



**2023**  
ANNUAL  
REPORT

OUR **COMMITMENT**  
TO **SUSTAINABLE**  
**DEVELOPMENT**

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*This Annual Report has been reviewed by the Company's sponsor, PrimePartners Corporate Finance Pte. Ltd. (the "Sponsor"). It has not been examined or approved by the Singapore Exchange Securities Trading Limited (the "Exchange") and the Exchange assumes no responsibility for the contents of this Annual Report, including the correctness of any of the statements or opinions made or reports contained in this Annual Report.*

*The contact person for the Sponsor is Ms Foo Jien Jieng, 16 Collyer Quay, #10-00 Collyer Quay Centre, Singapore 049318, [sponsorship@ppcf.com.sg](mailto:sponsorship@ppcf.com.sg).*

# CORPORATE PROFILE

Progen Holdings Ltd (“Progen” or the “Company”, together with its subsidiaries, the “Group”) is an investment holding company and forms part of the Progen Group of Companies. The Group has more than four decades of experience in the design, supply, installation and maintenance of air-conditioning and mechanical ventilation systems. The Group comprises subsidiaries in Singapore and Malaysia.



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The Group was founded more than forty years ago when Mr Lee Ee @ Lee Eng started the first company in the Group, Progen Pte Ltd, to supply and install air-conditioning systems. Since then, the Group has grown to become one of the leading corporations in the industry. With the different subsidiaries, Progen is a one-stop service provider to a wide variety of cooling systems for industrial, commercial and residential developments, providing a full spectrum of services from delivering proficient before-sales consultation to offering quality after-sales service and top maintenance service to our clients in the public and private sectors.

Progen’s wealth of engineering experience, proficiency and skills as well as strong market positioning have made it one of the top players in the industry. Our team of engineers designs systems that meet the precise needs of customers, and together with our after-sales service consultants, assist clients in minimising long-term maintenance costs and maximising the working life of their cooling systems.

Priding ourselves on our professionalism and engineering expertise, Progen will strive to continue providing environmentally friendly products that are more energy efficient and use eco-friendlier refrigerant; to uphold sustainability and remain in a league of its own for many years to come.



# CHAIRMAN'S STATEMENT

On behalf of the Board of Directors, I would like to present to you the Group's performance for the financial year ended 31 December 2023 ("FY2023").

The Group's revenue for the financial year under review decreased by S\$0.8 million or 15.9% from S\$5.2 million for the financial year ended 31 December 2022 ("FY2022") to S\$4.4 million in FY2023. The Group suffered a loss net of tax of S\$1.1 million in FY2023, compared to a profit of S\$1.6 million in FY2022, mainly due to higher cost of materials, transportation and manpower, delayed work progress at project sites for contracts on hand under products and installation segment and the fair value revaluation loss of S\$0.5 million for the Group's leasehold building.

The Group's loss per share for FY2023 was 0.284 Singapore cents per share compared to profit of 0.423 Singapore cents per share for FY2022; and the Group's net asset value per share decreased to 6.748 Singapore cents per share as at 31 December 2023 from 7.040 Singapore cents per share as at 31 December 2022.

Based on the press release<sup>1</sup> from the Ministry of Trade and Industry, in 2023, the construction sector grew by 5.2 per cent, improving from the 4.6 per cent growth in 2022, supported by expansions in both public and private sector construction works. Despite the reported positive growth of the industry, we will continue to face increasing cost of materials, transportation and manpower which will affect our profit. The increasing geopolitical tensions are also casting uncertainties in domestic and global market conditions. The Group shall continue to exercise caution in taking up new projects and tighten its credit risk management. We shall continue to tap on our established track records and networks, together with our acquired experiences and expertise to enhance shareholders' value.

On behalf of the Board, I would like to express my sincere appreciation to the new Directors, all shareholders, our valued customers and business associates for your continuous support. We are also grateful and thankful to the management and staff for their perseverance during these difficult times.

Yours Sincerely  
**Chee Wai Pong**  
Independent Director and Non-Executive Chairman





DEDICATED IN  
**SHAPING A**  
**SUSTAINABLE**  
**FUTURE FOR ALL**

## BOARD OF DIRECTORS



**MR CHEE WAI PONG**

INDEPENDENT DIRECTOR AND  
NON-EXECUTIVE CHAIRMAN

Mr Chee was appointed to our Board of Directors on 16 January 2013 and was last re-elected on 29 April 2021. He is also the Chairman of the Nominating Committee and a member of the Audit & Risk Committee, Remuneration Committee and Investment Review Committee.

Mr Chee joined the Legal Service and was appointed as a Deputy Public Prosecutor/State Counsel from 1971 to 1973. He was subsequently appointed as a Magistrate, then as a District Judge and the State Coroner between 1973 and 1976. Mr Chee then joined M/s Osborne Jones & Co as a Partner from August 1976 to December 1978 and was a Partner of M/s Ng Ong & Chee from January 1979 to December 2006. Mr Chee started his own practice under the name and style of Chee Wai Pong & Co on 1 January 2007. He holds a Bachelor of Law Degree (LL.B. Hons) from the University of Singapore.

Mr Chee's past directorships in the past three years include Tung Lok Restaurant (2000) Ltd. He is the honorary legal advisor to the Medical Alumni and Ling Kwang Home for Senior Citizens.



**MR LEE EE @ LEE ENG**

MANAGING DIRECTOR

Mr Lee, our Managing Director, is the founder of the Group and was appointed to our Board of Directors on 13 July 1996 when the Company was incorporated. He was last re-appointed on 28 April 2023. Mr Lee is also a member of the Nominating Committee and Investment Review Committee.

Mr Lee has more than 50 years of experience in the air-conditioning, refrigeration and climate control industry. He started his career in Amcol Pte Ltd in 1970 and later served as Engineering Sales Manager in Sime Darby (S) Pte Ltd and as Dealer Development Manager in York International. Mr Lee spent 10 years in private companies before setting up his own business, Progen Pte Ltd in 1981.

## BOARD OF DIRECTORS



**MR FRANCIS LAU CHOO YEW**

NON-INDEPENDENT NON-EXECUTIVE DIRECTOR

Mr Lau was appointed to our Board of Directors on 9 February 2015 and was last re-elected on 28 April 2022.

Mr Lau holds an Honours Degree in Bachelor of Building from the University of New South Wales, Australia and is also a Chartered Quantity Surveyor, Chartered Builder and Registered Quantity Surveyor with professional institutions of Australia, United Kingdom, Malaysia and Brunei Darussalam. He has received several awards in the region including Outstanding Entrepreneur for the Asia Pacific Entrepreneurship Award in Brunei in 2008, 2010, 2012 and 2014 and Overseas Enterprise Award for SME One Asia Awards in Singapore in 2013.

Mr Lau is currently the Managing Director of LCY Development Sdn. Bhd. and holds directorships in several private companies in Australia, Brunei, Malaysia and Singapore that specialise in property development and investment.



**MR HU WEISHENG**

INDEPENDENT NON-EXECUTIVE DIRECTOR

Mr Hu was appointed to our Board of Directors on 28 April 2023. He serves as the Chairman of the Audit & Risk Committee and Remuneration Committee, and a member of the Nominating Committee and Investment Review Committee.

Mr Hu started his career in Ernst & Young LLP and has more than 18 years of experience in providing audit and business advisory services to clients across a wide range of industries. Mr Hu is a public accountant and a member of the Institute of Singapore Chartered Accountants, and he holds a Bachelor of Accountancy degree from Nanyang Technological University.

Mr Hu is presently a partner of Baker Tilly TFW LLP. He contributes to the non-profit sector, serving as Director of Children's Cancer Foundation.

## BOARD OF DIRECTORS



**MR CHUA THIAN HUAT**

INDEPENDENT NON-EXECUTIVE DIRECTOR

Mr Chua was appointed to our Board of Directors on 25 August 2023. He is a member of the Audit & Risk Committee and Remuneration Committee.

Mr Chua started his career as an Electrical Engineer in 1966 at Jurong Shipyard Ltd. He joined Rankine & Hill (S) Pte Ltd as a Senior Electrical Engineer in 1973 and was appointed as the Managing Director in 1981. He continued as a Consultant of Rankine & Hill (S) Pte Ltd from 2006 to 2020. Mr Chua has more than 50 years of experience in the Mechanical & Electrical field of the Built Environment Industry. He was also accredited by the Construction Adjudicator Accreditation Committee of Singapore Mediation Centre as an adjudicator and a principal mediator,

Mr Chua holds a Bachelor of Engineering (Electrical 1966) University of Malaya and was a member of Registered Professional Engineer Singapore, Institute of Engineers Singapore and Institute of Engineers Malaysia.

## MANAGEMENT PROFILE



**MR DONG FAGEN** is the Project Director. He joined the Group as the Import and Export Manager in 1995. Mr Dong holds a Diploma in Mechanical Engineering from Shanghai Jiaotong University, China, and is presently in charge of the project department of the Group.



**MS HAN JING** is the Marketing Director. She has been with the Group since 1998. Ms Han graduated with a Master's Degree in Mechanical Engineering from National University of Defense Technology, China in 1984 and is currently responsible for the marketing and business development for the Group.



**MR ANDY LEE YUNG LI** is the Senior Manager. He joined the Group in 2009 as Project Manager. Mr Lee graduated with a Bachelor in Electrical Engineering from University of Newcastle, Australia. He is presently responsible for product innovation and development and oversees projects in the Group.



**MS CINDY LEE** is the Admin and Corporate Affairs Director. She joined the Group as an Accountant in 1999. Ms Lee graduated from Nanyang Technological University with a Bachelor's Degree in Accountancy and is currently a member of the Institute of Singapore Chartered Accountants. She is currently in charge of the administrative matters and corporate affairs and oversees the finance department of the Group.



**MR DESMOND LING** is the Service Manager. He has been with the Group since 1986 and has more than 30 years of hands-on experience in servicing air-conditioning and mechanical ventilation ("ACMV") systems for residential, industrial and commercial developments. Mr Ling is currently overseeing and managing the servicing arm of the Group.

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PROXY FORM



# CORPORATE GOVERNANCE

The Board of Directors (the “**Board**”) of Progen Holdings Ltd (the “**Company**” and together with its subsidiaries, the “**Group**”) are committed to maintaining high standards of corporate governance and place importance on its corporate governance processes and systems so as to ensure greater transparency, accountability and maximisation of long-term shareholder value.

This report outlines the Company’s corporate governance practices that were in place during the financial year ended 31 December 2023 (“**FY2023**”), with specific reference made to the principles of the Code of Corporate Governance 2018 (the “**Code**”), the Practice Guidance issued by the Monetary Authority of Singapore in August 2018 (“**PG**”) as well as the disclosure guide developed by the Singapore Exchange Securities Trading Limited (“**SGX-ST**”) in January 2015 (the “**Guide**”).

