to participate in the Performance Share Plan subject to the absolute discretion of the Compensation Committee.

Persons who are Controlling Shareholders[1] and their Associates[2] and directors and employees of associated companies shall not be eligible to participate in the Performance Share Plan.

1 Controlling Shareholder refers to a person who (a) holds directly or indirectly 15% or more of the total number of issued Shares excluding Treasury Shares in the Company (unless SGX-ST determines such person is not a controlling shareholder); or (b) in fact exercises control over the Company

2 In the case of a Company,
(a) in relation to any director, chief executive officer, Substantial Shareholder, being a person (including a corporation) who has an interest (direct or indirect) in 5% or more of the total issued Shares of the Company, or Controlling Shareholder means his immediate family, the trustees of any trust of which he or his immediate family is a beneficiary and any company in which he and his immediate family together (directly or indirectly) have an interest of 30% or more;
(b) in relation to a Substantial Shareholder or a Controlling Shareholder (being a Company) means any other company which is its subsidiary or holding company or is a subsidiary of such holding company or one of the equity of which it and/or such other company or companies taken together (directly or indirectly) have an interest of 30% or more

DIRECTORS' STATEMENT

For the financial year ended 31 December 2022

SHARE OPTIONS AND PERFORMANCE SHARE PLAN (CONT'D)

(b) The maximum number of ordinary shares in the capital of the Company ("Shares") that the Company may grant under the Performance Share Plan shall not exceed 5% of the total number of issued Shares (excluding Treasury Shares) of the Company on the day immediately preceding the date on which the contingent award of Shares under the Performance Share Plan ("Award") shall be granted. The Company shall purchase existing Shares for transfer to Participants in respect of the Awards. No new Shares will be issued by the Company pursuant to the Awards.

In addition, the total number of Shares that may be transferred or are transferable pursuant to the granting of the Awards on any date (which shall not exceed 5% of the total number of issued Shares, excluding Treasury Shares, of the Company on the day immediately preceding the date on which the Award shall be granted), when added to the aggregate number of Shares that are issued or are issuable in respect of such other share-based incentive schemes of the Company (if any), shall not exceed 15% of the total number of issued Shares (excluding Treasury Shares) of the Company on the day immediately preceding the date of grant of the Award.

(c) Awards may only be vested and consequently any Shares comprised in such Awards shall only be delivered upon the Compensation Committee being satisfied that the Participants has achieved the Performance Target(s)[3] and that the Vesting Period[4] (if any) has expired provided always that the Compensation Committee shall have the absolute discretion to determine the extent to which the Shares under that Award shall be released on the prescribed Performance Target(s) being satisfied (whether fully or partially) or exceeded, as the case may be, at the end of the prescribed performance period. No Shares under the Award shall be released for the portion of the prescribed Performance Target(s) that is not satisfied by the Participant at the end of the prescribed performance period.

(d) During the financial year, no shares were awarded under the Performance Share Plan.

(e) Performance shares awarded, vested and outstanding at the end of the financial year were as follows:

	Shares awarded during financial year	Aggregate shares awarded since commencement of CSE Performance Share Plan to 31.12.2022	Aggregate shares vested since commencement of CSE Performance Share Plan to 31.12.2022	Aggregate share award outstanding as at 31.12.2022
Participant who received more than 5% of the total grant available				
Director				
Lim Boon Kheng[(1)]	–	6,005,692	6,005,692	–
Participant (other than Director) who received more than 5% of the total grant available				
Other participants[(1)]	–	4,159,542	4,159,542	–

(1) The Shares awarded were subjected to a moratorium period of 0 to 3 years from the date of grant against any disposal or sale and/or other dealings in the Shares.

3 Performance Target(s) refers to the performance target(s) prescribed by the Compensation Committee to be fulfilled by a Participant for any particular period under the Performance Share Plan.

4 In relation to an Award, Vesting Period refers to a period or periods of time before vesting occurs, the duration of which is to be determined by the Committee at the date of the grant of the Award.

DIRECTORS' STATEMENT

For the financial year ended 31 December 2022

AUDIT AND RISK COMMITTEE ("ARC")

The ARC was established on 22 January 1999.

The ARC comprises three members, majority of whom including Chairman of the ARC, are independent of the management of the Company.

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

Non-Executive Independent Directors:

Tan Chian Khong (Chairman of ARC)
Lee Kong Ting
Ng Shin Ein

The Audit and Risk Committee carried out its functions in accordance with Section 201B (5) of the Companies Act 1967, including the following:

- Reviewed the audit plans of the internal and external auditors of the Group and the Company, and reviewed the internal auditors' evaluation of the adequacy of the Company's system of internal accounting controls and the assistance given by the Group and the Company's management to the external and internal auditors;

- Reviewed the quarterly and annual financial statements and the auditor's report on the annual financial statements of the Group and the Company before their submission to the Board of Directors;

- Reviewed effectiveness of the Group and the Company's material internal controls, including financial, operational and compliance controls and risk management via reviews carried out by the internal auditor;

- Met with the external auditors, other committees, and management in separate executive sessions to discuss any matters that these groups believe should be discussed privately with the ARC;

- Reviewed legal and regulatory matters that may have a material impact on the financial statements, related compliance policies and programmes and any reports received from regulators;

- Reviewed the cost effectiveness and the independence and objectivity of the external auditor;

- Reviewed the nature and extent of non-audit services provided by the external auditor;

- Recommended to the Board of Directors the external auditors to be nominated, approved the compensation of the external auditor, and reviewed the scope and results of the audit;

- Reported actions and minutes of the ARC to the Board of Directors with such recommendations as the ARC considers appropriate; and

- Reviewed interested person transactions in accordance with the requirements of the Singapore Exchange Securities Trading Limited's Listing Manual.

DIRECTORS' STATEMENT

For the financial year ended 31 December 2022

AUDIT AND RISK COMMITTEE ("ARC") (CONT'D)

The ARC, having reviewed all non-audit services provided by the external auditor to the Group, is satisfied that the nature and extent of such services would not affect the independence of the external auditor. The ARC has also conducted a review of interested person transactions.

The ARC convened four meetings during the financial year with full attendance from all members. The ARC has also met with internal and external auditors, without the presence of the Company's management, at least once a year.

Further details regarding the ARC are disclosed in the Report on Corporate Governance in the Annual Report of the Company.

AUDITOR

Ernst & Young LLP have expressed their willingness to accept reappointment as auditor.

On behalf of the Board of Directors:

Lim Ming Seong
Director

Lim Boon Kheng
Director

Singapore
20 March 2023

INDEPENDENT AUDITOR'S REPORT

To the Members of CSE Global Limited
For the financial year ended 31 December 2022

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

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

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

Basis for Opinion

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, 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. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled our responsibilities described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying financial statements.

Revenue recognition on project contracts

The Group recognised project revenue of $232,295,000 for the financial year ended 31 December 2022 and the carrying amounts of contract assets and contract liabilities arising from these projects amounted to $93,793,000 and $39,588,000 respectively. The Group recognised revenue from project contracts using the input method that reflect the overtime transfer of control to its customers, which is measured by reference to the Group's progress towards completing the performance obligation on the contract. The measure of progress is determined by reference to the contracts costs incurred to date as a percentage of the total estimated costs for each contract.

The determination of total budgeted costs, progress towards completion, variation orders and claims, remaining costs to completion as well as project's status for each contract requires significant management judgement and estimation, and may have an impact on the amounts of project revenue, contract assets and contract liabilities recognised during the year. We therefore identified this to be key audit matter.

INDEPENDENT AUDITOR'S REPORT

To the Members of CSE Global Limited
For the financial year ended 31 December 2022

Revenue recognition on project contracts (cont'd)

As part of the audit, we obtained an understanding of the Group's costing and budgeting processes. In evaluating management's budgeting process, we compared the budgeted costs to actual costs incurred to date, and assessed reasonableness on the remaining costs to be incurred to complete the projects, taking into consideration the current economic conditions on the project progress and profitability. For significant projects, we reviewed the terms and conditions of the contracts, and cost incurred. For potential disputes or variation claims, we tested their occurrence and measurement via review of correspondence with customers and contractors. We also inquired with the Group finance and operational management regarding the project status, budgeted costs to complete, provision for onerous contracts or liquidated damages, and where applicable, assessed the estimates of costs to complete and reasonableness of the provision for onerous contracts, if any.

Further, we assessed the adequacy of the Group's disclosures on project revenue in Note 19 to the financial statements.

Impairment assessment of trade receivables and contract assets

Trade receivables and contract assets balances amounted to $101,963,000 and $93,793,000 respectively as of 31 December 2022 and were significant to the Group as they represented 40% of the Group's total assets. The Group uses a provision matrix to calculate the expected credit losses (ECLs) for trade receivables and contract assets. The provision matrix is based on historical default rates, existing economic conditions, adjusted for forward looking information at each reporting period. The determination of ECL requires the use of management judgement and estimates, and is sensitive to changes in circumstances and economic conditions. Given the magnitude of the amounts and the use of significant management judgement in assessing the ECLs, we have identified impairment on trade receivables and contract assets to be a key audit matter.

As part of the audit, we obtained an understanding of the Group's processes and controls relating to the impairment assessment of trade receivables and contract assets. We requested confirmation replies and evidence of post year end receipts for key trade receivables. We tested management's assumptions used to determine the ECLs on the trade receivables and contract assets, by considering the Group's historical credit loss experience, ageing analysis of outstanding receivables, customer profile and local jurisdiction risks and comparison to forward-looking macroeconomic information affecting the recoverability of trade receivables and contract assets.

Further, we assessed the adequacy of the Group's disclosures on trade receivables and contract assets, and the related credit risk and liquidity risk in Notes 11 and 9 to the financial statements.

Impairment testing on goodwill

As at 31 December 2022, the Group has goodwill amounting to $64,783,000 which represented 39% of the total non-current assets. The Group allocated goodwill to cash generating units ("CGUs") identified for impairment testing as disclosed in Note 7 to the financial statements.

The recoverable amount of each CGU was determined using the value-in-use ("VIU") calculations, which was based on assumptions in respect of future market and economic conditions such as economic growth, expected inflation rates, demographic developments, expected market share, future revenue and budgeted gross margins. The audit procedures over management's impairment tests were significant to our audit because the assessment process was complex and involved significant management judgment on the various assumptions used in the underlying cash flow forecasts.

As part of our audit, we obtained an understanding of management's impairment assessment process and reviewed the robustness of management's budgeting process by comparing the actual financials versus previously forecasted financials. We assessed and tested the key assumptions used in the impairment assessment such as long-term growth rates and discount rate, and performed sensitivity analysis on reasonably possible changes in these key assumptions to changes in the recoverable amount of each CGU. We also assessed whether assumptions have been determined and applied consistently across the Group, taking into considerations the current economic and market conditions. Our internal valuation specialists assisted us in testing the reasonableness of the discount rate and long term growth rate used in the VIU calculation. We reviewed the results of the impairment assessment performed by management by comparing the carrying values of the CGU to their respective recoverable amounts, and assessed if the carrying amounts exceed the recoverable amounts.

Further, we assessed the adequacy of the Group's disclosures in Note 7 to the financial statements concerning goodwill.

INDEPENDENT AUDITOR'S REPORT

To the Members of CSE Global Limited
For the financial year ended 31 December 2022

Acquisition of a subsidiary

In December 2022, a wholly-owned subsidiary of the Group, CSE Technologies Pte Ltd and its subsidiaries acquired 100% of the issued share capital of Logic Wireless Limited, Logic Wireless Pty Ltd and Logic Wireless Europe Limited for a consideration of S$21.3 million (NZD 25.0 million).

This is a material acquisition and significant management judgement is required in the measurement of the fair value of the acquired identifiable assets and liabilities for the purpose of initial accounting at the date of acquisition. Accordingly, we determine that this is a key audit matter.

Our audit procedures included inquiries with management on the identification of identifiable assets and liabilities. We reviewed and assessed the reasonableness of the assumptions used by management in the estimation of the fair values of the acquired identifiable assets and liabilities. We also reviewed and assessed the reasonableness of the assumptions used by management in determining that goodwill and intangible assets – customer relationship that have been recognised as of the initial accounting date. We also checked that arithmetic computation of the provisional goodwill as at the date of acquisition. Finally, we reviewed the adequacy of the disclosures on the acquisition of a subsidiary in Note 5 of the financial statements.

Other Information

Management is responsible for other information. The other information comprises information included in the annual report.

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

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

Responsibilities of Management and Directors for the Financial Statements

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

INDEPENDENT AUDITOR'S REPORT

To the Members of CSE Global Limited
For the financial year ended 31 December 2022

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 judgment and maintain professional scepticism throughout the audit. We also:

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

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

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

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

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

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

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

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

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

INDEPENDENT AUDITOR'S REPORT

To the Members of CSE Global Limited
For the financial year ended 31 December 2022

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 Andrew Tan Chwee Peng.

Ernst & Young LLP
Public Accountants and
Chartered Accountants
Singapore
20 March 2023

BALANCE SHEETS

As at 31 December 2022

		Group		Company	
		2022	2021	2022	2021
	Note	$'000	$'000	$'000	$'000
Non-current assets					
Property, plant and equipment	4	63,519	62,009	1,063	1,340
Right-to-use assets	27	19,763	21,638	1,870	2,358
Investment in subsidiaries	5	–	–	136,840	127,171
Investment in an associate		190	234	–	–
Other investment	6	–	1,273	–	1,273
Intangible assets	7	80,826	58,525	–	162
Deferred tax assets	8	3,079	2,974	506	1,134
Finance lease receivables	24	337	587	–	–
		167,714	147,240	140,279	133,438
Current assets					
Contract assets	9	93,793	72,336	–	–
Inventories	10	52,025	29,272	–	–
Trade and other receivables	11	138,073	96,597	915	1,013
Finance lease receivables	24	263	261	–	–
Prepaid operating expenses		7,581	5,299	431	493
Amounts due from subsidiaries	5	–	–	169,803	144,493
Cash and bank balances	12	34,211	46,510	1,115	2,128
		325,946	250,275	172,264	148,127
Total assets		493,660	397,515	312,543	281,565
Current liabilities					
Contract liabilities	9	39,588	19,038	–	–
Trade payables and accruals	13	102,611	59,106	2,070	1,278
Lease liabilities	27	6,735	5,317	640	631
Loans and borrowings	14	68,738	47,894	62,697	47,894
Derivative liability	28	196	1,112	196	1,112
Amounts due to subsidiaries	5	–	–	44,436	48,896
Provision for warranties	15	595	686	–	–
Provision for taxation		4,082	3,082	136	11
		222,545	136,235	110,175	99,822
Net current assets		103,401	114,040	62,089	48,305
Non-current liabilities					
Deferred tax liabilities	8	3,666	3,354	–	–
Lease liabilities	27	14,940	18,248	1,745	2,328
Loans and borrowings	14	37,677	47,491	37,677	47,491
Other liabilities	13	2,532	183	–	–
		58,815	69,276	39,422	49,819
Total liabilities		281,360	205,511	149,597	149,641
Net assets		212,300	192,004	162,946	131,924
Equity attributable to owners of the Company					
Share capital	16(a)	131,902	98,542	131,902	98,542
Treasury shares	16(b)	(1,910)	(1,910)	(1,910)	(1,910)
Revenue reserve		97,015	106,337	22,928	25,757
Other reserves	17	9,994	9,503	10,026	9,535
Foreign currency translation reserve	18	(24,700)	(20,429)	–	–
		212,301	192,043	162,946	131,924
Non-controlling interests		(1)	(39)	–	–
Total equity		212,300	192,004	162,946	131,924

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

CONSOLIDATED INCOME STATEMENT

For the financial year ended 31 December 2022

		Group	
	Note	2022 $'000	2021 $'000
Revenue	19	557,699	468,661
Cost of sales		(411,515)	(332,784)
Gross profit		146,184	135,877
Operating expenses			
Administrative expenses		(123,988)	(106,815)
Selling and distribution expenses		(8,651)	(3,782)
Other expenses		(5,404)	(5,269)
Operating profit		8,141	20,011
Other non-operating income/(expenses)	20	5,433	2,233
Finance income	21	648	535
Finance costs	22	(5,895)	(3,164)
Share of (loss)/profit of an associate		(29)	17
Profit before tax	23	8,298	19,632
Income tax expense	25	(3,490)	(4,580)
Profit for the year		4,808	15,052
Attributable to:			
Owners of the Company		4,769	15,003
Non-controlling interests		39	49
		4,808	15,052
Earnings per share attributable to owners of the Company (cents per share)			
Basic EPS	26	0.89	2.82
Diluted EPS	26	0.89	2.80

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the financial year ended 31 December 2022

	Group	
	2022 $'000	2021 $'000
Profit for the year	4,808	15,052
Other comprehensive income/(loss):		
Items that may be reclassified subsequently to profit or loss		
- Foreign currency translation	(4,272)	(108)
- Fair value changes on financial instrument	491	836
Other comprehensive (loss)/income for the year, net of tax	(3,781)	728
Total comprehensive income for the year	1,027	15,780
Attributable to:		
Owners of the Company	989	15,731
Non-controlling interests	38	49
Total comprehensive income for the year	1,027	15,780

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

STATEMENTS OF CHANGES IN EQUITY

For the financial year ended 31 December 2022

Group	Attributable to owners of the Company							
	Share capital (Note 16) $'000	Treasury shares (Note 16) $'000	Revenue reserve $'000	Other reserves (Note 17) $'000	Foreign currency translation reserve (Note 18) $'000	Total $'000	Non-controlling interests $'000	Total equity $'000
2022								
At 1 January 2022	98,542	(1,910)	106,337	9,503	(20,429)	192,043	(39)	192,004
Profit for the year	–	–	4,769	–	–	4,769	39	4,808
Other comprehensive income/(loss)								
- Foreign currency translation	–	–	–	–	(4,271)	(4,271)	(1)	(4,272)
- Fair value changes on financial instrument	–	–	–	491	–	491	–	491
Other comprehensive income/(loss) for the year, net of tax	–	–	–	491	(4,271)	(3,780)	(1)	(3,781)
Total comprehensive income/(loss) for the year	–	–	4,769	491	(4,271)	989	38	1,027
Contributions by and distributions to owners								
- Issuance of ordinary shares (Note 16)	33,360	–	–	–	–	33,360	–	33,360
- Dividends on ordinary shares (Note 34)	–	–	(14,091)	–	–	(14,091)	–	(14,091)
Total transactions with owners in their capacity as owners	33,360	–	(14,091)	–	–	19,269	–	19,269
Closing balance at 31 December 2022	131,902	(1,910)	97,015	9,994	(24,700)	212,301	(1)	212,300

STATEMENTS OF CHANGES IN EQUITY

For the financial year ended 31 December 2022

Group	Attributable to owners of the Company								
	Share capital (Note 16) $'000	Treasury shares (Note 16) $'000	Share-based payment reserve (Note 16) $'000	Revenue reserve $'000	Other reserves (Note 17) $'000	Foreign currency translation reserve (Note 18) $'000	Total $'000	Non-controlling interests $'000	Total equity $'000
2021									
At 1 January 2021	98,542	(2,557)	1,935	105,425	8,750	(20,321)	191,774	(136)	191,638
Profit for the year	–	–	–	15,003	–	–	15,003	49	15,052
Other comprehensive income/(loss)									
- Foreign currency translation	–	–	–	–	–	(108)	(108)	–	(108)
- Fair value changes on financial instrument	–	–	–	–	836	–	836	–	836
Other comprehensive income/(loss) for the year, net of tax	–	–	–	–	836	(108)	728	–	728
Total comprehensive income/(loss) for the year	–	–	–	15,003	836	(108)	15,731	49	15,780
Contributions by and distributions to owners									
- Dividends on ordinary shares (Note 34)	–	–	–	(14,091)	–	–	(14,091)	–	(14,091)
- Purchase of treasury shares (Note 16)	–	(1,371)	–	–		–	(1,371)	–	(1,371)
- Re-issuance of treasury shares (Note 16)	–	2,018	(1,935)	–	(83)	–	–	–	–
- Issuance of shares of a subsidiary to non-controlling interest	–	–	–	–	–	–	–	48	48
Total transactions with owners in their capacity as owners	–	647	(1,935)	(14,091)	(83)	–	(15,462)	48	(15,414)
Closing balance at 31 December 2021	98,542	(1,910)	–	106,337	9,503	(20,429)	192,043	(39)	192,004