Provision	Code and/or Guide Description	Company’s Compliance or Explanation
General	<p>(a) Has the Company complied with all the principles and guidelines of the Code? The Company has complied with the principles and guidelines as set out in the Code, PG and the Guide, where applicable.</p> <p>If not, please state the specific deviations and alternative corporate governance practices adopted by the Company in lieu of the recommendations in the Code.</p> <p>(b) In what respect do these alternative corporate governance practices achieve the objectives of the principles and conform to the guidelines of the Code?</p>	<p>The Company has complied with the principles and guidelines as set out in the Code, PG and the Guide, where applicable.</p> <p>Appropriate explanations have been provided in the relevant sections below where there are deviations from the Code, PG and/or the Guide.</p> <p>Not applicable. The Company did not adopt any alternative corporate governance practices in FY2023.</p>

**BOARD MATTERS**

**The Board’s Conduct of Affairs**

1.1	What is the role of the Board?	<p>At the date of this report, the Board comprised 5 members as follows:</p> <table border="1"> <thead> <tr> <th colspan="2"><i>Table 1.1 – Composition of the Board</i></th> </tr> <tr> <th>Name of Director</th> <th>Designation</th> </tr> </thead> <tbody> <tr> <td>Mr Chee Wai Pong (“<b>Mr Chee</b>”)<sup>(1)</sup></td> <td>Independent Director and Non-Executive Chairman</td> </tr> <tr> <td>Mr Lee Ee @ Lee Eng (“<b>Mr Lee</b>”)</td> <td>Managing Director</td> </tr> <tr> <td>Mr Hu Weisheng (“<b>Mr Hu</b>”)</td> <td>Independent Non-Executive Director</td> </tr> <tr> <td>Mr Chua Tian Huat (“<b>Mr Chua</b>”)</td> <td>Independent Non-Executive Director</td> </tr> <tr> <td>Mr Francis Lau Choo Yew (“<b>Mr Lau</b>”)</td> <td>Non-Independent Non-Executive Director</td> </tr> </tbody> </table> <p><b>Note:</b></p> <p>(1) Mr Chee will be redesignated as Non-Independent Chairman upon conclusion of the forthcoming annual general meeting of the Company.</p> <p>(2) Mr Ch’ng Jit Koon (“<b>Mr Ch’ng</b>”) and Dr Tan Eng Liang (“<b>Dr Tan</b>”) had ceased to be Directors of the Company with effect from 28 April 2023 and 28 May 2023 respectively.</p>	<i>Table 1.1 – Composition of the Board</i>		Name of Director	Designation	Mr Chee Wai Pong (“ <b>Mr Chee</b> ”) <sup>(1)</sup>	Independent Director and Non-Executive Chairman	Mr Lee Ee @ Lee Eng (“ <b>Mr Lee</b> ”)	Managing Director	Mr Hu Weisheng (“ <b>Mr Hu</b> ”)	Independent Non-Executive Director	Mr Chua Tian Huat (“ <b>Mr Chua</b> ”)	Independent Non-Executive Director	Mr Francis Lau Choo Yew (“ <b>Mr Lau</b> ”)	Non-Independent Non-Executive Director
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# CORPORATE GOVERNANCE

Provision	Code and/or Guide Description	Company's Compliance or Explanation																									
		<p>The Board is entrusted to lead and oversee the Company, with the fundamental principle to act in the best interests of the Company. In addition to its statutory duties, the Board's principal functions are, <i>inter alia</i>:</p> <ul style="list-style-type: none"> <li>• setting the business direction for the Company;</li> <li>• monitoring and reviewing the financial performance of the Company;</li> <li>• safeguarding the Company's assets;</li> <li>• protecting and enhancing shareholders' value;</li> <li>• overseeing internal control of the Company;</li> <li>• holding Management accountable for performance;</li> <li>• putting in place a code of conduct and ethics; and</li> <li>• setting and approving the Company's strategic plans, major investment and divestment proposals, values and standards.</li> </ul>																									
1.1	Where a director faces a conflict of interest, does he disclose this and recuse himself from meetings and decisions involving he issue?	Each director is required to promptly disclose any conflict or potential conflict of interest, whether direct or indirect, in relation to a transaction or proposed transaction as soon as practicable after the relevant facts have come to his knowledge. Unless the Board is of the opinion that such director's presence and participation is necessary to enhance the efficacy of the discussion, he shall not be present for meetings relating to the issue. Furthermore, he shall abstain from voting in relation to the conflict-related issue.																									
1.3	What are the types of material transactions which require approval from the Board?	<p>Matters that require the Board's approval include, amongst others, the following:</p> <ul style="list-style-type: none"> <li>• approval of release of financial results to the SGX-ST;</li> <li>• approval of annual results and accounts;</li> <li>• declaration of interim and proposal of final dividends;</li> <li>• approval of corporate strategy;</li> <li>• convening of shareholders' meetings; and</li> <li>• authorisation of major transactions.</li> </ul>																									
1.4 4.2 6.2 10.2	Has the Board delegated certain responsibilities to committees? If yes, please provide details.	<p>The Board has delegated certain responsibilities to the Audit and Risk Committee (the "ARC"), the Remuneration Committee (the "RC"), the Nominating Committee (the "NC") and the Investment Review Committee (the "IRC") (collectively, the "Board Committees"). The compositions of the Board Committees at the date of this report are as follows:</p> <table border="1" data-bbox="721 1458 1430 1682"> <thead> <tr> <th colspan="5"><i>Table 1.4 – Composition of the Board Committees</i></th> </tr> <tr> <th></th> <th>ARC<sup>(1)</sup></th> <th>NC<sup>(2)</sup></th> <th>RC<sup>(3)</sup></th> <th>IRC<sup>(4)</sup></th> </tr> </thead> <tbody> <tr> <td>Chairman</td> <td>Mr Hu</td> <td>Mr Chee</td> <td>Mr Hu</td> <td>Mr Lee</td> </tr> <tr> <td>Member</td> <td>Mr Chee</td> <td>Mr Hu</td> <td>Mr Chee</td> <td>Mr Hu</td> </tr> <tr> <td>Member</td> <td>Mr Chua</td> <td>Mr Lee</td> <td>Mr Chua</td> <td>Mr Chee</td> </tr> </tbody> </table> <p><b>Notes:</b></p> <p>(1) The ARC comprises 3 members, all of whom are non-executive and independent.</p> <p>(2) The NC comprises 3 members, the majority of whom, including the Chairman, are independent.</p> <p>(3) The RC comprises 3 members, all of whom are non-executive and independent.</p> <p>(4) The IRC comprises 3 members, the majority of whom are independent.</p>	<i>Table 1.4 – Composition of the Board Committees</i>						ARC <sup>(1)</sup>	NC <sup>(2)</sup>	RC <sup>(3)</sup>	IRC <sup>(4)</sup>	Chairman	Mr Hu	Mr Chee	Mr Hu	Mr Lee	Member	Mr Chee	Mr Hu	Mr Chee	Mr Hu	Member	Mr Chua	Mr Lee	Mr Chua	Mr Chee
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	ARC <sup>(1)</sup>	NC <sup>(2)</sup>	RC <sup>(3)</sup>	IRC <sup>(4)</sup>																							
Chairman	Mr Hu	Mr Chee	Mr Hu	Mr Lee																							
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# CORPORATE GOVERNANCE

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		<p><b>Investment Review Committee</b></p> <p>The duties of the IRC include the following:-</p> <ol style="list-style-type: none"> <li>to review all investment opportunities that may be identified for the purpose of short-listing investments that fit into the overall expansion plan of the Group;</li> <li>to evaluate short-listed investments and table them for the approval of the Board; and</li> <li>to prepare executive summaries on the investments for the Board.</li> </ol> <p>The IRC shall be provided with adequate resources to carry out their duties.</p> <p>The Board Committees, which operate within clearly defined terms of reference, are actively engaged and play an important role in ensuring good corporate governance of the Group. All recommendations of the Board Committees are subsequently reviewed by the Board.</p> <p>Please refer to pages 24, 16 and 20 for the key terms of reference of ARC, NC, and RC respectively.</p>																																																												
1.5	Have the Board and Board Committees met in the last financial year?	<p>The Board and Board Committees meet on a regular basis, and/or as and when circumstances require. In FY2023, the number of Board and Board Committee Meetings and Annual General Meeting (“AGM”) held and the attendance of each Board member are shown below.</p> <table border="1"> <caption><b>Table 1.5 – Board and Board Committee Meetings in FY2023</b></caption> <thead> <tr> <th></th> <th>Board</th> <th>ARC</th> <th>NC</th> <th>RC</th> <th>AGM</th> </tr> </thead> <tbody> <tr> <td>Number of Meetings Held</td> <td>4</td> <td>4</td> <td>1</td> <td>1</td> <td>1</td> </tr> <tr> <th>Name of Director</th> <th colspan="5">Number of Meetings Attended</th> </tr> <tr> <td>Mr Chee</td> <td>4</td> <td>4</td> <td>1</td> <td>1</td> <td>1</td> </tr> <tr> <td>Mr Lee</td> <td>4</td> <td>4*</td> <td>1</td> <td>1*</td> <td>1</td> </tr> <tr> <td>Mr Hu</td> <td>2</td> <td>2</td> <td>0</td> <td>0</td> <td>0</td> </tr> <tr> <td>Mr Chua</td> <td>1</td> <td>1</td> <td>0</td> <td>0</td> <td>0</td> </tr> <tr> <td>Dr Tan</td> <td>1<sup>(1)</sup></td> <td>1<sup>(1)</sup></td> <td>1</td> <td>1</td> <td>1</td> </tr> <tr> <td>Mr Ch'ng</td> <td>2<sup>(2)</sup></td> <td>2<sup>(2)</sup></td> <td>1</td> <td>1</td> <td>1</td> </tr> <tr> <td>Mr Lau</td> <td>4</td> <td>4*</td> <td>1*</td> <td>1*</td> <td>1</td> </tr> </tbody> </table> <p>* Attendance by invitation of the respective Committees</p> <p><b>Notes:</b></p> <p>(1) Dr Tan did not attend the meetings held in April 2023 due to medical reason and he ceased to be the Chairman of the Company, Chairman of the ARC and Member of the NC and RC on 28 May 2023.</p> <p>(2) Mr Ch'ng ceased to be a Director of the Company, Chairman of the RC and Member of the ARC and RC upon the conclusion of the AGM held on 28 April 2023.</p> <p>The IRC did not hold any meetings during FY2023. Various investment evaluations were made by the Management but no suitable investment had been shortlisted for further assessment by the IRC.</p>		Board	ARC	NC	RC	AGM	Number of Meetings Held	4	4	1	1	1	Name of Director	Number of Meetings Attended					Mr Chee	4	4	1	1	1	Mr Lee	4	4*	1	1*	1	Mr Hu	2	2	0	0	0	Mr Chua	1	1	0	0	0	Dr Tan	1 <sup>(1)</sup>	1 <sup>(1)</sup>	1	1	1	Mr Ch'ng	2 <sup>(2)</sup>	2 <sup>(2)</sup>	1	1	1	Mr Lau	4	4*	1*	1*	1
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Dr Tan	1 <sup>(1)</sup>	1 <sup>(1)</sup>	1	1	1																																																									
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Mr Lau	4	4*	1*	1*	1																																																									

# CORPORATE GOVERNANCE

Provision	Code and/or Guide Description	Company's Compliance or Explanation																		
1.6	<p>What types of information does the Company provide to Independent Directors to enable them to understand its business, the business and financial environment as well as the risks faced by the Company? How frequently is the information provided?</p>	<p>Management provides the Board with key information that is complete, adequate and timely. The types of information which are provided by Management to Independent Directors are set out in the table below:</p> <table border="1"> <caption><b>Table 1.6 – Types of information provided by key management personnel to Independent Directors</b></caption> <thead> <tr> <th></th> <th>Information</th> <th>Frequency</th> </tr> </thead> <tbody> <tr> <td>1.</td> <td>Board papers (with background or explanatory information relating to the matters brought before the Board, where necessary)</td> <td>Prior to Board Meetings (held at least half-yearly)</td> </tr> <tr> <td>2.</td> <td>Updates to the Group's operations and the markets in which the Group operates</td> <td>As and when necessary</td> </tr> <tr> <td>3.</td> <td>Budgets and/or forecasts (with variance analysis), management accounts</td> <td>Half yearly</td> </tr> <tr> <td>4.</td> <td>Reports on on-going or planned corporate actions</td> <td>As and when necessary</td> </tr> <tr> <td>5.</td> <td>Enterprise risk framework and internal auditors' report(s)</td> <td>Half yearly</td> </tr> </tbody> </table> <p>Management recognises the importance of circulating information on a timely basis to ensure that the Board has adequate time to review the materials to facilitate a constructive and effective discussion during the scheduled meetings. As such, Management endeavours to circulate information for the Board meetings at least 3 days prior to the meetings to allow sufficient time for the Directors' review.</p> <p>Key management personnel will also provide any additional material or information that is requested by Directors or that is necessary to enable the Board to make a balanced and informed assessment of the Group's performance, position and prospects.</p>		Information	Frequency	1.	Board papers (with background or explanatory information relating to the matters brought before the Board, where necessary)	Prior to Board Meetings (held at least half-yearly)	2.	Updates to the Group's operations and the markets in which the Group operates	As and when necessary	3.	Budgets and/or forecasts (with variance analysis), management accounts	Half yearly	4.	Reports on on-going or planned corporate actions	As and when necessary	5.	Enterprise risk framework and internal auditors' report(s)	Half yearly
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1.7	<p>Does the Board have access to the senior management and the Company Secretary?</p> <p>What is the role of the Company Secretary?</p> <p>Does the Board have access to professional advice?</p>	<p>The Board has separate and independent access to the senior management and the Company Secretary at all times.</p> <p>The Company Secretary or her representative attends Board and Board Committee meetings and is responsible to ensure that board procedures are followed and applicable rules and regulations are complied with. The appointment and removal of the Company Secretary is a matter that has to be decided for the Board as a whole.</p> <p>The Board also has access to independent professional advice in relation to the Company's affairs, where appropriate at the Company's expenses.</p>																		
1.2 1.6	<p>(a) Are new Directors given formal training? If not, please explain why.</p>	<p>All newly appointed directors will be given briefings by Management on the history and business operations and corporate governance practices of the Company. The Company will, from time to time, organise briefing sessions for the directors to enable them to keep pace with regulatory changes which have a material bearing on the Company and these sessions will be funded by the Company.</p> <p>A newly appointed director without experience as a director of SGX-listed company will be required to, within one year of appointment, attend relevant training seminars and courses organised by bodies such as the Accounting and Corporate Regulatory Authority of Singapore, SGX-ST and the Singapore Institute of Directors to familiarise themselves on compliance, regulatory and corporate governance matters, at the expense of the Company.</p>																		

# CORPORATE GOVERNANCE

Provision	Code and/or Guide Description	Company's Compliance or Explanation
	(b) What are the types of information and training provided to (i) new Directors and (ii) existing Directors to keep them up-to-date?	<p>Directors are provided with opportunities to develop and maintain their skills and knowledge at the Company's expense. During FY2023, the external auditor ("EA") had briefed the ARC on changes or amendments to accounting standards which have a direct impact on financial statements.</p> <p>The Company Secretary and Company's continuing sponsor will also provide updates on changes to applicable law and regulations as and when appropriate.</p>
<b>Board Composition and Guidance</b>		
2.2 2.3 3.3	Does the Company comply with the Code on the proportion of Independent Directors and/or Non-Executive Directors on the Board? If not, please state the reasons for the deviation and the remedial action taken by the Company.	<p>The Board is not required to comprise a majority of Independent Directors as the Chairman is independent. In FY2023, the Independent Directors make up more than half of the Board and Non-Executive Directors make up a majority of the Board.</p> <p>In FY2023, no Lead Independent Director has been appointed to the Board as the Chairman is not conflicted and is independent.</p>
2.1 4.4	Has the independence of the Independent Directors been reviewed in the last financial year?	<p>The Board takes into account the existence of relationships or circumstances, including those identified by the Code, that are relevant in its determination as to whether a Director is independent. In addition, the NC reviews the individual directors' declaration in their assessment of independence.</p> <p>The NC has reviewed and confirmed the independence of the Independent Directors in accordance with the Code and PG. The Independent Directors have also confirmed their independence in accordance with the Code and PG.</p>
	(a) Is there any Director who is deemed to be independent by the Board, notwithstanding the existence of a relationship as stated in the Code that would otherwise deem him not to be independent? If so, please identify the Director and specify the nature of such relationship.	There are no Directors who is deemed independent by the Board, notwithstanding the existence of a relationship as stated in the Code that would otherwise deem him not to be independent.
	(b) What are the Board's reasons for considering him independent? Please provide a detailed explanation.	
2.1	Has any Independent Director served on the Board for more than nine years since the date of his first appointment? If so, please identify the Director and set out the Board's reasons for considering him independent.	<p>Notwithstanding that Mr Chee has served beyond nine years since the date of his first appointment on 16 January 2013, the Board is of the view that Mr Chee is independent as he has:</p> <ul style="list-style-type: none"> <li>• contributed constructively throughout his term in the Company;</li> <li>• sought clarification and amplification as he deemed necessary, including through direct access to key management personnel; and</li> <li>• provided impartial advice and insights, and has exercised his independent judgement in doing so.</li> </ul> <p>The following assessments were conducted and deliberated by the Board before arriving at the conclusion:-</p> <ul style="list-style-type: none"> <li>• review of Board and Board Committee meetings minutes to assess questions and voting actions of Mr Chee;</li> <li>• Mr Chee's declarations and individual evaluations; and</li> <li>• peer and board committee performance assessment done by the other Directors.</li> </ul>

# CORPORATE GOVERNANCE

Provision	Code and/or Guide Description	Company's Compliance or Explanation																								
		<p>The Singapore Exchange Regulation (“SGX Reg Co”) had announced on 11 January 2023 that it will limit the tenure of independent directors serving on the boards of listed issuers to nine years. As a transition, independent directors whose tenure exceeds the nine years limit can continue to be deemed independent until the conclusion of the issuer’s annual general meeting for the financial year ending on or after 31 December 2023.</p> <p>Mr Chee has served on the Board for more than 9 years and will continue to be deemed independent until the annual general meeting of the Company for FY2023.</p>																								
2.4	(a) What are the steps taken by the Board to progressively renew the Board composition?	<p>Two new Independent Directors had been appointed to the Board in FY2023. The Board will continue to review and consider opportunities to refresh the Board as and when deemed required.</p> <p>To meet the changing challenges in the industry and countries which the Group operates in, such reviews, which include considering factors such as the expertise, skills and perspectives which the Board needs against the competencies amongst existing Directors would be done on an annual basis to ensure that the Board dynamics remain optimal.</p>																								
	(b) What is the Board’s policy with regard to diversity in identifying director nominees?	<p>The Board’s policy in identifying director nominees is primarily to have an appropriate mix of members with complementary skills, core competencies and experience for the Group, regardless of gender.</p>																								
	(c) Please state whether the current composition of the Board provides diversity on each of the following – skills, experience, gender and knowledge of the Company, and elaborate with numerical data where appropriate.	<p>The current Board composition provides a diversity of skills, experience and knowledge to the Company as follows:</p> <table border="1" data-bbox="721 1128 1430 1563"> <thead> <tr> <th colspan="3"><i>Table 2.4 – Balance and Diversity of the Board</i></th> </tr> <tr> <th>Core Competencies</th> <th>Number of Directors</th> <th>Proportion of Board</th> </tr> </thead> <tbody> <tr> <td>– Accounting or finance</td> <td>1</td> <td>20%</td> </tr> <tr> <td>– Business management</td> <td>5</td> <td>100%</td> </tr> <tr> <td>– Legal or corporate governance</td> <td>2</td> <td>40%</td> </tr> <tr> <td>– Relevant industry knowledge or experience</td> <td>2</td> <td>40%</td> </tr> <tr> <td>– Strategic planning experience</td> <td>5</td> <td>100%</td> </tr> <tr> <td>– Customer based experience or knowledge</td> <td>5</td> <td>100%</td> </tr> </tbody> </table> <p>Details of the Directors’ qualifications and experiences are set out on pages 4 to 6 of this Annual Report.</p>	<i>Table 2.4 – Balance and Diversity of the Board</i>			Core Competencies	Number of Directors	Proportion of Board	– Accounting or finance	1	20%	– Business management	5	100%	– Legal or corporate governance	2	40%	– Relevant industry knowledge or experience	2	40%	– Strategic planning experience	5	100%	– Customer based experience or knowledge	5	100%
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(d) What steps have the Board taken to achieve the balance and diversity necessary to maximise its effectiveness?	<p>The Board endeavours to achieve the balance and diversity necessary to maximise its effectiveness as part of its Board diversity policy which endorses the principle that its Board should have the balance of skills, knowledge, experience and other aspects of diversity that support the Company in the pursuit of its strategic and business objectives, and its sustainable development. The policy seeks to promote the inclusion of different perspectives, ideas and insights and ensures that the Company can benefit from all available sources of talent.</p> <p>In determining the optimum composition and size of the Board and each Board committee, the Board diversity policy provides for the Nominating Committee (NC) to consider a combination of factors such as skills, knowledge, professional experience, educational background, gender, age, and length of service. The skills, knowledge and experience to be considered include strategic, business decision, finance, risk management, legal, regulatory and human resource management.</p>																									