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

STATEMENTS OF CHANGES IN EQUITY

For the financial year ended 31 December 2022

Company	Share capital (Note 16) $'000	Treasury shares (Note 16) $'000	Share- based payment reserve (Note 16) $'000	Revenue reserve $'000	Other reserves (Note 17) $'000	Total equity $'000
2022						
At 1 January 2022	98,542	(1,910)	–	25,757	9,535	131,924
Profit for the year	–	–	–	11,262	–	11,262
Other comprehensive income						
- Fair value changes on financial instrument	–	–	–	–	491	491
Other comprehensive income for the year, net of tax	–	–	–	–	491	491
Total comprehensive income for the year	–	–	–	11,262	491	11,753
Contributions by and distributions to owners						
Issuance of ordinary shares (Note 16)	33,360	–	–	–	–	33,360
Dividends on ordinary shares (Note 34)	–	–	–	(14,091)	–	(14,091)
Total transactions with owners in their capacity as owners	33,360	–	–	(14,091)	–	19,269
Closing balance at 31 December 2022	131,902	(1,910)	–	22,928	10,026	162,946

STATEMENTS OF CHANGES IN EQUITY

For the financial year ended 31 December 2022

Company	Share capital (Note 16)	Treasury shares (Note 16)	Share- based payment reserve (Note 16)	Revenue reserve	Other reserves (Note 17)	Total equity
	$'000	$'000	$'000	$'000	$'000	$'000
2021						
At 1 January 2021	98,542	(2,557)	1,935	36,290	8,782	142,992
Profit for the year	–	–	–	3,558	–	3,558
Other comprehensive income						
- Fair value changes on financial instrument	–	–	–	–	836	836
Other comprehensive income for the year, net of tax	–	–	–	–	836	836
Total comprehensive income for the year	–	–	–	3,558	836	4,394
Contributions by and distributions to owners						
Dividends on ordinary shares (Note 34)	–	–	–	(14,091)	–	(14,091)
Purchase of treasury shares (Note 16)	–	(1,371)	–	–	–	(1,371)
Re-issuance of treasury shares (Note 16)	–	2,018	(1,935)	–	(83)	–
Total transactions with owners in their capacity as owners	–	647	(1,935)	(14,091)	(83)	(15,462)
Closing balance at 31 December 2021	98,542	(1,910)	–	25,757	9,535	131,924

CONSOLIDATED CASH FLOW STATEMENT

For the financial year ended 31 December 2022

	2022 $'000	2021 $'000
Cash flows from operating activities:		
Profit before tax	8,298	19,632
Adjustments for:		
Depreciation of property, plant and equipment	10,100	10,676
Depreciation of right-to-use assets	5,932	5,813
Amortisation of intangible assets	3,793	3,994
Allowance for stock obsolescence made, net	670	295
Allowance for expected credit loss on trade receivables, net	550	23
Gain on liquidation of a subsidiary	–	(79)
Gain on disposal and write off of property, plant and equipment	(4,386)	(126)
Loss on disposal of other investment	47	–
Share of profit/(loss) of an associate	29	(17)
Interest expense *	5,925	3,209
Interest income	(648)	(535)
Operating cash flows before changes in working capital	30,310	42,885
(Increase)/decrease in trade and other receivables, finance lease receivables and prepaid operating expenses	(40,472)	12,023
Increase in contract assets, net and inventories	(19,150)	(10,487)
Increase/(decrease) in trade payables and accruals	38,398	(8,133)
Cash generated from operations	9,086	36,288
Interest paid	(5,167)	(2,246)
Interest received	223	241
Income tax paid	(4,132)	(4,900)
Net cash flows generated from operating activities	10	29,383
Cash flows from investing activities:		
Purchase of property, plant and equipment	(15,464)	(9,830)
Purchase of intangible assets	(556)	(474)
(Restricted cash arising from acquisition of subsidiaries)/release of restricted cash, net	(1,247)	2,151
Acquisition of businesses, net of cash	(30,733)	(8,069)
Proceeds from disposal of property, plant and equipment	9,000	720
Restricted cash arising from disposal of a property **	(7,940)	–
Proceeds from disposal of other investment, net	1,221	–
Net cash flows used in investing activities	(45,719)	(15,502)
Cash flows from financing activities:		
Net proceeds from issuance of ordinary shares	33,360	–
Purchase of treasury shares	–	(1,371)
Proceeds from borrowings	20,594	25,140
Repayment of borrowings	(8,462)	(21,864)
Proceeds from issuance of shares of a subsidiary to NCI	–	48
Payment of lease liabilities	(6,352)	(5,827)
Dividends paid on ordinary shares	(14,091)	(14,091)
Net cash flows generated from/(used in) financing activities	25,049	(17,965)
Net decrease in cash and cash equivalents	(20,660)	(4,084)
Net effect of exchange rate changes on cash and cash equivalents	(717)	217
Cash and cash equivalents at 1 January	45,523	49,390
Cash and cash equivalents at 31 December	24,146	45,523
Restricted cash arising from acquisition of subsidiaries and disposal of a property	10,065	987
Cash and bank balances at 31 December	34,211	46,510

* Inclusive of $30,000 (2021: $45,000) of interest expenses included in cost of sales.
** In February 2023, restricted cash arising from disposal of a property had been received.

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

1. CORPORATE INFORMATION

CSE Global Limited (the "Company") is a limited liability company incorporated and domiciled in Singapore and is listed on the Singapore Exchange Securities Trading Limited (SGX-ST).

The registered office of the Company was located at 50 Raffles Place, Singapore Land Tower, #32-01, Singapore 048623 and its principal place of business is 202 Bedok South Avenue 1, #01-21, Singapore 469332.

On 31 January 2022, the Company changed its registered office to 1 Harbourfront Avenue, #14-07 Keppel Bay Tower, Singapore 098632.

The principal activities of the Company are those relating to provision of total integrated industrial automation, information technology and intelligent transport solutions and investment holding. The principal activities of the subsidiary companies are disclosed in Note 3 to the financial statements. There have been no significant changes in the nature of these activities during the financial year.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 *Basis of preparation*

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

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

The financial statements are presented in Singapore Dollars ("SGD" or "$") and all values are rounded to the nearest thousand ($'000), except when otherwise indicated.

2.2 *Changes in accounting policies and disclosures*

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 periods beginning on or after 1 January 2022. The adoption of these standards did not have any material effect on the financial performance or position of the Group.

2.3 *Standards issued but not yet effective*

The Group has not adopted the following standards applicable to the Group that have been issued but are not yet effective:

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

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

These amendments had no impact on the consolidated financial statements of the Group. The Group intends to use the practical expedients in future periods if they become applicable.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.4 *Significant accounting judgments and estimates*

The preparation of the Group's consolidated financial statements requires management to make judgments, 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 could require a material adjustment to the carrying amount of the asset or liability affected in the future periods.

(a) ***Judgments made in applying accounting policies***

Except as those disclosed in this report, management is of the opinion that there is no other significant judgment made in applying accounting policies that have a significant effect on the amounts recognised in the consolidated financial statements within the next financial period.

Project revenue

For the financial year ended 31 December 2022, the Group recognised project revenue of $232,295,000 (2021: $187,966,000) and the carrying amounts of contract assets and contract liabilities arising from these projects as at 31 December 2022 amounted to $93,793,000 and $39,588,000 (2021: $72,336,000 and $19,038,000) respectively. The Group recognised revenue from project contracts using the input method that reflect the overtime transfer of control to its customers, which is measured by reference to the Group's progress towards completing the performance obligation on the contract. The measure of progress is determined by reference to the contract costs incurred to date as a percentage of the total estimated costs for each contract.

The carrying amounts of assets and liabilities arising from construction contracts at the end of each reporting period are disclosed in Note 9 to the consolidated financial statements.

(b) ***Key sources of estimation uncertainty***

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of each 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.

Impairment assessment of trade receivables and contract assets

The Group uses a provision matrix to calculate expected credit losses ("ECLs") for trade receivables and contract assets. The provision matrix is based on historical observed default rates, existing market conditions, adjusted for forward looking information at each reporting period. The determination of ECL require the use of management judgment and estimates and are sensitive to changes in circumstances and economic conditions.

This information about the ECLs on the Group's trade and other receivables and contract assets is disclosed in Note 11 and Note 9 respectively.

The carrying amount of trade receivables and contract assets as at 31 December 2022 are $101,963,000 and $93,793,000 (2021: $70,541,000 and $72,336,000) respectively.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.4 *Significant accounting judgments and estimates (cont'd)*

(b) ***Key sources of estimation uncertainty (cont'd)***

Impairment of goodwill

As disclosed in Note 7 to the financial statements, the recoverable amounts of the cash generating units which goodwill have been allocated to are determined based on value in use calculations. The value in use calculations are based on a discounted cash flow models. The recoverable amount is most sensitive to the discount rate used for the discounted cash flow model the expected future cash inflows and the long term growth rate. The key assumptions applied in the determination of the value in use including a sensitivity analysis, are disclosed and further explained in Note 7 to the financial statements.

The carrying amount of the intangible assets as at 31 December 2022 is $80,826,000 (2021: $58,525,000).

2.5 *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 rate at the date when the fair value was measured.

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.

(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.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.6 *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 balance sheet, investments in subsidiaries are accounted for at cost less impairment losses.

2.7 *Associates*

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 or joint control of those policies.

The Group account for its investments in associates using the equity method from the date on which it becomes an associate.

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

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.

2.8 *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 a subsidiary are attributed to the non-controlling interest even if that results in a deficit balance.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.8 *Basis of consolidation and business combinations (cont'd)*

(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 an asset or liability, are recognised in profit or loss.

Non-controlling interest in the acquiree (if any), that are present ownership interests and entitle their holders to a proportionate share of net assets of the acquire are recognised on the acquisition date at fair value, or at the non-controlling interest's proportionate share of the acquiree's identifiable net assets.

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.

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. However, if the initial allocation of goodwill acquired in a business combination cannot be completed before the end of the annual period in which the business combination is effected, that initial allocation shall be completed before the end of the first annual period beginning after the acquisition date.

The cash-generating units 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.

2.9 *Transactions with non-controlling interests*

Non-controlling interest represents 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.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.10 *Property, plant and equipment*

All items of property, plant and equipment are initially recorded at cost. Subsequent to recognition, property, plant and equipment, other than freehold land, are measured at cost less accumulated depreciation and any accumulated impairment losses.

Freehold land has an unlimited useful life and therefore is not depreciated. Depreciation is computed on a straight-line basis over the estimated useful lives of the assets as follows:

Buildings	-	5 to 39 years
Leasehold improvements	-	2 to 20 years
Plant and machinery	-	4 to 5 years
Tools and equipment	-	5 years
Office furniture and fittings	-	5 years
Computer equipment	-	2 to 5 years
Motor vehicles	-	3 to 8 years

Assets under construction included in plant and equipment are not depreciated as these assets are not yet available for use.

The residual value, useful life and depreciation method are reviewed at each financial year-end, and adjusted prospectively, if appropriate.

2.11 *Intangible assets*

Intangible assets acquired separately are measured initially at cost. Following initial acquisition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses. Internally generated intangible assets, excluding capitalised development costs, are not capitalised and expenditure is reflected in profit or loss in the year in which the expenditure is incurred.

The useful lives of intangible assets are assessed as either finite or indefinite.

Intangible assets with finite useful lives are amortised over the estimated useful lives and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method are reviewed at least at each financial year-end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are accounted for by changing the amortisation period or method, as appropriate, and are treated as changes in accounting estimates.

Intangible assets with indefinite useful lives or not yet available for use are tested for impairment annually, or more frequently if the events and circumstances indicate that the carrying value may be impaired either individually or at the cash-generating unit level. Such intangible assets are not amortised. The useful life of an intangible asset with an indefinite useful life is reviewed annually to determine whether the useful life assessment continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.11 *Intangible assets (cont'd)*

Sales order backlog

Significant confirmed orders and pipeline projects which are acquired in a business combination and amortised over 1 to 4 years.

Non-compete agreement

Non-compete agreement acquired in a business combination are identified and recognised separately from goodwill. The cost of such intangible assets is fair value at the acquisition date. The useful life of the non-compete agreements is 10 years as that is the duration imposed on the former owner of the business acquired to generate cash flows for the Group. The non-compete agreement are amortised on a straight-line basis over their useful lives of 10 years.

Licences and intellectual property rights

Costs relating to licences and intellectual property rights, which are acquired, are capitalised and amortised on a straight-line basis over their useful lives of 5 to 19 years.

Customer relationships

Customer relationships acquired in a business combination are identified and recognised separately from goodwill. The cost of such intangible assets is fair value at the acquisition date. Subsequent to initial recognition, customer relationships acquired in a business combination are reported at cost less accumulated amortisation and accumulated impairment losses. Customer relationships are amortised over their useful lives of 3 to 15 years.

R&D asset

Deferred development costs arising from development expenditures on an individual project are recognised as an intangible asset when the Group can demonstrate the technical feasibility of completing the intangible asset so that it will be available for use or sale, its intention to complete and its ability to use or sell the asset, how the asset will generate future economic benefits, the availability of resources to complete and the ability to measure reliably the expenditures during the development.

Following initial recognition of the deferred development costs as an intangible asset, it is carried at cost less accumulated amortisation and any accumulated impairment losses. Amortisation of the intangible asset begins when development is complete and the asset is available for use.

Technical know-how

Technical know-how pertains to the information and knowledge relating to the design, development of production, installation and operation of the product acquired and capitalised. Technical know-how is amortised on a straight-line basis over their useful lives of 18 months to 10 years.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.12 *Impairment of non-financial assets*

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when an annual impairment testing for an asset is required, the Group 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 groups 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 of continuing operations 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.

2.13 *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 financial instrument.

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, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss 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

Investments in 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 measurement category, applicable to the Group, for classification of debt instruments is:

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 amortisation process.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.13 *Financial instruments (cont'd)*

(a) ***Financial assets (cont'd)***

Subsequent measurement (cont'd)

Investments in 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 OCI. Dividends from such investments are to be recognised in profit or loss when the Group's right to receive payments is established. For investments in equity instruments which the Group has not elected to present subsequent changes in fair value in OCI, 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 fair value through profit or loss, directly attributable transaction costs.

Subsequent measurement

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

De-recognition

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

2.14 *Cash and cash balances*

Cash and cash equivalents comprise cash at bank and on hand, demand deposits, and short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. Included in cash and bank balances are funds held in escrow which are not freely remissible for use by the Group.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.15 *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, finance lease receivables and contract assets, 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.

The Group considers a financial asset in default when contractual payments are 365 days past invoice date as based on the Group's historical repayment trends, it is not uncommon for debtors to take more than 90 days to make payment. 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.

2.16 *Inventories*

Inventories are stated at the lower of cost and net realisable value. Costs incurred in bringing the inventories to their present location and condition are accounted for as follows:

(i) Spare parts: purchase costs on a first-in first-out basis.

(ii) Trading goods: costs of direct materials and labour and a proportion of manufacturing overheads based on normal operating capacity. These costs are assigned on a first-in first-out basis.

Where necessary, allowance is provided for damaged, obsolete and slow moving items to adjust the carrying value of inventories to the lower of cost and net realisable value.

Net realisable value is the estimated selling price in the ordinary course of business, less 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 2022

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.17 *Provisions*

General

Provisions are recognised when the Group 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 each balance sheet date 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.

Warranty provisions

Provisions for warranty-related costs are recognised when the product is sold or service provided. Initial recognition is based on historical experience. The initial estimate of warranty-related costs is revised annually.

Onerous contracts

If the Group has a contract that is onerous, the present obligation under the contract is recognised and measured as a provision. However, before a separate provision for an onerous contract is established, the Group recognises any impairment loss that has occurred on assets dedicated to that contract.

An onerous contract is a contract under which the unavoidable costs (i.e., the costs that the Group cannot avoid because it has the contract) of meeting the obligations under the contract exceed the economic benefits expected to be received under it. The unavoidable costs under a contract reflect the least net cost of exiting from the contract, which is the lower of the cost of fulfilling it and any compensation or penalties arising from failure to fulfil it. The cost of fulfilling a contract comprises the costs that relate directly to the contract (i.e., both incremental costs and an allocation of costs directly related to contract activities).

2.18 *Employee benefits*

(a) ***Defined contribution plans***

As required by law, the Group's companies in Singapore, Malaysia, India, Australia and New Zealand make contributions to their respective countries' state pension schemes, being the Central Provident Fund ("CPF") in Singapore, the Employees Provident Fund ("EPF") in Malaysia and India, the Superannuation in Australia and the KiwiSaver in New Zealand. These state pension schemes are defined contribution plans that serve as the national retirement benefits plan for the employees of the Group working in those countries.

As required by law, the Group's companies in the United Kingdom operate a defined contribution pension scheme. Assets of the scheme are held separately from those of the companies in the United Kingdom in an independently administered fund.

The contributions that are made towards the above-mentioned contribution pension schemes are recognised as compensation expenses in the same period as the employment that gives rise to the contributions.

(b) ***Employee leave entitlement***

Employee entitlements to annual leave are recognised as a liability when they are accrued to the employees. The estimated liability for leave is recognised for services rendered by employees up to the balance sheet date.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.18 *Employee benefits (cont'd)*

(c) ***Employee share based payment plan***

Employees of the Group receive remuneration in the form of shares as consideration for services rendered. The cost of these equity-settled share based payment transactions with employees is measured by reference to the fair value of the shares at the date on which the shares are granted which takes into account non-vesting conditions. This cost is recognised in profit or loss, with a corresponding increase in the employee share-based payment reserve, over the vesting period. The cumulative expense recognised at each reporting date until the vesting date reflects the Group's best estimate of the number of shares that will ultimately be issued. The charge or credit to profit or loss for a period represents the movement in cumulative expense recognised as at the beginning and end of that period and is recognised in share based compensation expense.

2.19 *Leases*

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

(a) **As lessee**

The Group applies a single recognition and measurement approach for all leases. The Group recognises lease liabilities to make lease payments and right-to-use assets representing the right to use the underlying assets.

Right-to-use assets

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

Buildings	-	More than 12 months to 10 years
Tools and equipment	-	2 to 6 years
Office furniture and fittings	-	3 to 5 years
Computer equipment	-	2 to 5 years
Motor vehicles	-	2 to 4 years

If ownership of the leased asset transfers to the Group at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

The right-to-use assets are also subject to impairment. Refer to Note 2.12.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.19 *Leases (cont'd)*

(a) **As lessee (cont'd)**

Lease liabilities

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

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

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

Short-term leases

The Group applies the short-term lease recognition exemption to its short-term leases (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option).

(b) **As lessor**

Leases in which the Group does not transfer substantially all the risks and rewards of ownership of the asset are classified as operating leases.

The accounting policy for rental income is set out in Note 2.20(e). Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same bases as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

Leases in which the Group has transferred substantially all risks and rewards incidental to ownership of the leased assets to the lessees, are classified as finance leases.

The leased asset is derecognised and the present value of the lease receivable is recognised on the balance sheet. The difference between the gross receivable and the present value of the lease receivable is recognised as unearned finance income.

Each lease payment received is applied against the gross investment in the finance lease receivable to reduce both the principal and the unearned finance income. The finance income is recognised in profit or loss on a basis that reflects a constant periodic rate of return on the net investment in the finance lease receivable.

Initial direct costs incurred by the Group in negotiating and arranging finance leases are added to finance lease receivables and reduce the amount of income recognised over the lease term.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.20 *Revenue recognition*

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

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 is the amount allocated to the satisfied performance obligation.

(a) ***Project revenue***

The Group principally operates fixed price contracts. Revenue is recognised when control over the products has been transferred to the customer over time, by reference to the stage of completion of the contract activity at the end of the reporting period (the percentage of completion method).

In applying the percentage of completion method, revenue recognised corresponds to the total project revenue (as defined below) multiplied by the actual completion rate based on the proportion of total contract costs (as defined below) incurred to date and the estimated costs to complete.