# CORPORATE GOVERNANCE

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		<p>Suitable candidates will be identified, including, where necessary, through external search firms. External search firms that are to be engaged, will be informed that diversity is a key criterion in the search including gender diversity. Female candidates would be preferred for consideration until the Board has a female director or female directors on board.</p> <p>Following its assessment of the candidates, the NC will then interview the short-listed candidates. The NC will thereafter make its recommendations to the Board including appointments to the appropriate Board committees after matching the candidates' skills-set to the needs of each Board committee. The Board, taking into account the views of the NC, will consider if its Directors meet the criteria under its Board diversity policy and possess the necessary competencies to govern the Company effectively.</p> <p>In terms of gender representation, the current Board consists of five men, or is 100% male, and, as among the Independent Directors, the female gender representation is 0%. To-date, the Board has not found a suitable female candidate to be appointed as a Director of the Company and the Board will continue to look for a suitable female candidate to meet the Board diversity requirement and aims to achieve this by FY2025.</p> <p>The Board also recognises that gender diversity is only one aspect of Board diversity. In terms of qualifications and competencies, members of the Board include seasoned professionals in business and management and strategic planning. The Board believes that its members' different backgrounds, experience, age, tenure of service, and skill sets provide a diversity of perspectives which contribute to the quality of its decision-making. The profiles of the Directors are on pages 4 to 6 of the Annual Report.</p> <p>The Company remains committed to implementing its Board diversity policy and any further progress made towards the implementation of such policy will be disclosed in future Corporate Governance Reports, as appropriate.</p>
2.5	Have the Non-Executive Directors met in the absence of key management personnel in the last financial year?	The Non-Executive Directors have met at least once in the absence of key management personnel in FY2023. The chairman of such meetings provides feedback to the Board and/or Chairman as appropriate.
<b>Chairman and Chief Executive Officer</b>		
3.1 3.2	Are the duties between Chairman and Chief Executive Officer ("CEO") segregated?	<p>The roles of the Chairman and the Managing Director are separate to ensure a clear division of their responsibilities, increased accountability and greater capacity of the Board for independent decision making. The Chairman is not related to the Managing Director.</p> <p>Mr Chee, the Non-Executive Independent Chairman, leads the Board and facilitates its effectiveness on all aspects of its role. Mr Chee, in consultation with the Managing Director, schedules and sets the agenda for Board meetings. In addition, he sets guidelines on and ensures quality, quantity, accurateness, and timeliness of information flow between the Board, Management and shareholders of the Company. He encourages and builds constructive relations between the Board and Management, and facilitates the effective contribution of the Non-Executive Directors. He also undertakes a leading role in ensuring the Company's compliance with corporate governance guidelines.</p> <p>Mr Lee, the Managing Director, is responsible for the execution of the Company's strategies and policies made by the Board, and the Company's daily operations.</p>

# CORPORATE GOVERNANCE

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<b>Board Membership</b>														
4.1	What are the duties of the NC?	<p>The NC is guided by key terms of reference as follows:</p> <ol style="list-style-type: none"> <li>1. to review, assess, make recommendations to the Board on the appointment of directors, including making recommendations on the composition of the Board and provide all newly appointed directors a formal letter setting out his/her duties and obligations;</li> <li>2. to regularly review the Board structure, size and composition having regard to the scope and nature of the operations, the requirements of the business, the diversity of skills, experience, gender and knowledge of the Company and the core competencies of the directors as a group; and make recommendations to the Board with regard to any adjustments that may be deemed necessary;</li> <li>3. to review, assess and recommend nominees or candidates for appointment or re-election to the Board, and to consider his/her competencies, commitment, contribution, performance and whether he/she is independent;</li> <li>4. to make plans for succession, in particular for the Chairman of the Board, Managing Director and key management personnel;</li> <li>5. to prepare and recommend, for approval of the Board, written guidelines on the division of responsibilities of the Chairman of the Board and the Managing Director;</li> <li>6. to determine, on an annual basis whether a director is independent;</li> <li>7. to recommend directors who are retiring by rotation to be put forward for re-election;</li> <li>8. to decide whether or not a director is able to and has been adequately carrying out his/her duties as a director of the Company, particularly when he has multiple listed company board representations and/or other principal commitments;</li> <li>9. to recommend to the Board internal guidelines to address the competing time commitments faced by directors who serve on multiple listed company boards and the maximum number of listed company board representations which any Director may hold;</li> <li>10. to assess the effectiveness of the Board as a whole, and Board Committees and the contribution of each individual director to the effectiveness of the Board; and</li> <li>11. to review the training and development programs for the Board.</li> </ol>												
4.3	Please describe the board nomination process for the Company in the last financial year for (i) selecting and appointing new directors and (ii) re-electing incumbent directors.	<p><b>Table 4.3(a) – Process for the Selection and Appointment of New Directors</b></p> <table border="1" data-bbox="719 1581 1428 2087"> <tbody> <tr> <td data-bbox="726 1581 774 1727">1.</td> <td data-bbox="780 1581 978 1727">Determination of selection criteria</td> <td data-bbox="984 1581 1422 1727"> <ul style="list-style-type: none"> <li>• The NC, in consultation with the Board, would identify the current needs of the Board in terms of skills/experience/knowledge to complement and strengthen the Board.</li> </ul> </td> </tr> <tr> <td data-bbox="726 1736 774 1879">2.</td> <td data-bbox="780 1736 978 1879">Search for suitable candidates</td> <td data-bbox="984 1736 1422 1879"> <ul style="list-style-type: none"> <li>• The NC would consider candidates proposed by the Directors, key management personnel or substantial shareholders, and may engage external search consultants where necessary.</li> </ul> </td> </tr> <tr> <td data-bbox="726 1888 774 2000">3.</td> <td data-bbox="780 1888 978 2000">Assessment of shortlisted candidates</td> <td data-bbox="984 1888 1422 2000"> <ul style="list-style-type: none"> <li>• The NC would deliberate on the competencies of each shortlisted candidate against the needs of the Board to select a candidate for the directorship role.</li> </ul> </td> </tr> <tr> <td data-bbox="726 2009 774 2087">4.</td> <td data-bbox="780 2009 978 2087">Appointment of Director</td> <td data-bbox="984 2009 1422 2087"> <ul style="list-style-type: none"> <li>• The NC would recommend the selected candidate to the Board for consideration and approval.</li> </ul> </td> </tr> </tbody> </table>	1.	Determination of selection criteria	<ul style="list-style-type: none"> <li>• The NC, in consultation with the Board, would identify the current needs of the Board in terms of skills/experience/knowledge to complement and strengthen the Board.</li> </ul>	2.	Search for suitable candidates	<ul style="list-style-type: none"> <li>• The NC would consider candidates proposed by the Directors, key management personnel or substantial shareholders, and may engage external search consultants where necessary.</li> </ul>	3.	Assessment of shortlisted candidates	<ul style="list-style-type: none"> <li>• The NC would deliberate on the competencies of each shortlisted candidate against the needs of the Board to select a candidate for the directorship role.</li> </ul>	4.	Appointment of Director	<ul style="list-style-type: none"> <li>• The NC would recommend the selected candidate to the Board for consideration and approval.</li> </ul>
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# CORPORATE GOVERNANCE

Provision	Code and/or Guide Description	Company's Compliance or Explanation
4.5	(a) What is the maximum number of listed company board representations that the Company has prescribed for its directors? What are the reasons for this number?	The Board has not capped the maximum number of listed company board representations each Director may hold.
	(b) If a maximum has not been determined, what are the reasons?	The NC is of the view that such multiple listed board representations do not hinder the Directors from carrying out their duties as directors of the Company. These directors, through their directorships in other listed companies would also widen the experience of the Board and give it a broader perspective. The NC does not think that it is necessary to set the maximum number of listed board representations that any Director may hold as all the Directors are able to devote sufficient time and attention to the Company's affairs in light of their commitments. Also, setting a cap might deter the service of a good director candidate.
	(c) What are the specific considerations in deciding on the capacity of directors?	<p>The considerations in assessing the capacity of Directors include the following:</p> <ul style="list-style-type: none"> <li>• Expected and/or competing time commitments of Directors;</li> <li>• Geographical location of Directors;</li> <li>• Size and composition of the Board; and</li> <li>• Nature and scope of the Group's operations and size.</li> </ul> <p>The measures and evaluation tools in place to assess the performance and consider competing time commitments of the Directors include the following:-</p> <ul style="list-style-type: none"> <li>• Declarations by individual Directors of their other listed company board directorships and principal commitments;</li> <li>• Annual confirmations by each Director on his/her ability to devote sufficient time and attention to the Company's affairs, having regard to his/her other commitments; and</li> <li>• Assessment of the Directors' performance based on the criteria set out in Section 5 of this corporate governance report.</li> </ul>
	(d) Have the Directors adequately discharged their duties?	The NC has reviewed the time spent and attention given by each of the Directors to the Company's affairs, taking into account the multiple directorships and other principal commitments of each of the Directors (if any), and is satisfied that all Directors have discharged their duties adequately for FY2023.
	(e) Please provide Directors' key information.	The key information of the Directors, including their appointment dates, principal commitment(s) and directorships both current and those held in the past 3 years in other company(ies), are set out on pages 4 to 6 of this Annual Report.
PG 4	Are there alternate Directors?	The Company currently does not have any alternate directors.

# CORPORATE GOVERNANCE

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<b>Board Performance</b>												
5.1 5.2	What are the performance criteria set to evaluate the effectiveness of the Board as a whole and its board committees, and for assessing the contribution by each Director to the effectiveness of the Board?	<p>Table 5 sets out the performance criteria, as recommended by the NC and approved by the Board, to be relied upon to evaluate the effectiveness of the Board as a whole and its Board Committees, and for assessing the contribution from each Director to the effectiveness of the Board. The evaluations are designed to assess the Board's effectiveness to enable the NC Chairman and Board to identify the areas of improvement or enhancement which can be made to the Board:</p> <table border="1" data-bbox="722 651 1428 1458"> <thead> <tr> <th colspan="2" data-bbox="722 651 1428 689"><i>Table 5 – Performance Evaluation Criteria</i></th> </tr> <tr> <th data-bbox="722 689 971 763">Board/Individual Directors</th> <th data-bbox="971 689 1428 763">Performance Criteria</th> </tr> </thead> <tbody> <tr> <td data-bbox="722 763 971 920"><b>Board</b></td> <td data-bbox="971 763 1428 920"> <ol style="list-style-type: none"> <li>1. Size and composition</li> <li>2. Board conduct of affairs</li> <li>3. Internal controls and risk management</li> <li>4. Board accountability</li> <li>5. Standards of conduct</li> </ol> </td> </tr> <tr> <td data-bbox="722 920 971 1104"><b>Board Committees<sup>^</sup></b></td> <td data-bbox="971 920 1428 1104"> <ol style="list-style-type: none"> <li>1. Membership and appointments</li> <li>2. Quality of meetings</li> <li>3. Adequacy of skills and training</li> <li>4. Reporting to Board</li> <li>5. Standards of conduct</li> <li>6. Communications with shareholders</li> </ol> </td> </tr> <tr> <td data-bbox="722 1104 971 1458"><b>Individual Directors</b></td> <td data-bbox="971 1104 1428 1458"> <ol style="list-style-type: none"> <li>1. Commitment of time</li> <li>2. Adequacy of preparation for meetings</li> <li>3. Initiatives</li> <li>4. Knowledge and abilities</li> <li>5. Level of participations</li> <li>6. Teamwork and effectiveness</li> <li>7. Independence (if applicable)</li> <li>8. Disclosure of interested person transactions</li> <li>9. Declaration of conflict of interest</li> <li>10. Attendance at Board and Board Committees meetings</li> </ol> </td> </tr> </tbody> </table> <p>The NC would review the criteria periodically to ensure that the criteria is able to provide an accurate and effective performance assessment taking into consideration industry standards and the economic climate with the objective to enhance long term shareholders value, and thereafter propose amendments if any, to the Board for approval.</p> <p>The NC did not propose any changes to the performance criteria for FY2023 as compared to the previous financial year as the economic climate, Board composition and the Group's principal business activities remained the same. For the Company's Board Diversity targets, please refer to Provision 2.4(d) above.</p>	<i>Table 5 – Performance Evaluation Criteria</i>		Board/Individual Directors	Performance Criteria	<b>Board</b>	<ol style="list-style-type: none"> <li>1. Size and composition</li> <li>2. Board conduct of affairs</li> <li>3. Internal controls and risk management</li> <li>4. Board accountability</li> <li>5. Standards of conduct</li> </ol>	<b>Board Committees<sup>^</sup></b>	<ol style="list-style-type: none"> <li>1. Membership and appointments</li> <li>2. Quality of meetings</li> <li>3. Adequacy of skills and training</li> <li>4. Reporting to Board</li> <li>5. Standards of conduct</li> <li>6. Communications with shareholders</li> </ol>	<b>Individual Directors</b>	<ol style="list-style-type: none"> <li>1. Commitment of time</li> <li>2. Adequacy of preparation for meetings</li> <li>3. Initiatives</li> <li>4. Knowledge and abilities</li> <li>5. Level of participations</li> <li>6. Teamwork and effectiveness</li> <li>7. Independence (if applicable)</li> <li>8. Disclosure of interested person transactions</li> <li>9. Declaration of conflict of interest</li> <li>10. Attendance at Board and Board Committees meetings</li> </ol>
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# CORPORATE GOVERNANCE

Provision	Code and/or Guide Description	Company's Compliance or Explanation
	(a) What was the process upon which the Board reached the conclusion on its performance for the financial year?	<p>The review of the performance of the Board and the Board Committees is conducted by the NC annually. The review of the performance of each Director is also conducted at least annually and when the individual Director is due for re-election.</p> <p>For FY2023, the review process was as follows:</p> <ol style="list-style-type: none"> <li>All Directors individually completed a board evaluation questionnaire on the effectiveness of the Board, the Board Committees, and the individual Directors based on criteria disclosed in Table 5 above;</li> <li>The Company collated and submitted the questionnaire results to the NC Chairman in the form of a report; and</li> <li>The NC discussed the report and concluded the performance results during the NC meeting.</li> </ol> <p>All NC members have abstained from the voting or review process of any matters in connection with the assessment of his performance.</p> <p>No external facilitator was used in the evaluation process.</p>
	(b) Has the Board met its performance objectives?	Yes, the Board has met its performance objectives for FY2023.
<b>REMUNERATION MATTERS</b>		
<b><u>Procedures for Developing Remuneration Policies</u></b>		
6.1 6.3	What is the role of the RC?	<p>The RC is guided by key terms of reference as follows:</p> <ol style="list-style-type: none"> <li>to review and recommend to the Board, in consultation with the Chairman of the Board, a framework of remuneration and to determine the specific remuneration packages and terms of employment for each of the directors and key management personnel of the Group;</li> <li>to recommend to the Board, share-based incentives or awards or any long-term incentive schemes which may be set up from time to time, reviewing whether directors and key management personnel should be eligible for such schemes, evaluating the cost and benefits of such schemes and to do all acts necessary in connection therewith;</li> <li>to carry out its duties in the manner that it deemed expedient, subject to any regulations or restrictions that may be imposed upon the RC by the Board of Directors from time to time; and</li> <li>to ensure all aspects of remuneration, including termination terms, are covered and that the terms are fair.</li> </ol>
6.4	Were remuneration consultants engaged in the last financial year?	<p>No remuneration consultants were engaged by the Company in FY2023.</p> <p>The Company is of the view that the annual review by the RC, which includes the referencing of Directors and key management personnel's remuneration against comparable benchmarks and giving due regard to prevailing market conditions as well as the financial, commercial health and business needs of the Group, is currently sufficient to ensure the continued relevance of such remuneration packages to the Group's strategic business objectives and alignment with market practices. The RC will, if necessary, seek advice from external remuneration consultants on remuneration matters.</p>
<b><u>Level and Mix of Remuneration</u></b>		
7.1	What is the Company's remuneration policy?	<p>The Company's remuneration policy which covers all aspects of remuneration, including but not limited to salaries, allowances, benefits-in-kind and bonuses, is one that seeks to attract, retain and motivate talent to achieve the Company's business vision and create sustainable value for its stakeholders. The policy articulates to staff the link that total compensation has to the achievement of organisational and individual performance objectives, and is benchmarked against relevant and comparative compensation in the market.</p>

# CORPORATE GOVERNANCE

Provision	Code and/or Guide Description	Company's Compliance or Explanation												
7.1 7.3	Please describe how the remuneration received by Executive Directors and key management personnel has been determined by the performance criteria.	The remuneration received by the Executive Director(s) and key management personnel takes into consideration his or her individual performance and contribution towards the overall performance of the Group for FY2023. Their remuneration is made up of fixed and variable compensations. The fixed compensation consists of an annual base salary, fixed allowance and annual wage supplement. The variable compensation is determined based on the level of achievement of corporate and individual performance objectives.												
	What were the performance conditions used to determine their entitlement under the short-term and long-term incentive schemes?	The following performance conditions for short-term incentives such as performance bonus were chosen for the Group to remain competitive and to motivate the Executive Director(s) and key management personnel to work in alignment with the goals of all stakeholders:  <table border="1"> <caption><b>Table 7 – Performance Conditions for Short-term Incentives (such as performance bonus)</b></caption> <tr> <td>1.</td> <td>Leadership</td> </tr> <tr> <td>2.</td> <td>People development</td> </tr> <tr> <td>3.</td> <td>Commitment</td> </tr> <tr> <td>4.</td> <td>Teamwork</td> </tr> <tr> <td>5.</td> <td>Current market and industry practices</td> </tr> <tr> <td>6.</td> <td>Macro-economic factors</td> </tr> </table>	1.	Leadership	2.	People development	3.	Commitment	4.	Teamwork	5.	Current market and industry practices	6.	Macro-economic factors
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Were all of these performance conditions met? If not, what were the reasons?	Yes, the RC has reviewed and is satisfied that the performance conditions were met for FY2023.													
7.2	Remuneration Structure of Non-Executive Directors	The total remuneration of the Non-Executive Directors is reviewed annually, giving due regard to the financial and commercial health and business needs of the Group. Each of the Non-Executive Directors receives a base director fee. Non-Executive Directors who serve on the various Committees also receive additional fees in respect of each Committee that they serve on, with the Chairmen of the Committees receiving a higher fee in respect of their service as the Chairman of the respective Committees. The fees are subject to shareholders' approval at a general meeting. The fees for the financial year in review are determined in the current financial year, proposed by the Management, submitted to the RC for review and thereafter recommended to the Board for approval.  The remuneration of Non-Executive Directors takes into consideration his effort made, time spent and responsibilities in the Board and Committees. The RC has reviewed and assessed that the remuneration of the Non-Executive Directors for FY2023 is appropriate, considering the effort, time spent and responsibilities.												

**Disclosure of Remuneration**

8.1(a) 8.3	Has the Company disclosed each Director's and the CEO's remuneration as well as a breakdown (in percentage or dollar terms) into base/fixed salary, variable or performance-related income/bonuses, benefits in kind, stock options granted, share-based incentives and awards, and other long-term incentives? If not, what are the reasons for not disclosing so?	The breakdown for the remuneration of the Directors for FY2023 is as follows:  <table border="1"> <caption><b>Table 8.1(a) – Directors' Remuneration</b></caption> <thead> <tr> <th>Name</th> <th>Directors Fees (%)</th> <th>Salary (%)</th> <th>Bonus (%)</th> <th>Total (%)</th> </tr> </thead> <tbody> <tr> <td colspan="5"><b>S\$750,000 – S\$1,000,000</b></td> </tr> <tr> <td>Mr Lee</td> <td>-</td> <td>100</td> <td>-</td> <td>100</td> </tr> <tr> <td colspan="5"><b>Below S\$250,000</b></td> </tr> <tr> <td>Mr Chee</td> <td>100</td> <td>-</td> <td>-</td> <td>100</td> </tr> <tr> <td>Mr Hu</td> <td>100</td> <td>-</td> <td>-</td> <td>100</td> </tr> <tr> <td>Mr Chua</td> <td>100</td> <td>-</td> <td>-</td> <td>100</td> </tr> <tr> <td>Dr Tan</td> <td>100</td> <td>-</td> <td>-</td> <td>100</td> </tr> <tr> <td>Mr Ch'ng</td> <td>100</td> <td>-</td> <td>-</td> <td>100</td> </tr> <tr> <td>Mr Lau</td> <td>100</td> <td>-</td> <td>-</td> <td>100</td> </tr> </tbody> </table>	Name	Directors Fees (%)	Salary (%)	Bonus (%)	Total (%)	<b>S\$750,000 – S\$1,000,000</b>					Mr Lee	-	100	-	100	<b>Below S\$250,000</b>					Mr Chee	100	-	-	100	Mr Hu	100	-	-	100	Mr Chua	100	-	-	100	Dr Tan	100	-	-	100	Mr Ch'ng	100	-	-	100	Mr Lau	100	-	-	100
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# CORPORATE GOVERNANCE

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		<p>After reviewing the industry practice and analysing the advantages and disadvantages in relation to the disclosure of remuneration of each Director, the Company is of the view that such disclosure would be prejudicial to its business interest given the highly competitive environment.</p> <p>There is no termination, retirement or post-employment benefits granted to the Directors and the Managing Director.</p> <p>The Company does not have any employee share option or other long-term employee incentive scheme.</p>							
8.1(b)	<p>(i) Has the Company disclosed each key management personnel's remuneration, in bands of S\$250,000 or more in detail, as well as a breakdown (in percentage or dollar terms) into base/fixed salary, variable or performance-related income/bonuses, benefits in kind, stock options granted, share-based incentives and awards, and other long-term incentives? If not, what are the reasons for not disclosing so?</p>	<p>The breakdown for the remuneration of the Company's top 5 key management personnel (who are not Directors or the Managing Director) for FY2023 is as follows:</p> <table border="1" data-bbox="721 790 1428 1016"> <thead> <tr> <th><i>Table 8.1(b) – Remuneration of Key Management Personnel</i></th> </tr> </thead> <tbody> <tr> <td><b>Below \$250,000</b></td> </tr> <tr> <td>Han Jing</td> </tr> <tr> <td>Dong Fagen</td> </tr> <tr> <td>Cindy Lee</td> </tr> <tr> <td>Andy Lee</td> </tr> <tr> <td>Desmond Ling</td> </tr> </tbody> </table> <p>The Company has not disclosed the breakdown of the remuneration paid to its top 5 key management personnel as it is not in the best interests of the Company and the employees to disclose such details due to the sensitive nature of such information.</p> <p>There is no termination, retirement or post-employment benefits granted to the top 5 key management personnel.</p> <p>The Company does not have any employee share option or other long-term employee incentive scheme.</p>	<i>Table 8.1(b) – Remuneration of Key Management Personnel</i>	<b>Below \$250,000</b>	Han Jing	Dong Fagen	Cindy Lee	Andy Lee	Desmond Ling
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	<p>(ii) Please disclose the aggregate remuneration paid to the top five key management personnel (who are not Directors or the CEO).</p>	<p>The total remuneration paid to the top 5 key management personnel for FY2023 was S\$521,000.</p>							
8.2	<p>Is there any employee who is a substantial shareholder of the Company, or an immediate family member of a Director, the CEO or a substantial shareholder of the Company, and whose remuneration exceeds S\$100,000 during the last financial year? If so, please identify the employee and specify the relationship with the relevant Director or the CEO.</p>	<p>Save for Cindy Lee ("<b>Ms Lee</b>") and Andy Lee who are the daughter and son of the Company's Managing Director, Mr Lee, respectively, there is no other employee of the Group who is a substantial shareholder of the Company, or an immediate family member of a Director, Managing Director, or a substantial shareholder of the Company whose remuneration exceeds S\$100,000 in FY2023.</p> <p>The remunerations of Ms Lee and Andy Lee for FY2023 were within the band of S\$100,000 to S\$150,000.</p>							
8.3	<p>(a) Please provide details of the employee share scheme(s).</p>	<p>The Company does not have an employee share scheme in FY2023 as the Company is of the view that performance bonuses are sufficient to reward high-performing employees for the time being given the current nature and scope of the Group's operations and size. The RC will periodically review the Company's remuneration tools and assess if share-based incentive schemes should be adopted going forward, giving due consideration to factors such as the prevailing market practice, size and scope of the Group's operations and relevant tax implications.</p>							