For products whereby the Group does not have an enforceable right to payment for performance completed to date, revenue is recognised when the customer obtains control of the asset.

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 when the Group has performed under the contract but has not yet billed the customer. Conversely, a contract liability is recognised when the Group has not yet performed under the contract but has received advanced payments from the customer. Contract assets are transferred to receivables when the rights to consideration become unconditional. Contract liabilities are recognised as revenue as the Group performs under the contract.

Incremental costs of obtaining a contract are capitalised if these costs are recoverable. Costs to fulfil a contract are capitalised if the costs relate directly to the contract, generate or enhance resources used in satisfying the contract and are expected to be recovered. Other contract costs are expensed as incurred.

Capitalised contract costs are subsequently amortised on a systematic basis as the Group recognises the related revenue. An impairment loss is recognised in profit or loss to the extent that the carrying amount of the capitalised contract costs exceeds the remaining amount of consideration that the Group expects to receive in exchange for the goods or services to which the contract costs relates less the costs that relate directly to providing the goods and that have not been recognised as expenses.

(b) ***Time and material revenue***

Revenue from sale of goods and services is recognised upon the satisfaction of performance obligations when materials are delivered and services are rendered to customers.

(c) ***Maintenance revenue***

Maintenance revenue is recognised on a straight-line basis over the specified contract period. Maintenance revenue received in advance is deferred as unearned income and recognised as income over the life of the maintenance contracts.

(d) ***Interest income***

Interest income is recognised using the effective interest method.

(e) ***Rental income***

Rental income arising from operating leases is accounted for on a straight-line basis over the lease terms. The aggregate costs of incentives provided to lessees are recognised as a reduction of rental income over the lease term on a straight-line basis.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.21 *Income 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 the 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.

(b) ***Deferred tax***

Deferred tax is provided using the liability method on temporary differences at the end of the 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

- In respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, 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

- In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, 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 2022

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.21 *Income taxes (cont'd)*

(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.

The net amount of sales tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the balance sheet.

2.22 *Share capital and share issuance expenses*

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

2.23 *Treasury shares*

The Group's own equity instruments, which 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 of treasury shares and the consideration received, if reissued, is recognised directly in equity. Voting rights related to treasury shares are nullified for the Group and no dividends are allocated to them respectively.

2.24 *Contingencies*

A contingent liability is:

(a) a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group; or

(b) a present obligation that arises from past events but is not recognised because:

(i) It is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or

(ii) The amount of the obligation cannot be measured with sufficient reliability.

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

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.25 *Segment reporting*

For management purposes, the Group is organised into operating segments based on their geographical locations 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 the 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 29, including the factors used to identify the reportable segments and the measurement basis of segment information.

2.26 *Government grants*

Government grants are recognised when there is reasonable assurance that the grant will be received or forgivable loan provided by the government will be waived and all attaching conditions will be complied with. Where the grant relates to an expense item, it is deducted on a systematic basis over the periods that the related costs, for which it is intended to compensate, are expensed. Where the grant relates to an asset, the fair value is recognised as deferred capital grant on the balance sheet and is amortised to profit or loss over the expected useful life of the relevant asset by equal annual instalments.

2.27 *Derivative financial instruments and hedge accounting*

Initial recognition and subsequent measurement

The Group uses derivative financial instrument such as interest rate swap to hedge its interest rate risks. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently re-measured at fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

For fair value hedges, changes in the fair value of the designated hedging instruments are recognised in the profit and loss account. The hedged item is adjusted to reflect change in its fair value in respect of the risk hedged, with any gain or loss recognised in the profit and loss account.

When hedge accounting is applied on interest rate swap, these hedges are classified as cash flow hedges when hedging exposure to variability in cash flows that is either attributable to a particular risk associated with a recognised asset or liability or a highly probable forecast transaction or the foreign currency risk in an unrecognised firm commitment.

At the inception of a hedging relationship, the Group formally designates and documents the hedging relationship to which the Group wishes to apply hedge accounting and the risk management objective and strategy for undertaking the hedge.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.27 *Derivative financial instruments and hedge accounting (cont'd)*

Initial recognition and subsequent measurement (cont'd)

The documentation includes identification of the hedging instrument, the hedged item, the nature of the risk being hedged and how the Group will assess whether the hedging relationship meets the hedge effectiveness requirements. A hedging relationship qualifies for hedge accounting if it meets all of the following effectiveness requirements:

(a) There is 'an economic relationship' between the hedged item and the hedging instrument.

(b) The effect of credit risk does not 'dominate the value changes' that result from that economic relationship.

(c) The hedge ratio of the hedging relationship is the same as that resulting from the quantity of the hedged item that the Group actually hedges and the quantity of the hedging instrument that the Group actually uses to hedge that quantity of hedged item.

Cash flow hedges which meet the criteria for hedge accounting are accounted as follows:

The effective portion of the gain or loss on the hedging instrument is recognised directly in other comprehensive income in the cash flow hedge reserve, while any ineffective portion is recognised immediately in profit or loss. The cash flow hedge reserve is adjusted to the lower of the cumulative gain or loss on the hedging instrument and the cumulative change in fair value of the hedged item.

Amounts accumulated in other comprehensive income are transferred to profit or loss when the hedged transaction affects profit or loss. Where the hedged item is the cost of a non-financial asset or non-financial liability, the amounts recognised as other comprehensive income are transferred to the initial carrying amount of the non-financial asset or liability.

When a cash flow hedged is discontinued, the cumulative gain or loss previously recognised in other comprehensive income will remain in the cash flow hedge reserve if the hedged future cash flows are still expected to occur. Otherwise, the amount will be immediately reclassified to profit or loss as a reclassification adjustment. After discontinuation, once the hedged cash flow occurs, any amount remaining in accumulated other comprehensive income must be accounted for depending on the nature of the underlying transaction as described above.

Gain or losses arising from the changes in fair value of derivative instruments that do not qualify for hedge accounting are taken to the profit and loss account.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

3. GROUP COMPANIES

Details of subsidiaries of the Company at 31 December are:

	Name of Company (Country of incorporation)	Principal activities (Place of business)	Cost		Effective equity interest held by the Group	
			2022 $'000	2021 $'000	2022 %	2021 %
i	CSE Global (Asia) Pte Ltd (Singapore)	E-business integration, research and development and investment holding (Singapore)	27,264	27,264	100	100
i	CSE Global (Americas) Pte Ltd (Singapore)	Investment holding (Singapore)	39,556	39,556	100	100
ii	CSE Systems & Engineering (India) Private Limited (1) (India)	Sales and provision of computer network systems (India)	36	36	100	100
ii	CSE-Hankin (China) Co., Ltd (2) (China)	Design and install high temperature thermal process and incineration systems (China)	2,524	2,524	100	100
i	CSE Communications & Security Pte Ltd (Singapore)	Provision of turnkey telecommunications solutions and security systems (Singapore)	75,302	75,302	100	100
ii	CSE-Global (Australia) Pty Ltd (9) ^^^ (Australia)	Distribution of electrical engineering equipment and provision of telecommunications solutions and investment holding (Australia)	55,882	46,213	100	100
i	CSE-Crosscom (International) Pte Ltd (Singapore)	Provision of telecommunications solutions and investment holding (Singapore)	– "	– "	100	100
i	CSE Technologies Pte Ltd ^ (Singapore)	System integration solutions and sales and provision of computer network systems (Singapore)	– "	– "	100	–
			200,564	190,895		

" Denotes amounts less than $1,000

The carrying amount of the Company's investment in subsidiaries at the balance sheet date is disclosed in Note 5 to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

3. GROUP COMPANIES (CONT'D)

	Name of Company (Country of incorporation)	Principal activities (Place of business)	Effective equity interest held by the Group 2022 %	Effective equity interest held by the Group 2021 %
	Held by CSE Global (Asia) Pte Ltd			
i	CSE-ITS Pte Ltd (Singapore)	Provision of infrastructure engineering services (Singapore)	100	100
i	CSE-IAP Pte Ltd (Singapore)	Provision of computer systems integration services (Singapore)	100	100
i	CSE-EIS Pte Ltd (Singapore)	Provision of computer systems integration services (Singapore)	100	100
ii	CSE-EIS (Malaysia) Sdn Bhd (3) (Malaysia)	Sales and provision of computer systems (Malaysia)	100	100
i	CSE Hankin (Singapore) Pte Ltd (Singapore)	Provision of process plant and environmental engineering services (Singapore)	100	100
ii	CSE Systems & Engineering (India) Private Limited (1) (India)	Sales and provision of computer network systems (India)	100	100
ii	CSE-Hankin (China) Co., Ltd (2) (China)	Design and install high temperature thermal process and incineration systems (China)	100	100
iii	CSE W-Industries Nigeria Ltd (Nigeria)	Sale and provision of system integration services (Nigeria)	100	100
	Held by CSE Hankin (Singapore) Pte Ltd			
iv	CSE-Hankin Inc (America)	Design and install high temperature thermal process and incineration systems (America)	100	100
iii	CSE-Hankin (Taiwan) Ltd (Taiwan)	Design and install high temperature thermal process and incineration systems (Taiwan)	90	90

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

3. GROUP COMPANIES (CONT'D)

	Name of Company (Country of incorporation)	Principal activities (Place of business)	Effective equity interest held by the Group 2022 %	2021 %
	Held by CSE Global (Americas) Pte Ltd			
i	CSE (Americas) Pte Ltd (Singapore)	Sale and provision of system integration services and investment holding (Singapore)	100	100
iii	Converge Resources Inc (America)	Sale and provision of contracting resources and permanent placement for niche technical resources (America)	70	70
iii	W-Industries De Moçambique, Lda (Mozambique)	Sale and provision of integration services (Mozambique)	100	100
iii	CSE W-Industries De Mexico, S. de R.L. de C.V. (Mexico)	Sale and provision of system integration and engineering services (Mexico)	100	100
	Held by CSE (Americas) Pte Ltd			
iv	CSE Americas, Inc (America)	Sale and provision of system integration services and investment holding (America)	100	100
iii	Industrias W de Mexico, SA de C.V. (Mexico)	Sale and provision of system integration services (Mexico)	100	100
iii	W-Industries De Moçambique, Lda (Mozambique)	Sale and provision of integration services (Mozambique)	100	100
iii	CSE W-Industries De Mexico, S. de R.L. de C.V. (Mexico)	Sale and provision of system integration and engineering services (Mexico)	100	100

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

3. GROUP COMPANIES (CONT'D)

	Name of Company (Country of incorporation)	Principal activities (Place of business)	Effective equity interest held by the Group 2022 %	Effective equity interest held by the Group 2021 %
	Held by CSE Americas, Inc			
iii	CSE W-Industries, Inc (America)	Sale and provision of system integration services (America)	100	100
iv	CSE ICON, Inc (America)	Sale and provision of system integration services (America)	100	100
iii	Blackstar Services, LLC (America)	Design and development of water treatment and disposal technology (America)	100	100
	Held by CSE W-Industries, Inc			
iv	W-Industries of Texas, LLC (America)	Sale and provision of system integration services (America)	100	100
iv	W-Industries of Louisiana, LLC (America)	Sale and provision of system integration services (America)	100	100
iii	CC American Oilfield, LLC (America)	Sale and provision of system integration services (America)	100	100
iv	Gulf Coast Power & Control of Louisiana, LLC (America)	Sale and provision of system integration services (America)	100	100
iii	CSE W-Industries Nigeria Ltd (Nigeria)	Sale and provision of system integration services (Nigeria)	100	100
iv	Volta, LLC (America)	Sale and provision of electrical control system (America)	100	100
iii	Volta Properties, LLC (America)	Lease of office and warehouse space (America)	100	100
iii	Select Building Controls, LLC (America)	Commercial building controls and automation (America)	100	100
iii	EPIC Engineering, LLC (America)	Project management, engineered design packages, field services, panel fabrication, networking and automation services (America)	100	100

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

3. GROUP COMPANIES (CONT'D)

	Name of Company (Country of incorporation)	Principal activities (Place of business)	Effective equity interest held by the Group 2022 %	2021 %
	Held by CSE W-Industries, Inc (cont'd)			
iii	EPIC Automation, LLC (America)	Project management, engineered design packages, field services, panel fabrication, networking and automation services (America)	100	100
	Held by CC American Oilfield LLC			
iii	R-M Transactions, LLC (America)	Dormant (America)	100	100
	Held by Volta LLC			
iii	Volta Services, LLC (America)	Dormant (America)	100	100
iii	Volta Technologies, LLC (America)	Dormant (America)	100	100
	Held by CSE Communications & Security Pte Ltd			
iii	PT CSE Communications & Security (Indonesia)	Provision of turnkey telecommunications solutions (Indonesia)	100	100
iii	TransTel Engineering (Nigeria) Ltd (Nigeria)	Provision of turnkey telecommunications solutions (Nigeria)	80	80
ii	TransTel Engineering (Tianjin) Co. Ltd (5) (China)	Provision of turnkey telecommunications solutions (China)	100	100
ii	CSE Communications & Security Sdn Bhd (3) (Malaysia)	Provision of turnkey telecommunications solutions (Malaysia)	100	100
iii	TransTel Engineering Arabian Limited Co. (Saudi Arabia)	Provision of turnkey telecommunications solutions (Saudi Arabia)	100	100
ii	TransTel Engineering PNG Limited (6) (Papua New Guinea)	Provision of turnkey telecommunications solutions (Papua New Guinea)	100	100

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

3. GROUP COMPANIES (CONT'D)

	Name of Company (Country of incorporation)	Principal activities (Place of business)	Effective equity interest held by the Group 2022 %	Effective equity interest held by the Group 2021 %
	Held by CSE Communications & Security Pte Ltd (cont'd)			
ii	CSE TransTel India Private Limited [7] (India)	Sales and provision of telecommunications network systems (India)	100	100
iii	CSE TransTel Middle East FZE (Dubai)	Sales and provision of telecommunications network systems (Dubai)	100	100
	Held by CSE-Global (Australia) Pty Ltd			
ii	CSE-Uniserve Corporation Pty Ltd [9] (Australia)	Distribution of electrical engineering equipment and investment holding (Australia)	100	100
ii	Astib Group Pty Ltd [9] (Australia)	Provision of telecommunications solutions and investment holding (Australia)	100	100
ii	CSE Crosscom Pty Ltd [9] (Australia)	Provision of telecommunications solutions (Australia)	100	100
ii	Orionet Limited [4] (New Zealand)	Provision of telecommunications solutions equipment (New Zealand)	100	100
	Held by CSE-Uniserve Corporation Pty Ltd			
ii	CSE-Uniserve Pty Ltd [9] (Australia)	Distribution of electrical engineering equipment (Australia)	100	100
ii	CSE New Zealand Ltd [4] (New Zealand)	Distribution of electrical engineering equipment and manufacture of process control and automation equipment (New Zealand)	100	100
	Held by CSE New Zealand Ltd			
ii	Genesis Communications Ltd [4] (New Zealand)	Distribution of electrical engineering equipment and manufacture of process control and automation equipment (New Zealand)	100	100

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

3. GROUP COMPANIES (CONT'D)

	Name of Company (Country of incorporation)	Principal activities (Place of business)	Effective equity interest held by the Group 2022 %	2021 %
	Held by Astib Group Pty Ltd			
ii	CSE-Transtel Pty Ltd (9) (Australia)	Provision of telecommunications solutions (Australia)	100	100
ii	CSE-CX Distribution Pty Ltd (9) (Australia)	Dormant (Australia)	100	100
ii	CSE-Comsource Pty Ltd (9) (Australia)	Provision of telecommunications solutions (Australia)	100	100
	Held by CSE Crosscom Pty Ltd			
ii	RCS Telecommunications Pty Ltd (9) (Australia)	Provision of telecommunications solutions (Australia)	100	100
ii	Gambier Electronics Pty Ltd (9) (Australia)	Provision of telecommunications solutions (Australia)	100	100
ii	General Communications Pty Ltd (9) ^^ (Australia)	Provision of telecommunications solutions (Australia)	100	–
	Held by CSE-Crosscom (International) Pte Ltd			
ii	CSE Crosscom UK Limited (8) (United Kingdom)	Provision of telecommunications solutions and investment holding (United Kingdom)	100	100
iii	CSE Crosscom USA, Inc ^ (America)	Provision of telecommunications solutions (America)	100	–
	Held by CSE Crosscom UK Limited			
ii	CSE Crosscom Limited (formerly known as Chatterbox Limited) (8) (United Kingdom)	Provision of telecommunications solutions (United Kingdom)	100	100
ii	Zycomm Electronics Limited (8) (United Kingdom)	Provision of telecommunications solutions (United Kingdom)	100	100
ii	Radiotek Limited (8) (United Kingdom)	Provision of telecommunications solutions (United Kingdom)	100	100
ii	DTS.Solutions (U.K.) Ltd (8) ^^ (United Kingdom)	Provision of telecommunications solutions (United Kingdom)	100	–

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

3. GROUP COMPANIES (CONT'D)

	Name of Company (Country of incorporation)	Principal activities (Place of business)	Effective equity interest held by the Group 2022 %	2021 %
	Held by CSE Crosscom UK Limited (cont'd)			
ii	CSE Chatterbox Limited (formerly known as CSE Crosscom Limited [(8) ^] (United Kingdom)	Provision of telecommunications solutions (United Kingdom)	100	–
	Held by CSE Technologies Pte Ltd			
ii	Logic Wireless Holdings Limited [(4) ^] (New Zealand)	Investment holding (New Zealand)	100	–
ii	CSE Wireless Holdings Pty Ltd [(9) ^] (Australia)	Investment holding (Australia)	100	–
ii	Logic Wireless Europe Limited [(10) ^^] (United Kingdom)	Provision of telecommunications solutions (United Kingdom)	100	–
	Held by Logic Wireless Holdings Limited			
ii	Logic Wireless Limited [(4) ^^] (New Zealand)	Provision of telecommunications solutions (New Zealand)	100	–
	Held by Logic Wireless Holdings Pty Ltd			
ii	Logic Wireless Pty Ltd [(9) ^^] (Australia)	Provision of telecommunications solutions (United Kingdom)	100	–

(i) Audited by Ernst & Young LLP, Singapore
(ii) Audited by other auditors

(1) Audited by M.V Guruprasad, Chartered Accountants
(2) Audited by Beijing Zhong Yong LiQin, Certified Public Accountants
(3) Audited by RSM Malaysia
(4) Audited by BDO New Zealand
(5) Audited by Tianjin Zhong Hao Hai, Certified Public Accountants
(6) Audited by Sinton Spence
(7) Audited by AFC Corporate Advisors Pvt Ltd
(8) Audited by Macintyre Hudson LLP
(9) Audited by BDO Australia Ltd
(10) Audited by Martin and Company Audit Limited

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

3. GROUP COMPANIES (CONT'D)

(iii) Not required to be audited under the laws of the country of incorporation.

(iv) Not required to be audited under the laws of the country of incorporation, but audited by Ernst & Young LLP, Singapore for the purpose of consolidation of the Group.

^ CSE Technologies Pte Ltd, CSE Chatterbox Limited (formerly known as CSE Crosscom Limited), Logic Wireless Holdings Limited, Logic Wireless Holdings Pty Ltd and CSE Crosscom USA, Inc were newly incorporated during the year.

^^ In February 2022, the Group has acquired 100% equity interest in DTS.Solutions (U.K.) Ltd ("DTS") (Note 5).

In March 2022, the Group has acquired 100% equity interest in General Communications Pty Ltd ("Gencom") (Note 5).

In December 2022, the Group has acquired 100% equity interest in Logic Wireless Limited, Logic Wireless Pty Ltd and Logic Wireless Europe Limited (collectively referred as "Logic Wireless") (Note 5).

^^^ During the year, the Company has capitalised loan to CSE-Global (Australia) Pty Ltd amounting to $9,669,000 (AUD 10,000,000).