# CORPORATE GOVERNANCE

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	(b) Are "claw-back" provisions provided for in the service agreements of Executive Directors and key management personnel?	The Company currently does not have any contractual provisions which allow it to reclaim incentives from the Executive Director and key management personnel in certain circumstances. The Board is of the view that as the Group pays performance bonuses based on the actual performance of the Group and/or Company (and not on forward-looking results) as well as the actual performance results of its Executive Director and key management personnel, "claw-back" provisions in the service agreements may not be relevant or appropriate.
<b>ACCOUNTABILITY AND AUDIT</b>		
<b>Risk Management and Internal Controls</b>		
9.1	Risk governance by the Board, identification of the Group's risks and management of risks	<p>The Board, with the assistance of the ARC, is responsible for the overall risk governance, risk management and internal control systems and framework of the Group. The Board determines the nature and extent of significant risks which the Company is willing to take in achieving its strategic objectives.</p> <p>The Managing Director meets with key management personnel on a weekly basis to discuss operational, business and strategic matters. During these meetings, key projects and operational risks are identified and discussed, along with proposed mitigating measures to address these risks to ensure residual risks are mitigated to an acceptable level. Follow-ups are then performed in subsequent meetings to ensure mitigating actions are executed. Any significant issues identified from these meetings are brought to the attention of the Board and ARC.</p> <p>For FY2023, the Board and ARC has reviewed that the Group's key risks largely lies in the area of operational, information technology and data security, compliance and financial. They have been mitigated by way of enhancing and improving the Group's existing risk management and internal controls framework.</p>
9.2	(a) In relation to the major risks faced by the Company, including financial, operational, compliance, information technology and sustainability, please state the bases for the Board's view on the adequacy and effectiveness of the Company's internal controls and risk management systems.	<p>The Board and the ARC are of the view that the Company's internal controls (including financial, operational, compliance, information technology controls and sustainability) and risk management systems were adequate and effective for FY2023.</p> <p>The bases for the Board and ARC's views are as follows:</p> <ol style="list-style-type: none"> <li>1. Assurance has been received from the Managing Director and Assistant Finance Manager (refer to Section 9.2(b) below);</li> <li>2. Internal audits have been performed by the internal auditors ("IA") and significant matters highlighted to the ARC and key management personnel were appropriately addressed;</li> <li>3. Key management personnel regularly evaluates, monitors and reports to the ARC on material risks;</li> <li>4. Discussions were held between the ARC and the EA and the IA in the absence of the key management personnel to review and address any potential concerns;</li> <li>5. Risk appetite statements with tolerance limits have been approved by the Board to contain risks within acceptable levels; and</li> <li>6. ARC has spoken with the IA and EA and noted that there were no exceptional matters to be reported.</li> </ol> <p>The Company is gradually placing emphasis on sustainability and have started implementing appropriate policies and programmes.</p>

# CORPORATE GOVERNANCE

Provision	Code and/or Guide Description	Company's Compliance or Explanation
	<p>(b) In respect of the past 12 months, has the Board received assurance from the CEO and the Chief Financial Officer (“CFO”) as well as the IA that: (i) the financial records have been properly maintained and the financial statements give true and fair view of the Company’s operations and finances; and (ii) the Company’s risk management and internal control systems are effective? If not, how does the Board assure itself of points (i) and (ii) above?</p>	<p>Yes, the Board has obtained such assurance from the Managing Director and Assistant Finance Manager in respect of FY2023.</p> <p>The Board has relied on the EA’s report as set out in this Annual Report as assurance that the financial records have been properly maintained and the financial statements give a true and fair view of the Company’s operations and finances.</p> <p>The Board has additionally relied on IA’s reports issued to the Company for FY2023 as assurances that the Company’s risk management and internal control systems are effective.</p>
<b>Audit Committee</b>		
<p>10.1 10.2 10.3</p>	<p>What is the composition and the role of the ARC?</p>	<p>All members of the ARC are independent and non-executive directors who do not have relationships with any substantial shareholder of the Company; and do not have any management and business relationships with the Company. None of the ARC members were previous partners or directors of the Company’s external audit firm within the last two years and none of the ARC members hold any financial interest in the external audit firm.</p> <p>The ARC is guided by the following key terms of reference:</p> <ol style="list-style-type: none"> <li>1. to review with the EA their audit plan, their evaluation of the system of internal accounting controls, their audit report and their management letter and the Management’s response;</li> <li>2. to ensure co-ordination where more than one audit firm is involved;</li> <li>3. to review the half-yearly and annual financial statements before submission to the Board for approval;</li> <li>4. to review any formal announcement relating to the Company’s financial performance;</li> <li>5. to discuss problems and concerns, if any, arising from the interim and final audits, in consultation with the EA and IA where necessary;</li> <li>6. to meet with the EA and with the IA without the presence of Management, at least annually, to discuss any problems and concerns they may have;</li> <li>7. to review the assistance given by Management to the EA;</li> <li>8. to review annually the scope and results of the external audit and its cost effectiveness as well as the independence and objectivity of the EA. Where the EA also provides non-audit services to the Company, to review the nature and extent of such services, in order to balance the maintenance of objectivity and value for money, and to ensure that the independence of the EA would not be affected;</li> <li>9. to review the internal audit programme and the adequacy and effectiveness of the Company’s internal audit function, as well as to ensure coordination between the IA and EA and the Management;</li> <li>10. to review the adequacy and effectiveness of the Company’s internal control system, including financial, operational, compliance and information technology controls and to report to the Board annually;</li> <li>11. to review the scope and results of the internal audit procedures including the effectiveness of the internal audit function and ensure that the internal audit function is adequately resourced and has appropriate standing within the Company;</li> </ol>

# CORPORATE GOVERNANCE

Provision	Code and/or Guide Description	Company's Compliance or Explanation
		<ol style="list-style-type: none"> <li>12. to review and discuss with the EA, any suspected fraud or irregularity, or suspected infringement of any law, rules or regulations, which has or is likely to have a material impact on the Company's operating results or financial position, and Management's response;</li> <li>13. to investigate any matter within its Terms of Reference, with full access to and co-operation by Management and full discretion to invite any director or executive officer to attend its meetings, and reasonable resources to enable it to discharge its functions properly;</li> <li>14. to review arrangements by which staff of the Company, may in confidence, raise concerns about possible improprieties in matters of financial reporting or other matters and ensure that arrangements are in place for such concerns to be raised and independently investigated and for appropriate follow up actions to be taken;</li> <li>15. to report to the Board its findings from time to time on matters arising and requiring the attention of the Board;</li> <li>16. to review interested person transactions falling within the scope of the Catalist Rules;</li> <li>17. to recommend to the Board the appointment, re-appointment and removal of the EA and approve the remuneration and terms of engagement of the EA;</li> <li>18. to review the audit representation letters before consideration by the Board;</li> <li>19. to review and advise the Board in formulating its risk policies including the parameters for risk assessments and methodology to be adopted;</li> <li>20. to oversee the Management in the design and implementation and monitoring of the risk management system;</li> <li>21. to determine the Company's level of risk tolerance;</li> <li>22. to develop and guide the Board in establishing a process of effectively identifying and managing the implications of risks tolerance in internal controls and strategic transactions to be undertaken by the Company;</li> <li>23. to oversee and advise the Board on the current risk exposures, overall risk tolerance, and overall risk strategy of the Company;</li> <li>24. to annually review the adequacy and effectiveness of the Company's risk management system, including the overall risk assessment processes;</li> <li>25. to review periodically the risk limits established by the Company and where applicable, report on any material breach of such limits and the adequacy of proposed action(s) to be taken, and if necessary, make recommendations on further action to be taken;</li> <li>26. to recommend to the Board the statements to be included in the Company's annual report concerning the adequacy and effectiveness of the Company's internal control and risk management systems;</li> <li>27. to monitor the independence of the risk management function throughout the organisation;</li> <li>28. to review and monitor Management's responsiveness to EA's and IA's findings and proposed mitigating efforts undertaken by Management;</li> <li>29. to undertake such other reviews and projects as may be requested by the Board;</li> <li>30. to review assurance from the Managing Director and the Assistant Finance Manager on the financial records and financial statements;</li> <li>31. to undertake such other functions and duties as may be required by statute, the Code or the Catalist Rules;</li> <li>32. to oversee and monitor whistle-blowing reports;</li> </ol>

# CORPORATE GOVERNANCE

Provision	Code and/or Guide Description	Company's Compliance or Explanation
		<p>33. ensure that sustainability reporting integrates the process of monitoring and control;</p> <p>34. review the policy and arrangements for concerns of possible improprieties in sustainability reporting, including its monitoring and control, or other matters to be safely raised, independently investigated and appropriately followed upon;</p> <p>35. review the annual sustainability report before submission to the Board for approval;</p> <p>36. report to the Board its findings from time to time on matters arising and requiring the attention of the ARC;</p> <p>37. undertake sustainability related functions and duties as may be required by statute or the Catalist Rules, and by such amendments made thereto from time to time. To undertake such other functions and duties as may be required by statute, the Code or the Catalist Rules, and by such amendments made thereto from time to time;</p> <p>38. review and ensure that the Group meets current and future requirements in the external assurance on the sustainability report that the Group produces on an annual basis;</p> <p>39. procure the provider of external assurance for sustainability report when the need arises;</p> <p>40. ensure that the provider of external assurance has direct and unrestricted access to the Chairman of the Board and the ARC; and</p> <p>41. evaluate the performance of the provider of external assurance and recommend to the Board (i) the proposal to the shareholders on the appointment/re-appointment and removal of the external assurance provider; and (ii) the remuneration and terms of engagement of the external assurance provider.</p> <p>In the review of the financial statements for FY2023, the ARC has discussed with the Management and the EA on the following key audit matter that have been identified for FY2023;</p> <ol style="list-style-type: none"> <li>Revenue recognition on construction contracts.</li> </ol> <p>The ARC has considered the approach and the procedures carried out by the EA during their audit. Following the discussions, the ARC is satisfied that those matters have been properly dealt with and properly supported by audit evidence.</p>
10.2	Are the members of the ARC appropriately qualified to discharge their responsibilities?	<p>Yes. Mr Hu is a certified public accountant of the Institute of Singapore Chartered Accountants (ISCA) and a partner of an audit firm; Mr Chua was the managing director of an engineering consultant firm for more than 20 years, during which he gained experience in overseeing and implementing internal control measures to ensure operational efficiency and regulatory compliance; and Mr Chee, through his years of experience running his own companies, has extensive experience of internal control mechanisms and their impact on business performance. The Board believes that the ARC members are appropriately qualified to discharge their responsibilities.</p>
10.5	Has the ARC met with the auditors in the absence of key management personnel?	<p>Yes, the ARC has met with the IA and the EA at least once in the absence of key management personnel in FY2023.</p>

# CORPORATE GOVERNANCE

Provision	Code and/or Guide Description	Company's Compliance or Explanation
10.1	Does the Company have a whistle-blowing policy?	<p>Yes. The Company has put in place a whistle-blowing framework, endorsed by the ARC. The whistle-blowing framework provides the avenue where employees of the Company may, in good faith and in confidence, raise concerns or observations about possible improprieties in financial reporting or other matters directly to members of the ARC. Copies of the whistle-blowing policy and procedures, including the contact details of the members of the ARC, have been made available to all employees. In the event that a whistle-blowing report is made against a Director, that Director will not be involved in the review and any decision making in respect of that whistle-blowing incident. The policy has a well-defined process which ensures independent investigation of possible improprieties with appropriate follow up action and provides assurance that complainants will be protected from retaliatory action within the limit of laws. The Company is committed in ensuring that no person should suffer reprisal or unfair treatment as a result of reporting a genuine concern made in good faith, even if they turn out to be mistaken and ensure that the identity of the whistle-blower will not be disclosed without prior consent (except where disclosure obligations are required under applicable laws and/or regulations). Where concerns are unable to be resolved without revealing the identity of the whistle-blower (e.g., if their evidence is required in court), a dialogue will be entered into with the whistle-blower as to whether and how to proceed.'</p> <p>The ARC is responsible for oversight and monitoring of whistle-blowing and the ARC reviews all whistle-blowing complaints, if any, as soon as practicable to ensure independence through investigation and appropriate follow-up actions are taken.</p> <p>The ARC has the power to conduct or authorise investigations into any matter within the ARC's scope of responsibility. If it deems appropriate, independent advisors will be engaged at the Group's expense. No whistle-blowing reports were received for FY2023. Should there be any whistle-blowing cases reported, such cases would be handled in accordance with the Company's whistle-blowing policy. All complaints will be treated as confidential and handled directly by the ARC.</p> <p>The ARC will review the whistle-blowing policy and determine if it should be extended to external parties in FY2024.</p>
<b>Internal Audit</b>		
10.4	Please provide details of the Company's internal audit function, if any.	<p>The Company's internal audit function is outsourced to Wensen Consulting Asia (S) Pte. Ltd. ("<b>Wensen</b>") that reports directly to the ARC Chairman on audit matters and to the Managing Director on administrative matters. The ARC is responsible for the hiring, removal, evaluation and compensation of the accounting or auditing firm or corporation which the internal audit function of the Company is outsourced to.</p> <p>The ARC reviews and approves the internal audit plan to ensure the adequacy of the scope of audit. The ARC is satisfied that Wensen is independent, effective and adequately qualified (given, <i>inter alia</i>, its adherence to standards set by nationally/internationally recognised professional bodies) and resourced, and has the appropriate standing in the Company as demonstrated by its capacity to discharge its duties effectively.</p>

# CORPORATE GOVERNANCE

Provision	Code and/or Guide Description	Company's Compliance or Explanation
<b>SHAREHOLDER RIGHTS AND ENGAGEMENT</b>		
<b>Shareholder Rights and Conduct of General Meeting</b>		
11.1 11.2	(a) Are shareholders informed of the rules, including voting procedures, that govern general meetings of shareholders?	Shareholders are entitled to attend the general meetings of shareholders and are afforded the opportunity to participate effectively in and vote at general meetings of shareholders. An independent polling agent is appointed by the Company for general meetings who will explain the rules, including the voting procedures, that govern the general meetings of shareholders. All resolutions are tabled separately unless they are interdependent and linked, and the reasons and material implications are explained to shareholders.
11.1 11.4	(b) Are corporations which provide nominee or custodial services allowed to appoint more than two proxies?	<p>The Company's Constitution allows a shareholder to appoint up to two proxies to attend and vote in the shareholder's place at the general meetings of shareholders. Pursuant to the introduction of the multiple proxies regime under the Companies Act 1967, indirect investors who hold the Company's shares through a nominee company or custodian bank or through a Central Provident Fund agent bank may attend and vote at general meetings.</p> <p>Provision 11.4 of the Code provides that a company's constitution should allow for absentia voting at general meetings of shareholders (such as via mail, email or fax). Due to ongoing concerns regarding the authentication of shareholder's identity information and other related security issues, the Company has decided, for the time being, not to implement voting in absentia.</p>
11.3 11.5 13.3	How are the general meetings of shareholders conducted?	<p>The Company requires all Directors (including the respective chairman of the Board Committees) to be present at all general meetings of shareholders, unless in situation of exigencies. The EA is also required to be present to address shareholders' queries about the conduct of audit and the preparation and content of the independent auditor's report.</p> <p>The directors present at the AGM held on 28 April 2023 were Mr Lee, Mr Ch'ng, Mr Chee and Mr Lau.</p> <p>All resolutions will be put to vote by poll, and their detailed results will be announced via SGXNET after the conclusion of the general meeting.</p> <p>All minutes of general meetings will be announced via SGXNet within one (1) month from the date of the general meetings.</p> <p>Currently, the Company does not have any corporate website. The Company will consider publishing the minutes on the corporate website when available.</p>
11.6	Does the Company have a dividend policy?	<p>The Company does not have a fixed dividend policy. In considering the declaration of dividends, the Company will take into consideration the Group's profit growth, cash position, cash flows, projected capital requirements for business growth and other factors as the Board may deem relevant.</p> <p>The Board has not declared or recommended dividends for FY2023 as the Company was loss making.</p>
<b>Engagement with Shareholders</b>		
12.2 12.3	Does the Company have an investor relations policy?	The Company currently does not have an investor relations policy but considers advice from its corporate lawyers and professionals on appropriate disclosure requirements before announcing material information to shareholders. The Company will consider the appointment of a professional investor relations officer to manage the function should the need arises. Shareholders with questions may contact Ms Lee, the Company's Admin and Corporate Affairs Director, by telephone call or email as stated in the Corporate Information section of the Annual Report.

# CORPORATE GOVERNANCE

Provision	Code and/or Guide Description	Company's Compliance or Explanation
12.1	(a) Does the Company regularly communicate with shareholders and attend to their questions? How often does the Company meet with institutional and retail investors?	In line with the continuous disclosure obligations under the relevant Catalist rules, the Board informs shareholders promptly of all major developments that may have a material impact on the Group in a timely manner. Half-year and full year results and other major developments of the Company are published through the SGXNet, as required by the Catalist Rules, and/or press releases, where deemed necessary. The Company ensures that price-sensitive information is publicly released, and is announced within the mandatory period.  In addition, if the need arises, the Company may organise media/analyst briefings to enable a better appreciation of the Group's performance and developments, which will also act as platforms to solicit and understand the views of shareholders and investors.
	(b) Is this done by a dedicated investor relations team (or equivalent)? If not, who performs this role?	The Company does not have a dedicated investor relations team. Ms Lee, the Company's Admin and Corporate Affairs Director, is responsible for the Company's communication with shareholders.
	(c) How does the Company keep shareholders informed of corporate developments, apart from SGXNET announcements and the annual report?	Apart from the SGXNet announcements and its annual report, the Company may release press releases or organise media/analyst briefings to keep shareholders informed of corporate developments.

## MANAGING STAKEHOLDERS RELATIONSHIPS

### Engagement with Stakeholders

13.1 13.2	Does the company have arrangements in place to identify and engage with its material stakeholder groups and to manage its relationships with such groups?	The Company has identified its material stakeholder groups and has disclosed its engagement methods with these stakeholders in the Sustainability Report as set out on pages 36 to 44 of this Annual Report.  The minutes of the AGM which capture the attendance of the Board members at the meeting, matters approved by shareholders and voting results will be prepared by the Company. The minutes of the AGM for FY2023 will be released on the SGXNet within one month after the AGM.
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## COMPLIANCE WITH APPLICABLE CATALIST RULES

Catalist Rule	Rule Description	Company's Compliance or Explanation
720(5)	Information relating to Directors seeking re-election	The information relating to the Directors seeking re-election as per Appendix 7F of the Catalist Rules are set out in the Appendix 7F Requirements table on pages 30 to 35 of this Annual Report.
1204(6)(A)	Non-audit fees	Please refer to Note 23 of the Notes to the Financial Statements on page 74 of this Annual Report for the breakdown of the fees paid to the EA for audit and non-audit services for the financial year.
1204(6)(B)	Independence of the External Auditors ("EA")	The ARC has reviewed the non-audit services provided by the EA and is satisfied that the nature and extent of such services would not prejudice the independence of the EA, and has recommended the re-appointment of the EA at the forthcoming AGM. The non-audit services rendered by the EA during FY2023 were not substantial.
1204(6)(C)	Appointment of Auditors	The Company confirms its compliance with the Rules 712 and 715 of the Catalist Rules in relation to the appointment of its EA.
1204(8)	Material Contracts	There were no material contracts entered into by the Group involving the interest of the Managing Director, any Director, or controlling shareholder, which are either still subsisting at the end of FY2023 or if not then subsisting, entered into since the end of the previous financial year.