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

4. PROPERTY, PLANT AND EQUIPMENT

Group	Assets under construction $'000	Freehold land $'000	Buildings $'000	Leasehold improve-ments $'000	Plant and machinery $'000	Tools and equipment $'000	Office furniture and fittings $'000	Computer equipment $'000	Motor vehicles $'000	Total $'000
Cost:										
At 1 January 2021	550	3,965	32,698	7,853	23,048	21,248	5,573	10,075	9,178	114,188
Currency realignment	2	86	796	43	57	(499)	39	27	82	633
Additions	1,865	–	284	502	2,422	881	202	691	2,983	9,830
Acquisition of businesses (Note 5)	–	–	–	–	474	–	40	3	146	663
Disposals	–	–	–	(15)	(59)	(1,470)	(40)	(42)	(725)	(2,351)
Write-off	–	–	–	(56)	(274)	(853)	(705)	(1,257)	(65)	(3,210)
Reclassification	(251)	–	–	88	4	–	(88)	247	–	–
Reclassification from intangible assets (Note 7)	476	–	–	–	–	–	–	–	–	476
At 31 December 2021 and 1 January 2022	2,642	4,051	33,778	8,415	25,672	19,307	5,021	9,744	11,599	120,229
Currency realignment	(37)	(13)	(137)	(62)	(1,161)	(1,234)	(174)	(127)	(185)	(3,130)
Additions	6,177	–	46	43	4,173	1,611	333	507	2,574	15,464
Acquisition of businesses (Note 5)	–	–	141	–	485	292	278	334	23	1,553
Disposals	–	(528)	(6,300)	(273)	(311)	(697)	(525)	(82)	(788)	(9,504)
Write-off	–	–	–	(98)	–	(45)	(4)	(82)	(25)	(254)
Reclassification	(1,646)	–	–	–	1,542	–	104	–	–	–
At 31 December 2022	7,136	3,510	27,528	8,025	30,400	19,234	5,033	10,294	13,198	124,358

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

4. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

Group	Assets under construction $'000	Freehold land $'000	Buildings $'000	Leasehold improve-ments $'000	Plant and machinery $'000	Tools and equipment $'000	Office furniture and fittings $'000	Computer equipment $'000	Motor vehicles $'000	Total $'000
Accumulated depreciation:										
At 1 January 2021	–	–	5,674	4,241	10,361	16,008	4,447	7,470	4,405	52,606
Currency realignment	–	–	228	2	11	(449)	53	3	57	(95)
Charge for the year	–	–	1,363	676	3,432	2,228	491	873	1,613	10,676
Disposals	–	–	–	(15)	(59)	(1,303)	(37)	(36)	(512)	(1,962)
Write-off	–	–	–	(52)	(157)	(832)	(662)	(1,250)	(52)	(3,005)
At 31 December 2021 and 1 January 2022	–	–	7,265	4,852	13,588	15,652	4,292	7,060	5,511	58,220
Currency realignment	–	–	(71)	(42)	(717)	(1,115)	(134)	(109)	(149)	(2,337)
Charge for the year	–	–	1,267	549	3,509	1,440	423	1,026	1,886	10,100
Disposals	–	–	(2,649)	(269)	(78)	(678)	(515)	(82)	(625)	(4,896)
Write-off	–	–	–	(99)	–	(46)	(4)	(83)	(16)	(248)
At 31 December 2022	–	–	5,812	4,991	16,302	15,253	4,062	7,812	6,607	60,839
Net carrying value:										
At 31 December 2022	7,136	3,510	21,716	3,034	14,098	3,981	971	2,482	6,591	63,519
At 31 December 2021	2,642	4,051	26,513	3,563	12,084	3,655	729	2,684	6,088	62,009

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

4. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

Company	Leasehold improvements $'000	Machinery $'000	Office furniture and fittings $'000	Computer equipment $'000	Motor vehicle $'000	Total $'000
Cost:						
At 1 January 2021	2,889	21	239	282	216	3,647
Additions	30	–	–	5	–	35
At 31 December 2021 and 1 January 2022	2,919	21	239	287	216	3,682
Additions	–	–	17	5	–	22
At 31 December 2022	2,919	21	256	292	216	3,704
Accumulated depreciation:						
At 1 January 2021	1,295	19	214	262	216	2,006
Charge for the year	291	2	23	20	–	336
At 31 December 2021 and 1 January 2022	1,586	21	237	282	216	2,342
Charge for the year	291	–	3	5	–	299
At 31 December 2022	1,877	21	240	287	216	2,641
Net carrying value:						
At 31 December 2022	1,042	–	16	5	–	1,063
At 31 December 2021	1,333	–	2	5	–	1,340

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

5. INVESTMENT IN SUBSIDIARIES AND AMOUNTS DUE FROM/(TO) SUBSIDIARIES

	Company	
	2022	2021
	$'000	$'000
Unquoted shares, at cost	200,564	190,895
Impairment losses	(63,724)	(63,724)
	136,840	127,171

Details of the subsidiaries are set out in Note 3.

	Company	
	2022	2021
	$'000	$'000
Impairment losses		
As at 1 January and 31 December	63,724	63,724

As at 31 December 2022, the Group does not have any subsidiaries that have non-controlling interests (NCI) that are material to the Group.

Acquisition of businesses in 2022

Acquisition of business in New Zealand, Australia and United Kingdom

In December 2022, a wholly-owned subsidiary of the Group, CSE Technologies Pte Ltd and its subsidiaries (collectively referred as "CSE Technologies") acquired 100% of the issued share capital in Logic Wireless Limited, Logic Wireless Pty Ltd and Logic Wireless Europe Limited (collectively referred as "Logic Wireless") for a consideration of NZD 25.0 million (S$ 21.3 million).

The acquisition allowed the Group to expand and extend its existing radio communication business and solutions to its customers in New Zealand, Australia and United Kingdom ("UK").

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

5. INVESTMENT IN SUBSIDIARIES AND AMOUNTS DUE FROM/(TO) SUBSIDIARIES (CONT'D)

Acquisition of businesses in 2022 (cont'd)

Acquisition of business in New Zealand, Australia and United Kingdom (cont'd)

The provisional fair values of the identifiable assets and liabilities acquired as follows:

	Provisional fair value recognised on acquisition $'000
Customer relationships	4,970
Property, plant and equipment	943
Right-to-use assets	357
Inventories	5,396
Trade and other receivables	4,378
Cash and bank balances	564
Total assets	16,608
Trade and other payables	(5,686)
Lease liabilities	(334)
Loans and borrowings	(648)
Tax payables	(203)
Deferred tax liabilities	(1,391)
Total liabilities	(8,262)
Total identifiable net assets at fair value	8,346
Goodwill arising from acquisition	12,915
Cash paid on acquisition	21,261
Less: cash and bank balances	(564)
Less: deferred cash consideration	(2,125)
Cash paid on acquisition, representing net cash outflow on acquisition	18,572

Transaction costs

Transaction costs relating to the acquisition of NZD 288,000 (approximately $241,000) were recognised in the "administrative expenses" line item in the Group's profit or loss for the year ended 31 December 2022.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

5. INVESTMENT IN SUBSIDIARIES AND AMOUNTS DUE FROM/(TO) SUBSIDIARIES (CONT'D)

Acquisition of businesses in 2022 (cont'd)

Acquisition of business in New Zealand, Australia and United Kingdom (cont'd)

Goodwill arising from acquisition

The goodwill arising from the acquisition of Logic Wireless comprises the value of strengthening the Group's market position in radio communication businesses in Australia and New Zealand.

Impact on the acquisition on profit or loss

Since the acquisition date, Logic Wireless has contributed NZD 3,133,000 (approximately $2,680,000) of revenue and generated loss for the year of NZD 41,000 (approximately $34,000).

If the business combination had taken place at the beginning of the year, revenue contributed would have been NZD 47,532,000 (approximately $41,991,000).

Deferred consideration arrangement

As part of the purchase agreement with the previous owner of Logic Wireless, a deferred consideration will be payable after 24 months from the acquisition date.

Provisional accounting of the acquisition of asset and business

The purchase price allocation of the acquisition of asset and business in the financial year ended 31 December 2022 was provisional as the Group had sought a valuation for the acquisitions. The results of this valuation had not been finalised at the date the 2022 financial statements were authorised for issue.

Acquisition of business in Australia

In March 2022, a wholly-owned subsidiary of the Group, CSE Crosscom Pty Ltd ("CSE Crosscom") acquired 100% of the issued share capital in General Communications Pty Ltd ("GenCom") for a consideration of AUD8.0 million (S$8.1 million).

The acquisition allowed the Group to continue to expand its business in the provision of telecommunications products and services in Australia.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

5. INVESTMENT IN SUBSIDIARIES AND AMOUNTS DUE FROM/(TO) SUBSIDIARIES (CONT'D)

Acquisition of businesses in 2022 (cont'd)

Acquisition of business in Australia (cont'd)

The fair values of the identifiable assets and liabilities acquired as follows:

	Fair value recognised on acquisition $'000
Customer relationships	3,010
Intangible asset	1
Property, plant and equipment	496
Right-to-use assets	369
Inventories	1,870
Trade and other receivables	1,759
Cash and bank balances	415
Total assets	7,920
Trade and other payables	(2,547)
Lease liabilities	(344)
Tax payables	(119)
Deferred tax liability	(903)
Total liabilities	(3,913)
Total identifiable net assets at fair value	4,007
Goodwill arising from acquisition	4,130
Cash paid on acquisition	8,137
Less: cash and bank balances	(415)
Cash paid on acquisition, representing net cash outflow on acquisition	7,722

Transaction costs

Transaction costs relating to the acquisition is not significant.

Goodwill arising from acquisition

The goodwill arising from the acquisition of GenCom comprises the value of strengthening the Group's market position in provision of telecommunications products and services in Australia.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

5. INVESTMENT IN SUBSIDIARIES AND AMOUNTS DUE FROM/(TO) SUBSIDIARIES (CONT'D)

Acquisition of businesses in 2022 (cont'd)

Acquisition of business in Australia (cont'd)

Impact on the acquisition on profit or loss

Since the acquisition date, GenCom has contributed AUD 12,961,000 (approximately $12,412,000) of revenue and generated profit for the year of AUD 1,039,000 (approximately $996,000).

If the business combination had taken place at the beginning of the year, revenue contributed would have been AUD 15,578,000 (approximately $14,942,000).

Provisional accounting of the acquisition of asset and business

The purchase price allocation of the acquisition of asset and business in the financial year ended 31 December 2022 was provisional as the Group had sought a valuation for the acquisitions.

Acquisition of business in United Kingdom

In February 2022, a wholly-owned subsidiary of the Group, CSE Crosscom UK Ltd ("CSE Crosscom UK") acquired 100% of the issued share capital in DTS.Solutions (U.K.) Ltd. ("DTS") for a consideration of GBP2.6 million (approximately S$4.7 million). The acquisition allowed the Group to expand its business in the provision of communication systems in United Kingdom.

The fair values of the identifiable assets and liabilities acquired as follows:

	Fair value recognised on acquisition $'000
Customer relationships	684
Property, plant and equipment	114
Inventories	694
Trade and other receivables	897
Cash and bank balances	3,375
Total assets	5,764
Trade and other payables	(1,211)
Tax payables	(215)
Deferred tax liability	(130)
Total liabilities	(1,556)
Total identifiable net assets at fair value	4,208
Goodwill arising from acquisition	511
Cash paid on acquisition	4,719
Less: cash and bank balances	(3,375)
Cash paid on acquisition, representing net cash outflow on acquisition	1,344

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

5. INVESTMENT IN SUBSIDIARIES AND AMOUNTS DUE FROM/(TO) SUBSIDIARIES (CONT'D)

Acquisition of businesses in 2022 (cont'd)

Acquisition of business in United Kingdom (cont'd)

Transaction costs

Transaction costs relating to the acquisition is not significant.

Goodwill arising from acquisition

The goodwill arising from the acquisition of DTS comprises the value of strengthening the Group's market position in provision of communication systems in United Kingdom.

Impact on the acquisition on profit or loss

Since the acquisition date, DTS has contributed GBP 4,571,000 (approximately $7,755,000) of revenue and generated profit for the year of GBP 389,000 (approximately $648,000).

If the business combination had taken place at the beginning of the year, revenue contributed would have been GBP 4,753,000 (approximately $8,087,000).

Provisional accounting of the acquisition of asset and business

The purchase price allocation of the acquisition of asset and business in the financial year ended 31 December 2022 was provisional as the Group had sought a valuation for the acquisitions.

Acquisition of businesses in 2021

Acquisition of business in United States

In April 2021, a wholly-owned subsidiary of the Group, CSE W-Industries Inc acquired 100% of the issued and paid-up share capital of EPIC Engineering, LLC and EPIC Automation, LLC (collectively referred as "EPIC") for a consideration of USD 2,300,000 (approximately $3,048,000).

The acquisition allowed the Group to expand its business in process controls and system integration services in the United States.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

5. INVESTMENT IN SUBSIDIARIES AND AMOUNTS DUE FROM/(TO) SUBSIDIARIES (CONT'D)

Acquisition of businesses in 2021 (cont'd)

Acquisition of business in United States (cont'd)

The fair values of the identifiable assets and liabilities acquired were as follows:

	Fair value recognised on acquisition $'000
Customer relationships	296
Trade and other receivables	881
Total assets	1,177
Trade and other payables	(296)
Total liability	(296)
Total identifiable net assets at fair value	881
Goodwill arising from acquisition	2,167
Cash paid on acquisition, representing net cash outflow on acquisition	3,048

Transaction costs

Transaction costs relating to the acquisition were not significant.

Goodwill arising from acquisition

The goodwill arising from the acquisition of EPIC comprises the value of strengthening the Group's market position in process controls and system integration services in the United States.

Impact on the acquisition on profit or loss

Since the acquisition date, EPIC had contributed USD 2,293,000 (approximately $3,081,000) of revenue and generated profit for the year of USD 163,000 (approximately $207,000).

If the business combination had taken place at the beginning of the year, revenue contributed would have been USD 2,688,000 (approximately $3,612,000).

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

5. INVESTMENT IN SUBSIDIARIES AND AMOUNTS DUE FROM/(TO) SUBSIDIARIES (CONT'D)

Acquisition of businesses in 2021 (cont'd)

Acquisition of business in Australia

In April 2021, a wholly-owned subsidiary of the Group, CSE Crosscom Pty Ltd ("CSE Crosscom") acquired 100% of the issued share capital in Gambier Electronics Pty Ltd ("Gambier") with a consideration of AUD 1,000,000 (approximately $1,020,000).

The acquisition allowed the Group to continue to expand its business in the provision of telecommunications products and services in Australia.

The fair values of the identifiable assets and liabilities acquired were as follows:

	Fair value recognised on acquisition $'000
Customer relationships	413
Property, plant and equipment	305
Inventories	96
Trade and other receivables	154
Cash and bank balances	427
Total assets	1,395
Trade and other payables	(258)
Tax payables	(37)
Deferred tax liability	(124)
Total liabilities	(419)
Total identifiable net assets at fair value	976
Goodwill arising from acquisition	44
Cash paid on acquisition	1,020
Less: cash and bank balances	(427)
Cash paid on acquisition, representing net cash outflow on acquisition	593

Transaction costs

Transaction costs relating to the acquisition were not significant.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

5. INVESTMENT IN SUBSIDIARIES AND AMOUNTS DUE FROM/(TO) SUBSIDIARIES (CONT'D)

Acquisition of businesses in 2021 (cont'd)

Acquisition of business in Australia (cont'd)

Goodwill arising from acquisition

The goodwill arising from the acquisition of Gambier comprises the value of strengthening the Group's market position in provision of telecommunications products and services in Australia.

Impact on the acquisition on profit or loss

Since the acquisition date, Gambier had contributed AUD 864,000 (approximately $869,000) of revenue and generated profit for the year of AUD 13,000 (approximately $14,000).

If the business combination had taken place at the beginning of the year, revenue contributed would have been AUD 1,154,000 (approximately $1,161,000).

Acquisition of business in United Kingdom

In July 2021, a wholly-owned subsidiary of the Group, CSE Crosscom UK Ltd ("CSE Crosscom UK") acquired 100% of the issued and paid-up share capital of Radiotek Ltd ("Radiotek") for a consideration of GBP 1,619,000 (approximately S$3,001,000). The acquisition allowed the Group to expand its business in the provision of communication systems in United Kingdom.

The fair values of the identifiable assets and liabilities acquired were as follows:

	Fair value recognised on acquisition $'000
Customer relationships	601
Property, plant and equipment	275
Inventories	213
Trade and other receivables	91
Cash and bank balances	724
Total assets	1,904
Trade and other payables	(67)
Tax payables	(36)
Deferred tax liability	(114)
Total liabilities	(217)

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

5. INVESTMENT IN SUBSIDIARIES AND AMOUNTS DUE FROM/(TO) SUBSIDIARIES (CONT'D)

Acquisition of businesses in 2021 (cont'd)

Acquisition of business in United Kingdom (cont'd)

	Fair value recognised on acquisition $'000
Total identifiable net assets at fair value	1,687
Goodwill arising from acquisition	1,314
Cash paid on acquisition	3,001
Less: cash and bank balances	(724)
Less: deferred cash consideration	(463)
Net cash outflow on acquisition	1,814

Transaction costs

Transaction costs relating to the acquisition were not significant.

Goodwill arising from acquisition

The goodwill arising from the acquisition of Radiotek comprises the value of strengthening the Group's market position in the provision of communication systems in United Kingdom.

Impact on the acquisition on profit or loss

Since the acquisition date, Radiotek had contributed GBP 449,000 (approximately $835,000) of revenue and generated profit for the year of GBP 75,000 (approximately $139,000).

If the business combination had taken place at the beginning of the year, revenue contributed would have been GBP 1,078,000 (approximately $2,005,000).

Contingent consideration arrangement

As part of the purchase agreement with the previous owner of Radiotek, a contingent consideration has been agreed was paid within 12 months from the acquisition date.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

5. INVESTMENT IN SUBSIDIARIES AND AMOUNTS DUE FROM/(TO) SUBSIDIARIES (CONT'D)

Amounts due from/(to) subsidiaries

	Company	
	2022	2021
	$'000	$'000
Amounts due from subsidiaries, current:		
Trade	1,858	2,150
Non-trade	115,376	111,963
Short term loans	52,569	30,380
	169,803	144,493

Amounts due from subsidiaries denominated in foreign currencies at 31 December are as follows:

	Company	
	2022	2021
	$'000	$'000
United States Dollars	122,287	110,006
British Pounds Sterling	7,887	5,751
Australia Dollars	7,645	11,464

Amounts due to subsidiaries

	Company	
	2022	2021
	$'000	$'000
Amounts due to subsidiaries, current:		
Trade	632	1,393
Non-trade	3,211	2,128
Short term loans	40,593	45,375
	44,436	48,896

Amounts due to subsidiaries denominated in foreign currencies at 31 December are as follows:

	Company	
	2022	2021
	$'000	$'000
United States Dollars	11,289	18,668

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

5. INVESTMENT IN SUBSIDIARIES AND AMOUNTS DUE FROM/(TO) SUBSIDIARIES (CONT'D)

Amounts due from/(to) subsidiaries (cont'd)

The trade and non-trade amounts due from/(to) subsidiaries are unsecured, non-interest bearing, repayable on demand and are to be settled in cash.

The short term loans due from subsidiaries bear interest at 2.0% to 8.0% per annum (2021: 2.0% to 5.0%).

The short term loans due to subsidiaries bear interest at 1.5% to 6.2% per annum (2021: 1.5% to 2.3%).

Striking-off a subsidiary

In 2021, the Group struck off its wholly-owned subsidiary, TransTel Engineering Thailand Ltd. As a result of the deregistration, realisation of cumulative foreign currency translation gain upon liquidation of the subsidiary $79,000 was recognised.

6. OTHER INVESTMENT

	Group and Company	
	2022	**2021**
	$'000	**$'000**
Non-current:		
At amortised cost		
- Debt securities	–	1,273

The Group has disposed of its other investment for a net sales consideration of $1,221,000 and the resulting loss on disposal of $47,000 was included in other non-operating income/(expenses). In 2021, debt securities measured at amortised cost bear interest at 4.05% per annum and will mature in 3.93 years.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

7. INTANGIBLE ASSETS

Group	Goodwill	Sales order backlog	Non-compete agreement	Licences	Intellectual property rights	R&D assets	Technical know-how	Customer relationships	Total
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Cost:									
At 1 January 2021	68,391	2,216	1,934	1,797	31	466	3,146	14,945	92,926
Currency realignment	338	46	42	4	–	10	68	72	580
Additions	–	–	–	–	474	–	–	–	474
Acquisition of businesses (Note 5)	2,963	–	–	–	–	–	–	1,839	4,802
Reclassification to property, plant and equipment	–	–	–	–	–	(476)	–	–	(476)
Reclassification	(77)	–	–	–	–	–	–	77	–
At 31 December 2021 and 1 January 2022	71,615	2,262	1,976	1,801	505	–	3,214	16,933	98,306
Currency realignment	(2,124)	(7)	(6)	(1)	(2)	–	(9)	(915)	(3,064)
Additions	–	–	–	–	–	–	556	–	556
Acquisition of businesses (Note 5)	19,416	–	–	1	–	–	–	8,664	28,081
At 31 December 2022	88,907	2,255	1,970	1,801	503	–	3,761	24,682	123,879

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

7. INTANGIBLE ASSETS (CONT'D)

Group	Goodwill	Sales order backlog	Non-compete agreement	Licences	Intellectual property rights	R&D assets	Technical know-how	Customer relationships	Total
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Accumulated amortisation and impairment loss:									
At 1 January 2021	23,846	2,216	967	1,357	31	–	–	7,002	35,419
Currency realignment	325	46	23	2	–	–	3	(31)	368
Amortisation for the year	–	–	200	199	23	–	345	3,227	3,994
At 31 December 2021 and 1 January 2022	24,171	2,262	1,190	1,558	54	–	348	10,198	39,781
Currency realignment	(47)	(7)	(8)	(1)	(1)	–	(13)	(444)	(521)
Amortisation for the year	–	–	201	200	26	–	518	2,848	3,793
At 31 December 2022	24,124	2,255	1,383	1,757	79	–	853	12,602	43,053
Net carrying value:									
At 31 December 2022	64,783	–	587	44	424	–	2,908	12,080	80,826
At 31 December 2021	47,444	–	786	243	451	–	2,866	6,735	58,525
Remaining amortisation period (years):									
At 31 December 2022	NA	–	3	0.5 - 1	17	–	1.5 - 8	1 - 9	NA
At 31 December 2021	NA	–	4	1.5 - 2	18	–	9	1 - 10	NA

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

7. INTANGIBLE ASSETS (CONT'D)

Licences

The licences are related to industrial design rights for automatic chemical resistance starters for electric motors.

Intellectual property rights

Intellectual property rights relate to the patented and unpatented technologies of tracking system, lock device and water treatment system.

Research & Development assets ("R&D assets")

R&D assets relate to the acquisition and development of a prototype for a water treatment system.

Technical know-how

Technical know-how relates to the know-how acquired to develop the water treatment system and low voltage switchgears.

Company	**Licences**
	$'000
Cost:	
At 1 January 2021, 31 December 2021, 1 January 2022 and 31 December 2022	1,612
Accumulated amortisation:	
At 1 January 2021	1,289
Amortisation for the year	161
At 31 December 2021 and 1 January 2022	1,450
Amortisation for the year	162
At 31 December 2022	1,612
Net carrying value:	
At 31 December 2022	–
At 31 December 2021	162

Amortisation of intangibles assets other than goodwill are included in the "Other expenses" line item in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

7. INTANGIBLE ASSETS (CONT'D)

Impairment testing of goodwill

Goodwill acquired through business combinations have been allocated to the Group's cash-generating units (CGU) identified according to each individual business unit for impairment testing. The carrying amounts of goodwill less accumulated impairment losses are allocated as follows:-

	Group	
	2022	**2021**
	$'000	**$'000**
CSE W-Industries, Inc.		
- CC American Oilfield, LLC	–*	3,581
- Gulf Coast Power & Control of Louisiana, LLC	1,597	1,602
- Volta, LLC	18,044	18,097
- W-Industries of Louisiana, LLC	–*	2,148
- W-Industries of Texas, LLC	7,917*	2,213
CSE-Global (Australia) Pty Ltd		
- Uniserve Group	5,030	5,426
- CSE New Zealand Ltd	1,085	1,179
- Telecommunications business	8,761	5,461
- RCS Telecommunications	4,963	5,354
CSE-Global (Asia) Pte Ltd		
- CSE-EIS (Malaysia) Sdn Bhd	486	486
CSE Crosscom UK group		
- Chatterbox Ltd	2,367	571
- Zycomm Electronics Ltd	30	34
- Radiotek Ltd	1,149	1,292
- DTS.Solutions (U.K.) Ltd	456	–
CSE Technologies Pte Ltd		
- Logic Wireless	12,898	–
	64,783	47,444

* *In 2022, the entire business of W-Industries of Louisiana, LLC and CC American Oilfield, LLC have been integrated into the business of W-Industries of Texas, LLC. As a result, goodwill of W-Industries of Louisiana, LLC, CC American Oilfield, LLC and W-Industries of Texas, LLC were assessed together as single CGU for goodwill impairment testing.*

The recoverable amounts of the CGUs are determined based on value-in-use calculations. The value-in-use calculations use 5-year cash flow projections based on financial forecasts with terminal value approved by management. Management has considered and determined the factors applied in these financial budgets which include forecasted gross margins and average growth rates. The forecasted gross margins are based on past performance and its expectation of market development. Average growth rates of 0.5% to 10% (2021: 0% to 15%) used are consistent with forecasts based on existing contracts and book orders. The discount rate applied are assumed at 7.8% (2021: 6.5%) for value-in-use calculations, which the Group has assessed as its weighted average cost of capital.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

7. INTANGIBLE ASSETS (CONT'D)

Impairment testing of goodwill (cont'd)

Key assumptions used in the value in use calculations are as follows:

Forecasted gross margins - Gross margins are based on average values achieved in the year preceding the start of the forecast period. These have been forecasted to remain constant over the budget period.

Discount rates - Discount rate used reflecting management's estimate of the risks and the expected returns after tax from the CGUs.

Sensitivity to changes in assumptions

With regards to the assessment of value-in-use, management believes that no reasonably possible changes in any of the above key assumptions would cause the carrying value of the unit to materially exceed its recoverable amount.

If the management's estimated discount rate applied to the cash flow projections had been increased by 1.0% to 3.0% (2021: 1.0% to 3.0%), this would result in a 12% to 52% (2021: 14% to 45%) decrease to the recoverable amount of the CGU, which would still be in excess of the carrying amount.

8. DEFERRED TAX ASSETS/(LIABILITIES)

Certain deferred tax assets and liabilities have been offset in accordance with the Group's accounting policy. The following is an analysis of deferred tax balances (after offset) for balance sheet presentation purpose:

	Group		Company	
	2022	**2021**	**2022**	**2021**
	$'000	**$'000**	**$'000**	**$'000**
Deferred tax assets	3,079	2,974	506	1,134
Deferred tax liabilities	(3,666)	(3,354)	–	–
	(587)	(380)	506	1,134

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

8. DEFERRED TAX ASSETS/(LIABILITIES) (CONT'D)

	Group		Company	
	2022	2021	2022	2021
	$'000	$'000	$'000	$'000
This can be analysed as follows:				
Deferred tax assets:				
Provisions	3,292	3,352	431	503
Unutilised tax losses	2,788	634	–	561
Revenue recognised on accrual basis	506	608	506	610
Gross deferred tax assets	6,586	4,594	937	1,674
Deferred tax liabilities:				
Differences in depreciation and amortisation	(4,236)	(3,970)	(431)	(540)
Provisions	(819)	(672)	–	–
Fair value adjustments arising from acquisition of businesses	(2,118)	(332)	–	–
Gross deferred tax liabilities	(7,173)	(4,974)	(431)	(540)
Net deferred tax (liabilities)/assets	(587)	(380)	506	1,134

Recognised tax losses, capital allowance and donations

As at 31 December 2022, the Group has $13,569,000 (2021: $3,687,000) recognised tax losses available for offset against future taxable profits of the companies in which the losses arose. The use of the tax losses are subject to the agreement of the tax authorities and compliance with tax regulations of the respective countries in which the subsidiary companies operate. As at 31 December 2022, the tax losses have no expiry date.

Unused tax losses for which no deferred tax asset is recognised

At the end of the reporting period, the Group has tax losses of approximately $42,267,000 (2021: $41,282,000) that are available for offset against future taxable profits of the companies in which the losses arose for which no deferred tax asset is recognised due to uncertainty of its recoverability. The use of these tax losses is subject to the agreement of the tax authorities and compliance with certain provisions of the tax legislation of the respective countries in which the companies operate.

Unrecognised temporary differences relating to investment in subsidiaries

At the end of the reporting period, no deferred tax liability (2021: $Nil) has been recognised for taxes that would be payable on the undistributed earnings of certain of the Group's subsidiaries as the Group has control over the distribution of the earnings and has determined that undistributed earnings of the subsidiaries will not be distributed in the foreseeable future.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

8. DEFERRED TAX ASSETS/(LIABILITIES) (CONT'D)

Tax consequences of proposed dividends

There are no income tax consequences (2021: $Nil) attached to the dividends to the shareholders proposed by the Company but not recognised as a liability in the financial statements (Note 34).

9. CONTRACT ASSETS AND CONTRACT LIABILITIES

Information about contract assets and contract liabilities from contracts with customers is disclosed as follows:

	Group	
	2022 $'000	2021 $'000
Contract assets	93,793	72,336
Contract liabilities	(39,588)	(19,038)
	54,205	53,298

The Group has not recognised any impairment losses on receivables arising from contracts with customers for the year ended 31 December 2022 (2021: $Nil).

Contract assets primarily relate to the Group's right to consideration for work completed but not yet billed at reporting date for project revenue. Contract assets are transferred to receivables when the rights become unconditional.

Contract liabilities primarily relate to the Group's obligation to transfer goods or services to customers for which the Group has received advances received from customers for project revenue.

Contract liabilities are recognised as revenue as the Group performs under the contract.

10. INVENTORIES

	Group	
	2022 $'000	2021 $'000
Balance sheet:		
Spare parts	6,992	4,861
Trading goods	43,912	23,868
Inventories in transit	1,121	543
Total inventories at lower of cost and net realisable value	52,025	29,272
Income statement:		
Inventories recognised as an expense in profit or loss		
- Inventories recognised as an expense in cost of sales	283,219	221,651
- Allowance for stock obsolescence made during the year, net	670	295

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

11. TRADE AND OTHER RECEIVABLES

	Group		Company	
	2022	2021	2022	2021
	$'000	$'000	$'000	$'000
Current:				
Trade receivables	101,963	70,541	631	745
Other receivables	4,703	5,707	131	126
Accrued sales	29,051	18,037	–	–
Refundable deposits	2,170	2,057	142	142
Staff advances	22	39	–	–
GST receivables	164	216	11	–
Total trade and other receivables	138,073	96,597	915	1,013
Add:				
Amounts due from subsidiaries (Note 5)	–	–	169,803	144,493
Other investment (Note 6)	–	1,273	–	1,273
Cash and bank balances (Note 12)	34,211	46,510	1,115	2,128
Finance lease receivables (Note 24)	600	848	–	–
Less:				
GST receivables	(164)	(216)	(11)	–
Total financial assets carried at amortised cost	172,720	145,012	171,822	148,907

Trade receivables arise from contracts with customers and are non-interest bearing and are generally on 30-day to 120-day terms (2021: 30-day to 120-day terms). They are recognised at their original invoice amounts which represent their fair values on initial recognition.

Trade and other receivables denominated in foreign currencies other than functional currencies of respective entities at 31 December are as follows:

	Group	
	2022	2021
	$'000	$'000
United States Dollars	4,907	4,305

None of the Company's trade and other receivables are denominated in foreign currencies.

Staff advances

Staff advances are unsecured and non-interest bearing.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

11. TRADE AND OTHER RECEIVABLES (CONT'D)

Expected credit losses

The movement in allowance for expected credit losses of trade receivables and contract assets computed based on lifetime ECL are as follows:

	Group	
	Trade receivables	
	2022	2021
	$'000	$'000
Movement in allowance accounts		
At 1 January	1,181	1,753
Charge for the year, net	550	23
Acquisition of subsidiaries	36	–
Written off	(226)	(599)
Currency realignment	(47)	4
At 31 December	1,494	1,181

There is no expected credit loss made on the Company's trade receivables on 31 December 2021 and 31 December 2022.

12. CASH AND BANK BALANCES

	Group		Company	
	2022	2021	2022	2021
	$'000	$'000	$'000	$'000
Short-term deposits	742	2,466	–	–
Cash at banks and on hand	23,404	43,057	1,115	2,128
Restricted cash from acquisition of subsidiaries and disposal of a property	10,065	987	–	–
	34,211	46,510	1,115	2,128

Cash at banks earns interest at floating rates based on daily bank deposit rates. Short-term deposits are made for varying periods of between 6 months and one year (2021: 6 months and one year) depending on the immediate cash requirements of the Group, and earn interest ranging from 0.02% to 5.1% (2021: 0.02% to 4.90%) per annum.

The fixed deposits qualify as cash equivalents because there is effectively no penalty for early withdrawal as the interest earned is substantially consistent with what the Group would have earned on a similar deposit type for a similar term of less than three months.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

12. CASH AND BANK BALANCES (CONT'D)

Cash and short-term deposits denominated in foreign currencies other than functional currencies of respective entities at 31 December are as follows:

	Group		Company	
	2022	2021	2022	2021
	$'000	$'000	$'000	$'000
United States Dollars	1,792	3,052	472	367
British Pounds Sterling	52	223	33	135
Australian Dollars	68	87	68	87
Euro	192	121	101	111
Singapore Dollars	32	32	–	–

Included in cash and bank balances are funds held in escrow amounting to $10,065,000 (2021: $987,000) which are not freely remissible for use by the Group.

13. TRADE PAYABLES AND ACCRUALS

	Group		Company	
	2022	2021	2022	2021
	$'000	$'000	$'000	$'000
Current:				
Trade payables	59,289	33,411	417	54
Accruals	40,102	24,026	1,653	1,222
GST payables	3,220	1,669	–	2
	102,611	59,106	2,070	1,278
Non-current:				
Other liabilities	2,532	183	–	–
Total trade payables and accruals	105,143	59,289	2,070	1,278
Add:				
Amounts due to subsidiaries (Note 5)	–	–	44,436	48,896
Lease liabilities (Note 27)	21,675	23,565	2,385	2,959
Loans and borrowings (Note 14)	106,415	95,385	100,374	95,385
Less:				
GST payables	(3,220)	(1,669)	–	(2)
Total financial liabilities carried at amortised cost	230,013	176,570	149,265	148,516

Trade payables and accruals are non-interest bearing and are normally settled on 60-day terms (2021: 60-day terms).

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

13. TRADE PAYABLES AND ACCRUALS (CONT'D)

Trade payables and accruals denominated in foreign currencies other than functional currencies of respective entities at 31 December are as follows:

	Group		Company	
	2022	2021	2022	2021
	$'000	$'000	$'000	$'000
United States Dollars	5,942	5,419	317	76
British Pounds Sterlings	634	–	2	–
Australian Dollars	3	1	3	1
Euro	474	550	–	–
Singapore Dollars	20	14	–	–

14. LOANS AND BORROWINGS

	Group		Company	
	2022	2021	2022	2021
	$'000	$'000	$'000	$'000
Short term trust receipts, unsecured				
- Singapore Dollars	247	54	247	54
- United States Dollars	930	–	930	–
- Australian Dollars	5,535	–	–	–
Short term bank and other loans, unsecured				
- Singapore Dollars	3,585	3,000	3,585	3,000
- United States Dollars	43,860	32,695	43,861	32,695
- Australian Dollars	6,953	8,291	6,910	8,291
- Pound Sterling	1,016	3,854	6,612	3,854
- New Zealand Dollars	6,612	–	552	–
	68,738	47,894	62,697	47,894
Long term bank loan, unsecured				
- Singapore Dollars	22,500	25,500	22,500	25,500
- United States Dollars	15,177	21,991	15,177	21,991
	37,677	47,491	37,677	47,491
Total loans and borrowings	106,415	95,385	100,374	95,385

The unsecured loans of the Company and the Group bear interest at 4.02% to 10.24% (2021: 0.81% to 3.32%) per annum.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

14. LOANS AND BORROWINGS (CONT'D)

A reconciliation of liabilities arising from financing activities is as follows:

	Group	
	2022	2021
	$'000	$'000
At 1 January	95,385	91,496
Net proceeds of borrowings	12,132	3,276
Non-cash changes:		
- Acquisition of subsidiaries	648	–
- Foreign exchange movement	(1,750)	613
At 31 December	106,415	95,385

15. PROVISION FOR WARRANTIES

	Group	
	2022	2021
	$'000	$'000
At 1 January	686	1,045
Currency realignment	(38)	(8)
Provision for warranties reversed, net	(23)	(288)
Provision utilised	(30)	(63)
At 31 December	595	686

Provision for warranties relates to estimated costs for possible rectification work during the warranty period of the Group's projects. The provision for such costs is based on estimates made from historical data associated with similar projects. Upon the expiry of the warranty period, the Group would proceed to write back any unused portion of the warranty provision.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

16. SHARE CAPITAL AND TREASURY SHARES

(a) ***Share capital***

	Group and Company			
	2022		2021	
	No of shares ’000	$’000	No of Shares ’000	$’000
Issued and fully paid ordinary shares				
At 1 January	516,068	98,542	516,068	98,542
Shares issued pursuant to rights issue	102,480	33,360	–	–
At 31 December	618,548	131,902	516,068	98,542

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

During the financial year, the Company carried out rights issue exercise and allocated 102,480,000 of rights share, raising net proceeds of $33,360,000. The equity raised was for the acquisition of synergistic communication businesses.

(b) ***Treasury shares***

	Group and Company			
	2022		2021	
	No of shares ’000	$’000	No of shares ’000	$’000
At 1 January	(3,666)	(1,910)	(4,921)	(2,557)
Acquired during the financial year	–	–	(2,654)	(1,371)
Re-issuance of treasury shares	–	–	3,909	2,018
At 31 December	(3,666)	(1,910)	(3,666)	(1,910)

Treasury shares relate to ordinary shares of the Company that are held by the Company.

In 2022, the Company did not acquire shares in the Company. In 2021, the Company acquired 2,653,900 shares in the Company through purchase on the Singapore Exchange at a range of $0.50 to $0.52 per share. The total amount paid to acquire the shares was $1,371,000 and this was presented as a component within shareholders’ equity.

In 2022, the Company did not re-issue treasury shares pursuant to its Performance Shares Plan. In 2021, the Company re-issued 3,909,000 treasury shares pursuant to its Performance Shares Plan at a weighted average price of $0.52 each. The total fair value of the shares was $2,018,000.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

16. SHARE CAPITAL AND TREASURY SHARES (CONT'D)

(c) ***Share-based payment reserve***

Share-based payment reserve represents the equity-settled compensation under the CSE Performance Share Plan. The reserve is made up of the cumulative value of services received from employees that has vested during the year.

17. OTHER RESERVES

Other reserves comprised the differences in share prices resulting from the re-issuance of treasury shares $151,000 (2021: $151,000), fair value change on financial instrument of $Nil (2021: ($491,000)) and premium paid on acquisition of non-controlling interests from the purchase of Transtel Arabia Limited Co and Transtel Engineering (M) Sdn Bhd of approximately $9,875,000 and (S$32,000) (2021: $9,875,000 and ($32,000)) respectively.

18. FOREIGN CURRENCY TRANSLATION RESERVE

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

19. REVENUE

(a) ***Disaggregation of revenue***

Segments	Project revenue		Time and material revenue		Maintenance revenue		Equipment rental		Total revenue	
	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Primary geographical markets										
Americas	181,026	146,476	130,913	125,691	7,762	36	–	–	319,701	272,203
Asia-Pacific	50,146	39,056	129,278	110,112	21,507	18,209	17,654	16,907	218,585	184,284
Europe/Middle East	1,123	2,434	11,833	4,284	999	638	5,458	4,818	19,413	12,174
	232,295	187,966	272,024	240,087	30,268	18,883	23,112	21,725	557,699	468,661
Timing of transfer of goods or services										
At a point in time	–	–	272,024	240,087	–	–	–	–	272,024	240,087
Over time	232,295	187,966	–	–	30,268	18,883	23,112	21,725	285,675	228,574
	232,295	187,966	272,024	240,087	30,268	18,883	23,112	21,725	557,699	468,661

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

19. REVENUE (CONT'D)

(b) ***Recognition of project revenue over time***

For the project revenue where the Group satisfies its performance obligations over time, management has determined that a cost-based input method provides a faithful depiction of the Group's performance in transferring control to the customers, as it reflects the Group's efforts incurred to date relative to the total inputs expected to be incurred for the projects. 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 projects.

The determination of total budgeted costs, progress towards completion, variation orders and claims and remaining costs to completion for each contract requires significant management judgement and estimation. Management relies on past experience and knowledge of the project engineers 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 its other similar projects, analysed by different geographical areas for the past years.

20. OTHER NON-OPERATING INCOME/(EXPENSES)

	Group	
	2022	**2021**
	$'000	**$'000**
Miscellaneous income	978	1,077
Foreign exchange gain, net	99	951
Gain on liquidation of a subsidiary	–	79
Gain on disposal of property, plant and equipment	4,386	126
Other expenses	(30)	–
	5,433	2,233

21. FINANCE INCOME

	Group	
	2022	**2021**
	$'000	**$'000**
Interest income from:		
- Short-term deposits	181	189
- Held-to-maturity investment	42	51
Unrealised fair value gain on financial instrument	425	295
	648	535

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

22. FINANCE COSTS

	Group	
	2022	2021
	$'000	$'000
Interest expense on bank loans	5,159	2,412
Accretion of interest on lease liabilities	736	752
	5,895	3,164

23. PROFIT BEFORE TAX

The following items have been included in arriving at profit before tax:

	Group	
	2022	2021
	$'000	$'000
Audit services paid to: -		
- Auditor of the Company		
- Statutory audit	420	355
- Other assurance services	45	45
- Other auditors of subsidiaries	352	225
Non-audit services paid to:		
- Auditor of the Company	38	125
- Member firm of Ernst & Young Global Limited	186	193
- Other auditors of subsidiaries	141	49
Depreciation of property, plant and equipment (Note 4)	10,100	10,676
Gain on disposal and write-off of property, plant and equipment	(4,386)	(126)
Depreciation of right to use assets (Note 27)	5,932	5,813
Amortisation of intangible assets (Note 7)	3,793	3,994
Allowance for stock obsolescence made, net (Note 10)	670	295
Allowance for expected credit loss on trade receivables, net (Note 11)	550	23
Writeback of provision for warranties made, net (Note 15)	(23)	(288)
Rental expenses for short-term leases	2,982	1,968
Personnel and related costs comprising:		
Salaries and bonuses	60,334	51,757
Employees' provident fund	4,051	3,503
Other personnel and related costs	15,362	10,979
Directors' fees		
- Directors of the Company	491	537

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

24. FINANCE LEASE RECEIVABLES

The Group leases equipment to third parties under finance lease.

	Group	
	2022	2021
	$'000	$'000
Finance lease receivables		
Current	263	261
Non-current	337	587
Total finance lease receivables	600	848

The following table sets out a maturity analysis of lease receivables, showing the undiscounted lease payments to be received after the reporting date:

	Group	
	2022	2021
	$'000	$'000
Less than one year	294	319
One to two years	128	286
Two to three years	48	106
Three to four years	48	52
Four to five years	48	52
More than five years	81	140
Total undiscounted lease receivables	647	955
Unearned finance income	(47)	(107)
Total finance lease receivables	600	848

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For the financial year ended 31 December 2022

25. INCOME TAX EXPENSE

The major components of income tax expense for the years ended 31 December are:

	Group	
	2022	2021
	$'000	$'000
Current income tax		
Current income taxation		
- Singapore	1,849	1,315
- Foreign	4,056	3,704
Over provision in respect of previous years	(863)	(822)
	5,042	4,197
Deferred income tax (credit)/expense		
Origination and reversal of temporary differences		
- Singapore	(255)	(347)
- Foreign	(2,298)	447
Under provision in respect of previous years	642	155
	(1,911)	255
Income tax expense	3,131	4,452
Withholding tax	359	128
Income tax expense	3,490	4,580
Income tax expense recognised in the statement of comprehensive income	3,490	4,580

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

25. INCOME TAX EXPENSE (CONT'D)

A reconciliation between the tax expense and the product of accounting profit before tax multiplied by the applicable tax rate for the financial years ended 31 December can be analysed as follows:

	Group	
	2022	**2021**
	$'000	**$'000**
Profit before tax	8,298	19,632
Taxation at statutory tax rate of 17% (2021:17%)	1,411	3,337
Adjustments:		
Different effective tax rates of other countries	1,215	1,584
Expenses not deductible for tax purposes	948	839
Benefits from previously unrecognised tax losses	(214)	(420)
Income not subject to taxation	(298)	(297)
Effect of tax deductions and reliefs	(72)	(112)
Deferred tax assets not recognised	305	112
Over provision in respect of previous year	(221)	(667)
Withholding tax	359	128
Others	57	76
	3,490	4,580

The above reconciliation is prepared by aggregating separate reconciliations for each national jurisdiction. The statutory tax rate applicable to the companies incorporated in Singapore, United States of America and Australia were 17%, 21% and 30% respectively for year of assessment 2022 (2021: 17%, 21% and 30%).

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

26. EARNINGS PER SHARE

Basic earnings per share amounts are calculated by dividing profit, net of tax, attributable to owners of the Company by the weighted average number of ordinary shares outstanding during the financial year.

Diluted earnings per share are calculated by dividing profit, net of tax, 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.

With the completion of the issuance of rights shares on 19 December 2022, prior year comparatives for earnings per share were restated per SFRS(I)1-33 Earnings Per Share through retrospective application of a bonus factor to the average weighted number of shares. The bonus factor is derived from the division of fair value per share immediately before the exercise of rights by the theoretical ex-rights fair value.

The following tables reflect the profit and share data used in the computation of basic and diluted earnings per share for the years ended 31 December:

	Group	
	2022	**2021**
	$'000	**$'000**
Profit for the year attributable to owners of the Company	4,769	15,003

	No. of shares*	
	2022	**2021**
	'000	**'000**
Weighted average number of shares for basic earnings per share computation:		
Outstanding during the year	533,516	530,511
Weighted effect of changes in treasury share	–	992
	533,516	531,503

Diluted earnings per share

The weighted average number of ordinary shares adjusted for the effect of all dilutive potential ordinary shares is determined as follows:

	No. of shares*	
	2022	**2021**
	'000	**'000**
Weighted average number of shares outstanding during the year, used in the computation of diluted earnings per share	537,183	535,432

* Rounded to the nearest thousand.

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For the financial year ended 31 December 2022

27. LEASES – AS A LEASEE

The Group has entered into leases for buildings, tools & equipment, office furniture & fittings, computer equipment and motor vehicles. The Group's obligations under its leases are secured by the lessor's title to the leased assets. There are several lease contracts that include extension options, which are further discussed below.

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

Set out below the carrying amounts of right-to-use assets are recognised and the movements during the financial year:

Group	Buildings $'000	Tools and equipment $'000	Office furniture and fittings $'000	Computer equipment $'000	Motor vehicles $'000	Total $'000
At 1 January 2021	22,570	34	83	41	513	23,241
Currency realignment	139	–	1	–	(31)	109
Additions	4,342	–	7	93	115	4,557
Write-off	(454)	–	–	–	(2)	(456)
Depreciation expenses	(5,365)	(32)	(52)	(99)	(265)	(5,813)
Reclassification	(4)	–	4	–	–	–
At 31 December 2021 and 1 January 2022	21,228	2	43	35	330	21,638
Currency realignment	(478)	–	–	3	(45)	(520)
Additions	3,207	12	154	369	310	4,052
Acquisition of subsidiaries	–	–	–	–	726	726
Write-off	(201)	–	–	–	–	(201)
Depreciation expenses	(5,468)	(2)	(31)	(118)	(313)	(5,932)
At 31 December 2022	18,288	12	166	289	1,008	19,763
Remaining lease term (years)	1 - 10	1	2 - 5	2 - 3	1 - 4	NA

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

27. LEASES – AS A LEASE (CONT'D)

Company	Buildings $'000	Office furniture and fittings $'000	Total $'000
At 1 January 2021	2,886	39	2,925
Depreciation expenses	(533)	(34)	(567)
At 31 December 2021 and 1 January 2022	2,353	5	2,358
Additions	–	59	59
Depreciation expenses	(533)	(14)	(547)
At 31 December 2022	1,820	50	1,870
Remaining lease term (years)	4	5	NA

Set out below are the carrying amounts of lease liabilities and the movements during the financial year:

	Group $'000	Company $'000
At 1 January 2021	24,525	3,549
Currency realignment	(17)	–
Additions	4,557	–
Write-off	(470)	–
Accretion of interest	797	93
Payments	(5,827)	(683)
At 31 December 2021 and 1 January 2022	23,565	2,959
Currency realignment	(829)	–
Additions	4,052	58
Acquisition of subsidiaries	678	–
Write-off	(205)	–
Accretion of interest	766	79
Payments	(6,352)	(711)
At 31 December 2022	21,675	2,385

	Group		Company	
	2022 $'000	2021 $'000	2022 $'000	2021 $'000
Current	6,735	5,317	640	631
Non-current	14,940	18,248	1,745	2,328
	21,675	23,565	2,385	2,959

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

27. LEASES – AS A LEASE (CONT'D)

Effective interest rates

The weighted average effective interest rate of the leases is 3.76% and 3.26% per annum (2021: 3.68% and 3.25%) at the balance sheet date for the Group and Company respectively.

The following are the amounts recognised in profit or loss:

	Group		Company	
	2022	2021	2022	2021
	$'000	$'000	$'000	$'000
Depreciation expense of right-of-use assets	5,932	5,813	547	567
Interest expense on lease liabilities	766	797	79	93
Expense relating to short-term leases (included in cost of sales and administrative expense)	2,982	1,968	–	35
Total amount recognised in profit or loss	9,680	8,578	626	695

The Group had total cash outflows for leases of $9,334,000 in 2022 (2021: $7,795,000).

The Group has several lease contracts that include extension options. These options are negotiated by management to provide flexibility in managing the leased-asset portfolio and align with the Group's business needs. Management exercises judgement in determining whether these extension options are reasonably certain to be exercised.

28. DERIVATIVE LIABILITY

	Group and Company			
	Notional amount		Liability	
	2022	2021	2022	2021
	$'000	$'000	$'000	$'000
Interest rate swap	21,923	33,833	(196)	(1,112)
Financial liability at fair value through profit or loss	21,923	33,833	(196)	(1,112)

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

28. DERIVATIVE LIABILITY (CONT'D)

Cash flow hedge

As at 31 December 2021, the Group has an interest rate swap agreement in place with a notional amount of $33,833,000 whereby the Group receives a variable rate of interest and pay fixed interest rate on the notional amount. The swap was being used to hedge the exposure to changes in the market interest rate.

There is an economic relationship between the hedged item and the hedging instrument as the terms of the interest rate swap match the terms of the variable rate loan (ie. Notional amount, maturity, payment). The Group has established a hedge ratio of 1:1 for the hedging relationship as the underlying risk of the interest rate is identical to the hedged risk component.

Ineffectiveness is recognised on a cash flow hedge when the cumulative change in the designated component value of the hedging instrument exceeds on an absolute basis the change in value of the hedged item attributable to the hedged risk.

29. SEGMENT INFORMATION

For management purpose, the Group is organised into three operating segments based on their geographical locations, namely Asia Pacific, Americas and Europe/Middle East. The geographical segments 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 the management of the Company who regularly review the segment results in order to allocate resources to the segments and to assess the segment performance.

Geographical segment information

The following table presents revenue, and adjusted profit/(loss) before interest and tax information regarding geographical segments for the years ended 31 December 2022 and 2021:

	Asia-Pacific*		Americas		Europe/Middle East		Consolidated	
	2022	2021	2022	2021	2022	2021	2022	2021
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Sales to external customers	218,585	184,284	319,701	272,203	19,413	12,174	557,699	468,661
Profit before interest and tax	22,235	20,434	(10,681)	1,126	2,021	746	13,575	22,306

The following table presents non-current assets information regarding geographical segments at 31 December 2022 and 2021:

	Asia-Pacific*		Americas		Europe/Middle East		Consolidated	
	2022	2021	2022	2021	2022	2021	2022	2021
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Non-current assets **	50,658	29,402	84,767	85,720	8,920	5,412	144,345	120,534

* Projects in Asia-Pacific cover countries such as Singapore, China, Hong Kong, Taiwan, Korea, Japan, Thailand, Malaysia, Indonesia, Vietnam, New Zealand and Australia.

** Non-current assets relate to property, plant and equipment and intangible assets.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

30. RELATED PARTY TRANSACTIONS

(a) ***Related party transactions***

In addition to the related party information disclosed elsewhere in the financial statements, the following significant transactions between the Company and related companies took place at terms agreed between the parties during the financial year:

	Company	
	2022	**2021**
	$'000	**$'000**
Management fee received	5,010	3,806
Royalties/licensing/agency fees received	32	64
Interest received	1,705	683
Rental income received	747	704
Sales commission received	1,062	986
Dividend received	14,998	3,889
Interest paid	(1,269)	(641)

Related companies:

These are subsidiaries of CSE Global Limited.

(b) ***Compensation of directors and key management personnel***

	Group	
	2022	**2021**
	$'000	**$'000**
Short-term employee benefits	4,650	4,554
Central Provident Fund contributions	82	91
Directors fees	491	537
	5,223	5,182
Comprise amounts paid to:		
Directors of the Company	1,363	1,365
Other key management personnel	3,860	3,817
	5,223	5,182

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

31. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's principal financial instruments comprise bank loans, cash and bank balances. The main purpose of these financial instruments is to finance the Group's operations. All financial transactions with the banks are governed by banking facilities duly accepted with Board of Directors resolutions and banking mandates which define the permitted financial instruments and facilities limits, approved by the Board of Directors. All financial transactions require dual signatories. The Group has various other financial assets and liabilities such as trade receivables, trade payables, and lease liabilities which arise directly from its operations.

The Group is exposed to changes in market interest rate as the Group has floating interest rate borrowings. In order to minimise the adverse effects on the financial performance of the Group, derivative financial instruments, such as interest rate swap are used to hedge the interest rate risk.

The following sections provide details regarding the Group's and Company's exposure to the above-mentioned financial risks and the objectives, policies and processes for the management of these risks.

Foreign currency risk

The Group has transactional currency exposures arising from sales or purchases that are denominated in a currency other than the respective functional currencies of Group entities, primarily Singapore Dollar (SGD), United States Dollar (USD), British Pound (GBP), Euro (EUR), and Australia Dollar (AUD). Approximately 99% (2021: 99%) of the Group's sales and approximately 83% (2021: 83%) of costs including taxes are denominated in the respective functional currencies of the Group entities. The Group's trade receivables and trade payables balances at the end of the reporting period have similar exposures with 94% (2021: 92%) and 90% (2021: 86%) denominated in their respective functional currencies.

The Group and the Company also hold cash and bank balances denominated in foreign currencies of respective entities for working capital purposes. At the end of the reporting period, such foreign currency balances are mainly in USD, GBP, EUR, AUD and SGD.

The Group is also exposed to currency translation risk arising from its net investments in foreign operations. The Group's net investments in foreign subsidiaries are not hedged as the currency positions in the respective countries are considered to be long-term in nature.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

31. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

Foreign currency risk (cont'd)

Sensitivity analysis for foreign currency risk

The following table demonstrates the sensitivity of the Group's profit before tax to a 1% (2021: 1%) change in the USD, GBP, AUD, EUR and SGD remain exchange rates against the respective functional currencies of the Group entities, with all other variables held constant.

		Group	
		2022 Profit before tax $'000	2021 Profit before tax $'000
USD/SGD	Strengthened	(592)	(527)
	Weakened	592	527
GBP/SGD	Strengthened	(72)	(36)
	Weakened	72	36
AUD/SGD	Strengthened	(124)	(82)
	Weakened	124	82
EUR/SGD	Strengthened	(3)	(4)
	Weakened	3	4
SGD/USD	Strengthened	–	1
	Weakened	–	(1)

Credit risk

Credit risk is the risk of loss that may arise on outstanding financial instruments should a counterparty default on its obligations. The Group's and the Company's exposure to credit risk arises primarily from trade and other receivables and contract assets. For other financial assets (including other investment and cash and bank balances), the Group minimises credit risk by dealing exclusively with high credit rating counterparties.

In respect of credit risk arising from the inability of customers of the Group to make payments when their receivables fall due, it is the Group's policy to provide credit terms to creditworthy and reputable customers. These receivables are monitored on an ongoing basis to ensure that issues arising from non-collectability are minimised.

The Group considers the probability of default upon initial recognition of asset and whether there has been a significant increase in credit risk on an ongoing basis throughout each reporting period.

The Group has determined the default event on a financial asset to be when the counterparty fails to make contractual payments, 365 days past invoice date, which are derived based on the Group's historical information.

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For the financial year ended 31 December 2022

31. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

Credit risk (cont'd)

The Group categorises a loan or receivable for potential write-off when a debtor fails to make contractual payments more than 365 days past invoice date. Financial assets are written off when there is no reasonable expectation of recovery, such as a debtor failing to engage in a repayment plan with the Group. Where loans and receivables have been written off, the company continues to engage enforcement activity to attempt to recover the receivable due. Where recoveries are made, these are recognised in profit or loss.

The following are credit risk management practices and quantitative and qualitative information about amounts arising from expected credit losses for each class of financial assets.

(a) ***Debt securities at amortised cost***

The Group uses three categories of internal credit risk ratings for debt instruments and loans which reflect their credit risk and how the loss provision is determined for each of those categories. These internal credit risk ratings are determined through incorporating both qualitative and quantitative information that builds on information specific to the counterparty and other external information that could affect the counterparty's behaviour.

The Group compute expected credit loss for this group of financial assets using the probability of default approach. In calculating the expected credit loss rates, the Group considers implied probability of default and historical loss rates for each category of counterparty, and adjusts for forward looking macroeconomic data.

The Group uses the 12-month expected credit loss ("ECL") model to recognise the ECL provision for trade receivables, finance lease receivables and contract assets, and uses the lifetime ECL model to recognise ECL provision for loans and, interest and/or principal repayments that are 365 days past invoice date.

There are no significant changes to estimation techniques or assumptions made during the reporting period.

The Group has disposed its debt securities in 2022. In 2021, the gross carrying amount of debt securities at amortised cost, without taking into account of any collaterals held or other credit enhancements which represents the maximum exposure to loss was $1,273,000.

(b) ***Trade receivables, finance lease receivables and contract assets***

The Group provides for lifetime expected credit losses for all trade receivables, finance lease receivables and contract assets using a provision matrix. The provision rates are determined based on the Group's historical observed default rates analysed in accordance to days past due by grouping of customers based on geographical region. The loss allowance provision as at 31 December 2022 is determined as follows, the expected credit losses incorporate forward looking information such as forecast of economic conditions where the gross domestic product will deteriorate over the next year, leading to an increased number of defaults.

Information regarding loss allowance movement of trade receivables and contract assets are disclosed in Note 11 and Note 9.

During the financial year, the Group wrote-off $226,000 (2021: $599,000) of trade receivables as the Group does not expect to receive future cash flows from and there are no recoveries from collection of cash flows previously written off.

NOTES TO THE FINANCIAL STATEMENTS

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31. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

Credit risk (cont'd)

Credit risk concentration profile

The Group determines concentrations of credit risk by monitoring the country and industry sector profile of its trade receivables on an ongoing basis. The credit risk concentration profile of the Group's trade receivables at the end of the reporting period is as follows:

	Group			
	2022		2021	
	$'000	% of total	$'000	% of total
By geographical segments:				
Asia-Pacific	38,055	37	20,606	29
Americas	60,729	60	48,556	69
Europe/Middle East/Africa	3,179	3	1,379	2
Total	101,963	100	70,541	100

Financial assets that are neither past due nor impaired

Trade and other receivables that are neither past due nor impaired are creditworthy receivables with good payment record with the Group. Cash and bank balances and debt securities are placed with or entered into with reputable financial institutions or companies with high credit ratings and no history of default.

Financial assets that are either past due or impaired

Information regarding financial assets that are either past due or impaired is disclosed in Note 11 and Note 6.

The Group has no significant concentration of credit risk.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of the Group's and the Company's financial instruments will fluctuate because of changes in market interest rates. The Group's and the Company's exposure to interest rate risk arises primarily from their loans and borrowings, interest-bearing loans given to related companies and bank deposits.

The Company's loans at floating rate given to related parties form a natural hedge for its current floating rate bank loan. All of the Group's and Company's financial assets and liabilities at floating rates are contractually repriced at intervals of less than 6 months (2021: less than 6 months) from the balance sheet date.

In respect to the term loan, the Group enters into interest rate swaps, in which it agrees to exchange, at specified intervals, the difference between fixed and variable rate interest amounts calculated by reference to an agreed-upon notional principal amount.

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For the financial year ended 31 December 2022

31. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

Interest rate risk (cont'd)

Managing interbank offered rates reform and associated risks

A fundamental reform of major interest rate benchmarks is being undertaken globally, to replace interbank offered rates (IBORs) with alternative nearly risk-free rates (referred to as "IBOR reform"). The Group has exposures to IBORs on its financial instruments that will be replaced or reformed as part of these market-wide initiatives.

The Group holds interest rate swaps indexed to the USD LIBOR for risk management purposes which are designated in hedging relationships. The Group's exposure to USD LIBOR designated in hedging relationships has nominal amount of $21.9 million as at 31 December 2022, representing both the nominal amount of the hedging interest rate swap and the principal amount of the Group's unsecured bank loan facilities maturing in 2024.

Sensitivity analysis for interest rate risk

The following table demonstrates the sensitivity to a 1% (2021: 1%) change in the interest rates with all other variables held constant on the Group's profit before tax.

		Group	
		2022 Profit before tax $'000	2021 Profit before tax $'000
SGD	Increase in 1% interest rate	(259)	(271)
	Decrease in 1% interest rate	259	271
USD	Increase in 1% interest rate	(586)	(526)
	Decrease in 1% interest rate	586	526
GBP	Increase in 1% interest rate	(66)	(37)
	Decrease in 1% interest rate	66	37
AUD	Increase in 1% interest rate	(124)	(82)
	Decrease in 1% interest rate	124	82

The assumed movement in basis points for interest rate sensitivity analysis is based on the currently observable market environment.

NOTES TO THE FINANCIAL STATEMENTS

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31. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

Liquidity risk

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

The Group's and the Company's liquidity risk management policy is to maintain sufficient liquid financial assets and stand-by credit facilities with different banks. At the end of the reporting period, 65% (2021: 50%) of the Group's loans and borrowings (Note 14) will mature in less than one year based on the carrying amount reflected in the financial statements.

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

	2022				2021			
Group	**1 year or less $'000**	**1 to 5 years $'000**	**Over 5 years $'000**	**Total $'000**	**1 year or less $'000**	**1 to 5 years $'000**	**Over 5 years $'000**	**Total $'000**
Other investment	–	–	–	–	51	1,398	–	1,449
Trade and other receivables	138,073	–	–	138,073	96,597	–	–	96,597
Finance lease receivables	294	272	81	647	319	496	140	955
Cash and bank balances	34,211	–	–	34,211	46,510	–	–	46,510
	172,578	272	81	172,931	143,477	1,894	140	145,511
Trade payables and accruals	102,611	2,532	–	105,143	59,106	183	–	59,289
Lease liabilities	6,716	15,039	802	22,557	5,734	16,853	1,485	24,072
Loans and borrowings	74,185	40,224	–	114,409	49,713	49,646	–	99,359
Derivative liability	–	196	–	196	–	1,112	–	1,112
	183,512	57,991	802	242,305	114,553	67,794	1,485	183,832
Add: GST payables, net	3,056	–	–	3,056	1,453	–	–	1,453
Total net undiscounted financial assets/ (liabilities)	(7,878)	(57,719)	(721)	(66,318)	30,377	(65,900)	(1,345)	(36,868)

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31. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

Liquidity risk (cont'd)

Company	2022 1 year or less $'000	2022 1 to 5 years $'000	2022 Over 5 years $'000	2022 Total $'000	2021 1 year or less $'000	2021 1 to 5 years $'000	2021 Over 5 years $'000	2021 Total $'000
Other investment	–	–	–	–	51	1,398	–	1,449
Trade and other receivables	915	–	–	915	1,013	–	–	1,013
Cash and bank balances	1,115	–	–	1,115	2,128	–	–	2,128
Amounts due from subsidiaries	172,579	–	–	172,579	145,323	–	–	145,323
	174,609	–	–	174,609	148,515	1,398	–	149,913
Trade payables and accruals	2,070	–	–	2,070	1,278	–	–	1,278
Lease liabilities	724	1,802	–	2,526	733	2,439	–	3,172
Loans and borrowings	67,834	40,224	–	108,058	49,713	49,646	–	99,359
Derivative liability	–	196	–	196	–	1,112	–	1,112
Amounts due to subsidiaries	45,691	–	–	45,691	49,832	–	–	49,832
	116,319	42,222	–	158,541	101,556	53,197	–	154,753
Add: GST payables/ (receivables), net	(11)	–	–	(11)	2	–	–	2
Total net undiscounted financial assets/(liabilities)	58,279	(42,222)	–	16,057	46,961	(51,799)	–	(4,838)

NOTES TO THE FINANCIAL STATEMENTS

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32. FAIR VALUE OF ASSETS AND LIABILITIES

The Company categorises fair value measurements using a fair value hierarchy that is dependent on the valuation inputs used as follows:

(a) Level 1 - Quoted prices (unadjusted) in active market for identical assets or liabilities that the Company can access at the measurement date

(b) Level 2 - Inputs other that quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly, and

(c) 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.

The fair value of a financial asset or liability is the amount at which the asset or liability could be exchanged or settled between knowledgeable and willing parties in an arm's length transaction, other than in a forced or liquidation sale.

	2022 $'000 Quoted prices in active markets for identical instruments (Level 1)	2022 $'000 Significant unobservable inputs other than quoted prices (Level 2)	2021 $'000 Quoted prices in active markets for identical instruments (Level 1)	2021 $'000 Significant unobservable inputs other than quoted prices (Level 2)
Fair value of financial instrument by classes that are not carried at fair value but for which fair value is disclosed				
Debt securities	–	–	1,273	–
Finance lease receivables	–	600	–	848
Assets and liabilities measured at fair value				
Derivative liability	–	(196)	–	(1,112)
At 31 December	–	404	1,273	(264)

The following is a description of the valuation techniques and inputs used in the fair value measurement for assets and liabilities that are categorised within Level 2 of the fair value hierarchy:

Derivatives

Interest rate swap contracts are valued using a valuation technique with market observable inputs. The most frequently applied valuation techniques include swap models, using present value calculations. The models incorporate various inputs including the credit quality of counterparties and interest rate curves.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

32. FAIR VALUE OF ASSETS AND LIABILITIES (CONT'D)

Financial instruments not measured at fair value, for which fair value is disclosed.

The fair values of financial assets which are not carried at fair values in the balance sheet as at 31 December 2022 are represented on the following table:

	2022			2021		
Group and Company	**Carrying amount $'000**	**Fair value $'000**	**Unrecognised gain $'000**	**Carrying amount $'000**	**Fair value $'000**	**Unrecognised gain $'000**
Debt securities (Note 6)	–	–	–	1,273	1,319	46
Finance lease receivables (Note 24)	600	681	81	848	934	86

The fair value of debt securities is determined by reference to their last quoted asking prices at the end of the reporting period.

Financial instruments whose carrying amount approximate fair value

Management has determined that the carrying amounts of cash and bank balances, trade and other receivables, trade payables and accruals, lease liabilities and loans and borrowings, based on their notional amounts, reasonably approximate their fair values because these are mostly short term in nature or are repriced frequently.

33. CAPITAL MANAGEMENT

The primary objective of the Group's capital management is to ensure that it maintains a healthy capital ratio in order to support its business and maximise shareholder value. The Group monitors its monthly cash flows and also manages its capital structure and makes adjustments to it, in light of changes in economic condition. To maintain or adjust the capital structure, the Group may issue new shares. No changes were made in objectives, policies and processes during the years ended 31 December 2022 and 31 December 2021.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

34. DIVIDENDS

	Group and Company	
	2022	2021
	$'000	$'000
Declared and paid during the financial year:		
Dividends on ordinary shares:		
- Final exempt (one-tier) dividend for 2021: $0.015 per share	7,686	–
- Interim exempt (one-tier) dividend for 2022: $0.0125 per share	6,405	–
- Final exempt (one-tier) dividend for 2020: $0.015 per share	–	7,686
- Interim exempt (one-tier) dividend for 2021: $0.0125 per share	–	6,405
	14,091	14,091
Proposed but not recognised as a liability as at 31 December:		
Dividends on ordinary shares, subject to shareholders' approval at the AGM:		
- Final exempt (one-tier) dividend for 2022: $0.015 (2021: $0.015) per share	9,223	7,686
	9,223	7,686

35. SUBSEQUENT EVENTS

(a) Acquisition of Radio One Group

In January 2023, the Group has completed the acquisition of 100% of the issued share capital in Radio One, Inc and Communications Service Co. ("Radio One Group") for a consideration of USD 10.8 million (approximately $14.2 million).

(b) Acquisition of Logic Wireless

Subsequent to the reporting date as at 31 December 2022, the aggregate consideration for acquisition of Logic Wireless has been adjusted from NZD 25.0 million (approximately $21.3 million) to NZD 26.5 million ($22.5 million) upon finalisation of net asset value.

36. AUTHORISATION OF FINANCIAL STATEMENTS

The financial statements for the financial year ended 31 December 2022 were authorised for issue in accordance with a resolution of the directors on 20 March 2023.

STATISTICS OF SHAREHOLDINGS

AS AT 20 MARCH 2023

DISTRIBUTION OF SHAREHOLDINGS

SIZE OF SHAREHOLDINGS	SHAREHOLDERS	%	NO. OF SHARES	%
1 - 99	18	0.32	395	0.00
100 - 1,000	183	3.29	122,098	0.02
1,001 - 10,000	2,280	40.93	13,136,972	2.14
10,001 - 1,000,000	3,052	54.78	180,697,956	29.39
1,000,001 AND ABOVE	38	0.68	420,924,602	68.45
TOTAL	**5,571**	**100.00**	**614,882,023**	**100.00**

TWENTY LARGEST SHAREHOLDERS

NO.	NAME	NO. OF SHARES	%
1	ORCHID 3 INVESTMENTS VCC	90,644,210	14.74
2	RAFFLES NOMINEES (PTE.) LIMITED	64,921,812	10.56
3	ORCHID 2 INVESTMENTS PTE LTD	62,888,889	10.23
4	DBS NOMINEES (PRIVATE) LIMITED	26,886,211	4.37
5	CITIBANK NOMINEES SINGAPORE PTE LTD	25,617,382	4.17
6	IFAST FINANCIAL PTE. LTD.	25,345,847	4.12
7	BPSS NOMINEES SINGAPORE (PTE.) LTD.	20,668,358	3.36
8	HSBC (SINGAPORE) NOMINEES PTE LTD	20,270,620	3.30
9	PHILLIP SECURITIES PTE LTD	6,731,001	1.09
10	UNITED OVERSEAS BANK NOMINEES (PRIVATE) LIMITED	6,678,739	1.09
11	WONG YON CHING	6,500,000	1.06
12	OCBC NOMINEES SINGAPORE PRIVATE LIMITED	6,200,220	1.01
13	TEO KIT CHOON	5,960,000	0.97
14	MAYBANK SECURITIES PTE. LTD.	5,394,860	0.88
15	CHENG HENG SENG	4,448,500	0.72
16	WONG GHAN OR WONG SHI HAO	4,243,679	0.69
17	CGS-CIMB SECURITIES (SINGAPORE) PTE. LTD.	3,293,000	0.54
18	UOB KAY HIAN PRIVATE LIMITED	2,584,700	0.42
19	LIM & TAN SECURITIES PTE LTD	2,580,500	0.42
20	LIM BOON KHENG	2,407,429	0.39
	TOTAL	**394,265,957**	**64.13**

STATISTICS OF SHAREHOLDINGS

AS AT 20 MARCH 2023

Class of Shares	:	Ordinary share
Number of Issued Shares (excluding treasury shares)	:	614,882,023
Number/Percentage of Treasury Shares against total number of Issued Shares (excluding treasury shares)		3,666,166 (0.60%)
Voting rights	:	One vote per share

As at 20 March 2023, the Company did not hold any subsidiary holdings.

LIST OF SUBSTANTIAL SHAREHOLDERS AS AT 20 MARCH 2023

(As recorded in the Register of Substantial Shareholders)

NAMES OF SUBSTANTIAL SHAREHOLDERS	DIRECT INTEREST	%	DEEMED INTEREST	%
Orchid 3 Investments VCC	90,644,210	14.74	–	–
Orchid 2 Investments Pte. Ltd.	62,888,889	10.23	–	–
Heliconia Capital Management Pte. Ltd. (1)	–	–	153,533,099	24.97
Heliconia Holdings Pte. Ltd. (1)	–	–	153,533,099	24.97
65EP Investment I Pte. Ltd. (2)	–	–	153,533,099	24.97
65EP Investments Pte. Ltd. (2)	–	–	153,533,099	24.97
65 Equity Partners Group Pte. Ltd. (2)	–	–	153,533,099	24.97
65 Equity Partners Pte. Ltd. (2)	–	–	153,533,099	24.97
Thomson Capital Pte. Ltd. (2)	–	–	153,533,099	24.97
Tembusu Capital Pte. Ltd. (2)	–	–	153,533,099	24.97
Temasek Holdings (Private) Limited (2)(3)	–	–	153,533,099	24.97
Seletar Fund Investments Pte Ltd (3)	–	–	153,533,099	24.97
Fullerton Fund Investments Pte Ltd (3)	–	–	153,533,099	24.97
Fidelity Puritan Trust	44,811,827	7.29	–	–
Fidelity Management & Research Company LLC (4)	–	–	44,811,827	7.29
FMR LLC (5)	–	–	50,500,869	8.21
Abigail P. Johnson (6)	–	–	50,500,869	8.21

STATISTICS OF SHAREHOLDINGS

AS AT 20 MARCH 2023

(1) Heliconia Capital Management Pte. Ltd. ("Heliconia Capital") has the authority to dispose of, or exercise control over the disposal of (i) the 62,888,889 shares held by Orchid 2 Investments Pte. Ltd. ("Orchid 2"); and (ii) the 90,644,210 shares held by Orchid 3 Investments VCC ("Orchid 3"), and as general partner of SME Co-Investment Fund II ("SME Fund II") and SME Co-Investment Fund III ("SME Fund III").

Heliconia Holdings Pte. Ltd. ("Heliconia Holdings") is the immediate holding company of Heliconia Capital.

Each of Heliconia Holdings and Heliconia Capital is deemed interested in the aggregate of 153,533,099 shares held by Orchid 2 and Orchid 3 under Section 4 of the Securities and Future Act 2001.

(2) 65EP Investment I Pte. Ltd. ("65 EP I"), 65EP Investments Pte. Ltd. ("65EP Investments"), 65 Equity Partners Group Pte. Ltd. ("65 EPG"), 65 Equity Partners Pte. Ltd. ("65 EPP"), Thomson Capital Pte. Ltd. ("Thomson"), Tembusu Capital Pte. Ltd. ("Tembusu") and Temasek Holdings (Private) Limited ("Temasek") are deemed interested in shares through Heliconia Capital and Heliconia Holdings as follows:

(i) Heliconia Capital has an interest in 24.969% of shares held in aggregate by Orchid 2 and Orchid 3 pursuant to Section 4 of the Securities and Futures Act by virtue of its authority to dispose of, or exercise control over the disposal of the shares held by Orchid 2 and Orchid 3, and as general partner of SME Fund II and SME Fund III.
(ii) Heliconia Capital is a wholly owned subsidiary of Heliconia Holdings.
(iii) Heliconia Holdings is a wholly owned subsidiary of 65 EP I.
(iv) 65 EP I is a wholly owned subsidiary of 65EP Investments.
(v) 65EP Investments is a wholly owned subsidiary of 65 EPG.
(vi) 65 EPG is a wholly owned subsidiary of 65 EPP.
(vii) 65 EPP is a wholly owned subsidiary of Thomson.
(viii) Thomson is a wholly owned subsidiary of Tembusu.
(ix) Tembusu is a wholly owned subsidiary of Temasek.

Heliconia Capital and Heliconia Holdings are independently managed Temasek portfolio companies.

(3) Seletar Fund Investments Pte Ltd ("Seletar") holds 50% of capital commitments in each of SME Fund II and SME Fund III. Pursuant to Regulation 13(3) of the Securities and Futures (Disclosure of Interests) Regulations 2012, Seletar is deemed to have an interest in 24.969% of shares held in aggregate by Orchid 2 and Orchid 3.

Seletar is a wholly owned subsidiary of Fullerton Fund Investments Pte Ltd ("FFI").

FFI is a wholly owned subsidiary of Temasek.

(4) Fidelity Puritan Trust is interested in the shares of CSE Global Limited in its capacity as beneficial owner. Fidelity Management & Research Company LLC is deemed interested in the shares in its capacity as investment advisor of various funds and accounts, including certain funds of Fidelity Puritan Trust.

(5) FMR LLC is deemed to have interest in the securities of CSE Global Limited because such securities are held by funds and/or accounts managed by one or more FMR LLC's direct and indirect subsidiaries, which are fund managers. Fidelity Management & Research Company LLC is a wholly-owned subsidiary of FMR LLC.

(6) Abigail P. Johnson is deemed to have interest in the securities of CSE Global Limited because she is entitled to exercise or control the exercise of 20% or more of the voting power over FMR LLC.

Note: The above percentages are calculated based on the Company's issued share capital (excluding treasury shares) of 614,882,023 shares as at 20 March 2023.

PUBLIC FLOAT

As at 20 March 2023, 62.79% of the Company's shares are held in the hands of public. Accordingly, the Company has complied with Rule 723 of the Listing Manual of SGX-ST.

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Annual General Meeting ("**AGM**") of CSE Global Limited ("**the Company**") will be held at Raffles City Convention Centre, Level 4, Atrium Ballroom, 80 Bras Basah Rd, Singapore 189560 on Thursday, 20 April 2023 at 2.30 p.m. (Singapore time) for the following purposes:

AS ORDINARY BUSINESS

1. To receive and adopt the Directors' Statement and the Audited Financial Statements of the Company for the year ended 31 December 2022 together with the Auditors' Report thereon.

(Resolution 1)

2. To declare a final (one-tier tax exempt) dividend of 1.5 Singapore cents per ordinary share for the year ended 31 December 2022 (2021: A final dividend (one-tier tax exempt) of 1.5 Singapore cents per ordinary share).

(Resolution 2)

3(a). To re-elect the following Directors of the Company retiring pursuant to Regulation 91 of the Company's Constitution:

Mr Derek Lau Tiong Seng	[Retiring under Regulation 91]	**(Resolution 3)**
Ms Ng Shin Ein	[Retiring under Regulation 91]	**(Resolution 4)**
Ms Wong Su Yen	[Retiring under Regulation 91]	**(Resolution 5)**

[See Explanatory Note (i)]

4. To approve the payment of Directors' fees of S$490,900 for the year ended 31 December 2022 (2021: S$536,930).
[See Explanatory Note (ii)]

(Resolution 6)

5. To re-appoint Ernst & Young LLP as the Auditors of the Company and to authorise the Directors of the Company to fix their remuneration.

(Resolution 7)

6. To transact any other ordinary business which may properly be transacted at an 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 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 authorised and empowered to:

(a) (i) issue shares in the Company ("**shares**") whether by way of rights, bonus or otherwise; and/or

(ii) make or grant offers, agreements or options (collectively, "**Instruments**") that might or would require shares to be issued, including but not limited to the creation and issue of (as well as adjustments to) options, warrants, debentures or other instruments convertible into shares,

at any time and upon such terms and conditions and for such purposes and to such persons as the Directors of the Company may in their absolute discretion deem fit; and

(b) (notwithstanding the authority conferred by this Resolution may have ceased to be in force) issue shares in pursuance of any Instruments made or granted by the Directors of the Company while this Resolution was in force,

NOTICE OF ANNUAL GENERAL MEETING

provided that:

(1) the aggregate number of shares (including shares to be issued in pursuance of the Instruments, made or granted pursuant to this Resolution) to be issued pursuant to this Resolution shall not exceed fifty per centum (50%) of the total number of issued shares (excluding treasury shares and subsidiary holdings) in the capital of the Company (as calculated in accordance with sub-paragraph (2) below), of which the aggregate number of shares to be issued other than on a pro rata basis to shareholders of the Company shall not exceed twenty per centum (20%) of the total number of issued shares (excluding treasury shares and subsidiary holdings) in the capital of the Company (as calculated in accordance with sub-paragraph (2) below);

(2) (subject to such manner of calculation as may be prescribed by the SGX-ST) for the purpose of determining the aggregate number of shares that may be issued under sub-paragraph (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 the exercise of share options or vesting of share awards, provided the options and awards were granted in compliance with the Listing Manual; and

(c) any subsequent bonus issue, consolidation or subdivision of shares,

provided such adjustments in sub-paragraphs (2)(a) and (b) above are made in respect of new shares arising from convertible securities, share options or share awards which were issued and outstanding or subsisting at the time of the passing of this Resolution;

(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 Annual General Meeting of the Company or the date by which the next Annual General Meeting of the Company is required by law to be held, whichever is earlier.

[See Explanatory Note (iii)]

(Resolution 8)

8. **Proposed renewal of Share Purchase Mandate**

That:

(a) for the purposes of Sections 76C and 76E of Companies Act 1967 (the "**Companies Act**"), the exercise by the Directors of all the powers of the Company to purchase or otherwise acquire Shares not exceeding in aggregate the Prescribed Limit (defined below), at such price(s) as may be determined by the Directors of the Company from time to time up to the Maximum Price (defined below), whether by way of:

(i) on-market purchases transacted on the SGX-ST through the SGX-ST trading system or, as the case may be, any other securities exchange on which the Shares may, for the time being, be listed and quoted ("**On-Market Share Purchase**"); and/or

(ii) off-market purchases (if effected otherwise than on the SGX-ST) in accordance with an equal access scheme(s) as defined in Section 76C of the Companies Act, which scheme(s) shall satisfy all conditions prescribed by the Companies Act and the Listing Manual ("**Off-Market Share Purchases**");

NOTICE OF ANNUAL GENERAL MEETING

and otherwise in accordance with all other laws and regulations, including but not limited to, the provisions of the Companies Act and Listing Manual as may for the time being be applicable, be and is hereby authorised and approved generally and unconditionally ("**Share Purchase Mandate**");

(b) unless varied or revoked by the Company in a general meeting, the authority conferred on the Directors pursuant to the Share Purchase Mandate may be exercised by the Directors at any time and from time to time during the period commencing from the date of the passing of this resolution relating to the Share Purchase Mandate and expiring on:

(i) the date on which the next Annual General Meeting of the Company is held or required by law to be held, whichever is earlier;

(ii) the date on which the authority conferred by the Share Purchase Mandate is revoked or varied by Shareholders in a general meeting; or

(iii) the date on which the Share Purchase is carried out to the full extent mandated, whichever is the earliest;

(c) in this resolution relating to the Share Purchase Mandate:

"**Average Closing Price**" means the average of the closing market prices of the Shares over the last five (5) Market Days on which transactions in the Shares were recorded, immediately preceding the day on which the purchase or acquisition of Shares was made or, as the case may be, the day of the making of the offer pursuant to the Off-Market Purchase, and deemed to be adjusted, in accordance with the Listing Manual, for any corporate action that occurs during the relevant five (5) Market Days and the day on which the purchases are made;

"**day of the making of the offer**" means the day on which the Company announces its intention to make an offer for the purchase of Shares from Shareholders, stating the purchase price (which shall not be more than the Maximum Price calculated on the foregoing basis) for each Share and the relevant terms of the equal access scheme for effecting the Off-Market Purchase;

"**Market Day**" means a day on which the SGX-ST is open for trading in securities;

"**Maximum Price**" in relation to a Share to be purchased, means the purchase price (excluding brokerage, commission, stamp duties, applicable goods and services tax and other related expenses) not exceeding:

(i) in the case of an On-Market Share Purchase, 105% of the Average Closing Price; and

(ii) in the case of an Off-Market Share Purchase pursuant to an equal access scheme, 120% of the Average Closing Price;

"**Prescribed Limit**" means that number of Shares representing not more than five per cent. (5%) of the total number of issued Shares (excluding treasury shares and subsidiary holdings) as at the date of the resolution passed in relation to the Share Purchase Mandate, unless the Company has, at any time during the Relevant Period, reduced its share capital in accordance with the applicable provisions of the Companies Act, in which event the total number of issued Shares shall be taken to be the total number of issued Shares as altered after such capital reduction (excluding any treasury shares and subsidiary holdings as may be held by the Company from time to time);

"**Relevant Period**" means the period commencing from the date of the resolution passed in relation to the Share Purchase Mandate and expiring on the date on which the next Annual General Meeting of the Company is or is required by law to be held, whichever is earlier;

NOTICE OF ANNUAL GENERAL MEETING

(d) any Share that is purchased or otherwise acquired by the Company pursuant to the Share Purchase Mandate shall, at the discretion of the Directors of the Company; either be cancelled or held in treasury and dealt with in accordance with the Companies Act; and

(e) the Directors and/or any of them be and are hereby authorised to complete and do all such acts and things (including without limitation, executing such documents as may be required and to approve any amendments, alterations or modifications to any documents) as they may consider desirable, expedient or necessary to give effect to the transactions contemplated authorised by this resolution relating to the Share Purchase Mandate.
[See Explanatory Note (iv)]

(Resolution 9)

By Order of the Board

Eunice Hooi
Company Secretary
Singapore, 5 April 2023

Explanatory Notes:

(i) Resolutions 3, 4, and 5 – Detailed information about 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 Derek Lau Tiong Seng will, upon re-election as a Director of the Company, remain as a member of the Nominating Committee and Investment Committee and will be considered non-independent.

Ms Ng Shin Ein will, upon re-election as a Director of the Company, remain as a member of the Audit and Risk Committee, and will be considered independent.

Ms Wong Su Yen will, upon re-election as a Director of the Company, remain as a member of the Compensation Committee, and will be considered independent.

(ii) Resolution 6 is to facilitate the payment of Directors' Fees to Non-Executive Directors for the financial year ended 31 December 2022. The amount is computed based on the Director's fees framework as disclosed on page 47 in the Corporate Governance Report.

(iii) Resolution 8, if passed, will empower the Directors of the Company, effective until the conclusion of the next Annual General Meeting of the Company, or the date by which the next Annual General Meeting of the Company is required by law to be held 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; 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.

(iv) Resolution 9, if passed, will empower the Directors, from the date of this Annual General Meeting until the next Annual General Meeting, or the date by which the next Annual General Meeting is required by law to be held, whichever is earlier, unless such authority is varied or revoked by the Company in general meeting, to purchase or acquire Shares up to the Prescribed Limit, at prices up to but not exceeding the Maximum Price, as at the date of the passing of this Ordinary Resolution. The source of funds to be used for the purchase or acquisition of Shares including the amount of financing and its impact on the Company's financial position are set out in Sections 2.6 and 2.7 of the Appendix dated 5 April 2023.

NOTICE OF ANNUAL GENERAL MEETING

Important Notes:

1. This is a physical in-person AGM. There will be no option for shareholders to participate virtually. This Notice has been sent to members by post and is also available on SGXNet and on the Company's website at the URL: http://cseglobal.listedcompany.com/ar.html

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).

   CPFIS Investors and SRS Investors who wish to appoint the Chairman of the AGM (and not third-party proxy(ies)) as proxy should approach their respective CPF Agent Banks or SRS Operators to submit their votes by 5.00 p.m. on 10 April 2023, being seven (7) working days prior to the date of the AGM.

3. A member, who is not a relevant intermediary, of the Company entitled to attend and vote at a meeting of the Company is entitled to appoint one or two proxies to attend and vote in his/her stead. A proxy need not be a member of the Company.

   Where a member appoints two proxies, he/she shall specify the proportion of his/her shareholding (expressed as a percentage of the whole) to be represented by each proxy. If no such proportion is specified, the first named proxy shall be treated as representing 100% of the shareholding and any second named proxy as an alternate to the first named proxy.

4. A member who is a relevant intermediary, is entitled to appoint more than two proxies to attend and vote at the AGM, but each proxy must be appointed to exercise the rights attached to a different share or shares held by such member.

   "Relevant intermediary" has the meaning ascribed to it in Section 181 of the Companies Act 1967.

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 appointment of the Chairman of the Meeting as the proxy will be treated as invalid.

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 Company's Share Registrar, Boardroom Corporate & Advisory Services Pte. Ltd. at 1 Harbourfront Avenue, #14-07 Keppel Bay Tower, Singapore 098632; or

   (b) if by email, be received by the Company's Share Registrar, Boardroom Corporate & Advisory Services Pte. Ltd at srs.teamd@boardroomlimited.com

   in either case, no later than **2.30 p.m. on 17 April 2023**.

7. The Chairman of the Meeting, as a proxy, need not be a member of the Company.

NOTICE OF ANNUAL GENERAL MEETING

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 12 April 2023:

   (a) in hard copy by post to the Company's Share Registrar, Boardroom Corporate & Advisory Services Pte. Ltd. at 1 Harbourfront Avenue, #14-07 Keppel Bay Tower, Singapore 098632; or

   (b) if by email, be received by the Company's Share Registrar, Boardroom Corporate & Advisory Services Pte. Ltd. at srs.teamd@boardroomlimited.com

   The Company will endeavour to address all substantial and relevant questions submitted prior to the AGM by publishing the responses to such questions on the Company's corporate website and on SGXNet by 14 April 2023 after trading hours.

9. The Annual Report for the financial year ended 31 December 2022 ("**FY2022 Annual Report**") made available on 5 April 2023 can be accessed via SGXNet and the Company's website at the URL: http://cseglobal.listedcompany.com/ar.html

10. The following documents are also made available to members on 5 April 2023 together with this Notice of AGM via SGXNet and the Company's website at the URL: http://cseglobal.listedcompany.com/ar.html

    (a) Appendix to the Notice of AGM dated 5 April 2023 in respect of the Proposed Renewal of the Share Purchase Mandate;
    (b) Proxy Form in relation to the AGM; and
    (c) Request Form for printed copy of the FY2022 Annual Report.

Personal data privacy:

By submitting an instrument appointing a proxy(ies) to attend, speak and vote at the Meeting and/or any adjournment thereof, a member of the Company consents to the collection, use and disclosure of the member's personal data by the Company (or its agents or service providers) for the purpose of the processing and administration by the Company (or its agents or service providers) of the appointment of a proxy(ies) 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 or service provider) to comply with any applicable laws, listing rules, regulations and/or guidelines.

ADDITIONAL INFORMATION REQUIRED PURSUANT TO RULE 720(6) OF THE LISTING MANUAL OF THE SGX-ST ON DIRECTORS SEEKING FOR RE-ELECTION

Mr Derek Lau Tiong Seng, Ms Wong Su Yen and Ms Ng Shin Ein are the retiring Directors who are seeking re-election at the forthcoming Annual General Meeting to be convened on 20 April 2023 under Ordinary Resolutions 3 to 5. Pursuant to Rule 720(6) of the Listing Manual of SGX-ST, the information relating to the Directors, in accordance with Appendix 7.4.1 of the Listing Manual of the SGX-ST is set out below.

	Derek Lau Tiong Seng	**Wong Su Yen**	**Ng Shin Ein**
Date of Appointment	22 July 2020	1 July 2020	1 July 2020
Date of last re-appointment (if applicable)	20 April 2021	20 April 2021	20 April 2021
Age	57	52	48
Country of principal residence	Singapore	Singapore	Singapore
The Board's comments on this re-appointment	Mr Derek Lau Tiong Seng is nominated by Heliconia Capital Management Pte. Ltd., a controlling shareholder of CSE Global Limited. The Board has considered the Nominating Committee's recommendation and assessment of Mr Derek Lau Tiong Seng's qualifications, experience and commitment in the discharge of his duties as a Director, inter alia and is satisfied that he will continue to contribute to the Board.	The Board has considered the Nominating Committee's recommendation and assessment of Ms Wong Su Yen's independence and commitment in the discharge of her duties as a Director, inter alia and is satisfied that she will continue to contribute to the Board.	The Board has considered the Nominating Committee's recommendation and assessment of Ms Ng Shin Ein's independence and commitment in the discharge of her duties as a Director, inter alia and is satisfied that she will continue to contribute to the Board.
Whether appointment is executive, and if so, the area of responsibility	Non-Executive	Non-Executive	Non-Executive
Job Title (e.g. Lead ID, AC Chairman, AC Member etc.)	Non-Executive Non-Independent Director, Member of Investment Committee, and Member of Nominating Committee	Independent Director, Member of Compensation Committee	Independent Director, Member of Audit and Risk 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	Nil	Nil	Nil

ADDITIONAL INFORMATION REQUIRED PURSUANT TO RULE 720(6) OF THE LISTING MANUAL OF THE SGX-ST ON DIRECTORS SEEKING FOR RE-ELECTION

	Derek Lau Tiong Seng	**Wong Su Yen**	**Ng Shin Ein**
Any relationship (including immediate family relationships) with any existing director, existing executive officer, the issuer and/or substantial shareholder of the listed issuer or of any of its principal subsidiaries	Nil	Nil	Nil
Conflict of interest (including any competing business)	Nil	Nil	Nil
Undertaking (in the format set out in Appendix 7.7 under Rule 720(1) has been submitted to the listed issuer – Yes / No	Yes	Yes	Yes
Other Principal Commitments including Directorships Past (for the last 5 years) Present	Please refer to the section of the Company's Annual Report titled "Board of Directors" for further details.		
Responses to questions (a) to (k) under Appendix 7.4.1 of the SGX Listing Manual	Negative Confirmation for each of Mr Derek Lau Tiong Seng, Ms Wong Su Yen and Ms Ng Shin Ein.		

CSE GLOBAL LIMITED
Company Registration No. 198703851D
(Incorporated in the Republic of Singapore)

IMPORTANT:
1. A relevant intermediary may appoint more than two proxies to attend the Annual General Meeting and vote (please see note 4 for the definition of "relevant intermediary".
2. For investors who have used their CPF monies to buy the Company's shares, the Annual Report is forwarded to them at the request of their CPF Approved Nominees 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.

PROXY FORM
ANNUAL GENERAL MEETING

I/We, ______________________ NRIC/Passport/Company Registration No. ______________________

of ____ (Address)

being a member/members of **CSE Global Limited** (the "**Company**"), hereby appoint:

Name	NRIC/Passport No.	Proportion of Shareholdings	
		No. of Shares	%
Address			

and/or (delete as appropriate)

Name	NRIC/Passport No.	Proportion of Shareholdings	
		No. of Shares	%
Address			

or failing the person, or either or both of the persons, referred to above, the Chairman of the Meeting as my/our proxy/proxies to vote for me/us on my/our behalf at the Annual General Meeting (the "Meeting") of the Company to be held at Raffles City Convention Centre, Level 4, Atrium Ballroom, 80 Bras Basah Rd, Singapore 189560 on Thursday, 20 April 2023 at 2.30 p.m. and at any adjournment thereof. I/We direct my/our proxy/proxies to vote for or against the Resolutions proposed at the Meeting as indicated hereunder. If no specific direction as to voting is given, the proxy/proxies will vote or abstain from voting at his/her/their discretion, as he/she/they will on any other matter arising at the Meeting and at any adjournment thereof.

(Voting will be conducted by poll. If you wish to cast all your votes "for" or "against" or abstain from voting on a resolution, please indicate with a "√" in the space provided under "For" or "Against" or "Abstain". Alternatively, please indicate the number of votes as appropriate.)

No.	Resolutions:	For	Against	Abstain
1	Directors' Statement and Audited Financial Statements for the year ended 31 December 2022			
2	Payment of proposed final dividend			
3	Re-election of Mr Derek Lau Tiong Seng as a Director			
4	Re-election of Ms Ng Shin Ein as a Director			
5	Re-election of Ms Wong Su Yen as a Director			
6	Approval of Directors' fees amounting to S$490,900			
7	Re-appointment of Messrs Ernst & Young LLP as Auditor			
8	Authority to issue new shares			
9	Renewal of the Share Purchase Mandate			

Dated this ______________ day of ______________ 2022

Total number of Shares in:	No. of Shares
(a) CDP Register	
(b) Register of Members	
Total	

____

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, of the Company entitled to attend and vote at a meeting of the Company is entitled to appoint one or two proxies to attend and vote in his/her stead. A proxy need not be a member of the Company.

3. Where a member appoints two proxies, he/she shall specify the proportion of his/her shareholding (expressed as a percentage of the whole) to be represented by each proxy. If no such proportion is specified, the first named proxy shall be treated as representing 100% of the shareholding and any second named proxy as an alternate to the first named proxy.

4. A member who is a relevant intermediary entitled to attend the meeting and vote is entitled to appoint more than two proxies to attend and vote instead of the member, but each proxy must be appointed to exercise the rights attached to a different share or shares held by such member. Where such member appoints more than two proxies, the appointments shall be invalid unless the member specifies the number of Shares in relation to which each proxy has been appointed.

   "Relevant intermediary" means:

   (a) a banking corporation licensed under the Banking Act 1970 or a wholly-owned subsidiary of such a banking corporation, whose business includes the provision of nominee services and who holds shares in that capacity;

   (b) a person holding a capital markets services licence to provide custodial services for securities under the Securities and Futures Act 2001 and who holds shares in that capacity; or

   (c) the Central Provident Fund Board established by the Central Provident Fund Act 1953, in respect of shares purchased under the subsidiary legislation made under that Act providing for the making of investments from the contributions and interest standing to the credit of members of the Central Provident Fund if the Board holds those shares in the capacity of an intermediary pursuant to or in accordance with that subsidiary legislation.

5. Completion and return of this instrument appointing a proxy shall not preclude a member from attending and voting at the Meeting. Any appointment of a proxy or proxies shall be deemed to be revoked if a member attends the meeting in person, and in such event, the Company reserves the right to refuse to admit any person or persons appointed under the instrument of proxy to the Meeting.

6. The instrument appointing a proxy or proxies must be submitted to the Company in the following manner:

   (a) if in hard copy by post, be lodged at the Company's Share Registrar, Boardroom Corporate & Advisory Services Pte. Ltd. at 1 Harbourfront Avenue, #14-07 Keppel Bay Tower, Singapore 098632; or

   (b) if by email, be received by the Company's Share Registrar, Boardroom Corporate & Advisory Services Pte. Ltd. at srs.teamd@boardroomlimited.com

   in either case, no later than **2.30 p.m. on 17 April 2023**.

7. The instrument appointing a proxy or proxies (ies) must be under the hand of the appointor or of his attorney duly authorised in writing and where such instrument 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 an instrument appointing a proxy or proxies is submitted by email, it must be authorised in the following manner:

   (a) by way of the affixation of an electronic signature by the appointor or his duly authorised attorney or, as the case may be, an officer or duly authorised attorney of a corporation; or

   (b) by way of the appointor or his duly authorised attorney or, as the case may be, an officer or duly authorised attorney of a corporation signing the instrument under hand and submitting a scanned copy of the signed instrument by email.

   Where an instrument appointing a proxy or proxies is signed or, as the case may be, authorised on behalf of the appointor by an attorney, the letter or power of attorney or a duly certified copy thereof must (failing previous registration with the Company) be lodged with the instrument appointing the proxy, failing which the instrument may be treated as invalid.

8. The Company shall be entitled to reject the instrument appointing a proxy or proxies if it is incomplete, improperly completed or illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified in the instrument appointing a proxy or proxies (including any related attachment) (such as in the case where the appointor submits more than one instrument appointing a proxy or proxies). 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 or proxies 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 or proxies 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 5 April 2023.

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