# CORPORATE GOVERNANCE

COMPLIANCE WITH APPLICABLE CATALIST RULES		
Catalist Rule	Rule Description	Company's Compliance or Explanation
1204(10)	Confirmation of adequacy of internal controls	The Board and the ARC are of the opinion that the internal controls are adequate to address the financial, operational, compliance and information technology risks which the Group considers relevant and material to its current business scope and environment based on the following: <ul style="list-style-type: none"> <li>internal controls and the risk management system established by the Company;</li> <li>work performed by the IA and EA;</li> <li>assurance from the Managing Director and Assistant Finance Manager; and</li> <li>reviews done by the various Board Committees and key management personnel.</li> </ul>
1204(10)(B)	Adequacy of internal audit function	The ARC is of the opinion that the internal audit function is independent, effective and adequately resourced.
1204(17)	Interested Persons Transaction ("IPT")	The Group has procedures governing all IPTs to ensure that they are properly documented and reported on a timely manner to the ARC and that they are carried out on normal commercial terms and are not prejudicial to the interests of the Company and its minority shareholders.  There were no IPTs transacted during FY2023.
1204(19)	Dealing in Securities	The Company has adopted a code of conduct to provide guidance to its officers in relation to dealings in the Company's securities. The Company, directors, officers and staff of the Group are not allowed to deal in the Company's securities during the period commencing one month before the announcement of the Company's full year or half-year results and ending on the date of the announcement of such results and at any time they are in possession of unpublished material price sensitive information in relation to these securities. Officers are also advised not to deal in the Company's securities on short-term considerations.
1204(21)	Non-sponsor fees	No non-sponsor fees were paid/payable to the Company's continuing sponsor, PrimePartners Corporate Finance Pte. Ltd. during FY2023.

## Information required under Appendix 7F of the Catalist Rules for Re-election of Directors under Rule 720(5) of the Catalist Rules

Appendix 7F Requirements			
Name of Director	Mr Chee Wai Pong	Mr Hu Weisheng	Mr Chua Thian Huat
Date of Initial Appointment	16 January 2013	28 April 2023	25 August 2023
Date of last re-appointment	29 April 2021	Not applicable	Not applicable
Age	76	42	82
Country of principal residence	Singapore	Singapore	Singapore
The Board's comments on this appointment (including rationale, selection criteria, and the search and nomination process)	The NC has recommended and the Board has approved the re-election of Mr Chee as a Non-Independent Non-Executive Director after evaluating his qualification, expertise, past experiences and overall contribution to the effectiveness of the Board as a whole.	The NC has recommended and the Board has approved the re-election of Mr Hu as an Independent Non-Executive Director after evaluating his qualification, expertise, past experiences and overall contribution to the Company and to the effectiveness of the Board as a whole.	The NC has recommended and the Board has approved the re-election of Mr Chua as an Independent Non-Executive Director after evaluating his qualification, expertise, past experiences and overall contribution to the Company and to the effectiveness of the Board as a whole.

# CORPORATE GOVERNANCE

Appendix 7F Requirements			
Name of Director	Mr Chee Wai Pong	Mr Hu Weisheng	Mr Chua Thian Huat
Whether the 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.)	<ul style="list-style-type: none"> <li>Non-Independent Non-Executive Director and Chairman</li> </ul>	<ul style="list-style-type: none"> <li>Independent Non-Executive Director</li> <li>ARC and RC Chairman</li> <li>NC and IRC Member</li> </ul>	<ul style="list-style-type: none"> <li>Independent Non-Executive Director</li> <li>ARC and RC Member</li> </ul>
Professional qualifications	Bachelor of Law Degree (LL.B. Hons)	Bachelor of Accountancy	Bachelor of Engineering
Working experience and occupation(s) during the past 10 years	<u>2007 to Present</u> Practising lawyer, Chee Wai Pong & Co.	<u>2005 to 2020</u> Audit Senior Manager, Ernst & Young LLP  <u>2020 to Present</u> Audit Partner, Baker Tilly TFW LLP	<u>2006 to 2020</u> Consultant, Rankine & Hill (S) Pte Ltd  <u>2021 to Present</u> Retired
Shareholding interest in the listed issuer and its subsidiaries	NIL	NIL	NIL
Any relationship (including immediate family relationships) with any existing director, existing executive officer, the issuer and/or substantial shareholder of the listed issuer or of any 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 7H) under Rules 720(1) has been submitted to the listed issuer	Yes	Yes	Yes
Other Principal Commitments including Directorships	<p><b>Past (for the last 5 years) Directorships</b></p> <p><u>Listed companies</u></p> <ul style="list-style-type: none"> <li>Non-Executive Independent Director of Tung Lok Restaurants (2000) Ltd</li> </ul> <p><u>Non-listed companies</u></p> <p>Nil</p> <p><b>Present Directorships</b></p> <p><u>Listed companies</u></p> <p>Nil</p> <p><u>Non-listed companies</u></p> <ul style="list-style-type: none"> <li>Alternate director to Mr Lee of TSky Balmoral Pte. Ltd</li> </ul>	<p><b>Past (for the last 5 years) Directorships</b></p> <p><u>Listed companies</u></p> <p>Nil</p> <p><u>Non-listed companies</u></p> <p>Nil</p> <p><b>Present Directorships</b></p> <p><u>Listed companies</u></p> <p>Nil</p> <p><u>Non-listed companies</u></p> <ul style="list-style-type: none"> <li>Children's Cancer Foundation</li> </ul> <p><u>Principal commitments</u></p> <ul style="list-style-type: none"> <li>Partner of Baker Tilly TFW LLP</li> </ul>	<p><b>Past (for the last 5 years) Directorships</b></p> <p><u>Listed companies</u></p> <p>Nil</p> <p><u>Non-listed companies</u></p> <p>Nil</p> <p><b>Present Directorships</b></p> <p><u>Listed companies</u></p> <p>Nil</p> <p><u>Non-listed companies</u></p> <p>Nil</p>

# CORPORATE GOVERNANCE

Appendix 7F Requirements			
Name of Director	Mr Chee Wai Pong	Mr Hu Weisheng	Mr Chua Thian Huat
	<p><u>Authorised Representative</u></p> <ul style="list-style-type: none"> <li>Ratiodata SE (Singapore Branch)</li> </ul> <p><u>Principal commitments</u></p> <ul style="list-style-type: none"> <li>Practicing lawyer under Chee Wai Pong &amp; Co.</li> <li>Partner of Everlasting Training Services LLP</li> </ul>	<ul style="list-style-type: none"> <li>Partner of TFW Capital LLP</li> </ul>	
<p><b>Disclose the following matters concerning an appointment of director, chief executive officer, chief financial officer, chief operating officer, general manager or other officer of equivalent rank. If the answer to any question is “yes”, full details must be given.</b></p>			
(a) Whether at any time during the last 10 years, an application or a petition under any bankruptcy law of any jurisdiction was filed against him or against a partnership of which he was a partner at the time when he was a partner or at any time within 2 years from the date he ceased to be a partner?	No	No	No
(b) Whether at any time during the last 10 years, an application or a petition under any law of any jurisdiction was filed against an entity (not being a partnership) of which he was a director or an equivalent person or a key executive, at the time when he was a director or an equivalent person or a key executive of that entity or at any time within 2 years from the date he ceased to be a director or an equivalent person or a key executive of that entity, for the winding up or dissolution of that entity or, where that entity is the trustee of a business trust, that business trust, on the ground of insolvency?	No	No	No
(c) Whether there is any unsatisfied judgment against him?	No	No	No
(d) Whether he has ever been convicted of any offence, in Singapore or elsewhere, involving fraud or dishonesty which is punishable with imprisonment, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such purpose?	No	No	No

# CORPORATE GOVERNANCE

Appendix 7F Requirements			
Name of Director	Mr Chee Wai Pong	Mr Hu Weisheng	Mr Chua Thian Huat
(e) Whether he has ever been convicted of any offence, in Singapore or elsewhere, involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such breach?	No	No	No
(f) Whether at any time during the last 10 years, judgment has been entered against him in any civil proceedings in Singapore or elsewhere involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or a finding of fraud, misrepresentation or dishonesty on his part, or he has been the subject of any civil proceedings (including any pending civil proceedings of which he is aware) involving an allegation of fraud, misrepresentation or dishonesty on his part?	No	No	No
(g) Whether he has ever been convicted in Singapore or elsewhere of any offence in connection with the formation or management of any entity or business trust?	No	No	No
(h) Whether he has ever been disqualified from acting as a director or an equivalent person of any entity (including the trustee of a business trust), or from taking part directly or indirectly in the management of any entity or business trust?	No	No	No
(i) Whether he has ever been the subject of any order, judgment or ruling of any court, tribunal or governmental body, permanently or temporarily enjoining him from engaging in any type of business practice or activity?	No	No	No

# CORPORATE GOVERNANCE

Appendix 7F Requirements			
Name of Director	Mr Chee Wai Pong	Mr Hu Weisheng	Mr Chua Thian Huat
<p>(j) Whether he has ever, to his knowledge, been concerned with the management or conduct, in Singapore or elsewhere, of the affairs of:</p> <p>(i) any corporation which has been investigated for a breach of any law or regulatory requirement governing corporations in Singapore or elsewhere; or</p> <p>(ii) any entity (not being a corporation) which has been investigated for a breach of any law or regulatory requirement governing such entities in Singapore or elsewhere; or</p> <p>(iii) any business trust which has been investigated for a breach of any law or regulatory requirement governing business trusts in Singapore or elsewhere; or</p> <p>(iv) any entity or business trust which has been investigated for a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere,</p> <p>in connection with any matter occurring or arising during that period when he was so concerned with the entity or business trust?</p>	No	No	No
<p>(k) Whether he has been the subject of any current or past investigation or disciplinary proceedings, or has been reprimanded or issued any warning, by the Monetary Authority of Singapore or any other regulatory authority, exchange, professional body or government agency, whether in Singapore or elsewhere?</p>	No	No	No

# CORPORATE GOVERNANCE

Appendix 7F Requirements			
Name of Director	Mr Chee Wai Pong	Mr Hu Weisheng	Mr Chua Thian Huat
<b>Disclosure applicable to the appointment of Director only</b>			
<p>Any prior experience as a director of an issuer listed on the Exchange? (Yes/No)</p> <p>If yes, please provide details of prior experience.</p> <p>If no, please state if the director has attended or will be attending training on the roles and responsibilities of a director of a listed issuer as prescribed by the Exchange.</p> <p>Please provide details of relevant experience and the nominating committee's reasons for not requiring the director to undergo training as prescribed by the Exchange (if applicable).</p>	Not applicable, as this is a re-election of a director.	Not applicable, as this is a re-election of a director.	Not applicable as this is a re-election of a director.



# SUSTAINABILITY REPORT

## About The Report

This Sustainability Report is issued by Progen Holdings Ltd (the “**Company**” and together with its subsidiaries, the “**Group**”) and focuses on the environmental, social and governance (“**ESG**”) factors that are identified as material to the businesses of the Group. We disclose our sustainability progress annually. The reporting period is from 1 January 2023 to 31 December 2023 (“**FY2023**”). There is no re-statement of environmental, human capital and community performance. We reviewed sustainability risks related to our business context in FY2023, and as a result, we fine-tuned our material sustainability factors. We have not sought external assurance for this sustainability report but have relied on internal verification to ensure data accuracy.

## Board Statement

The Board of Directors (“**Board**”) is committed towards creating long-term sustainable value and business growth for all internal and external stakeholders. The Board oversees the overall climate-related direction of the Group and is dedicated to conducting the business in a responsible manner so as to enhance the quality of our society while pursuing business sustainability. The Board has considered sustainability issues in its business and strategy, determined the material ESG factors and implemented oversight on the sustainability reporting and governance of this Sustainability Report. The Board is responsible in overseeing, management and monitoring of ESG factors.

## Sustainability Governance Structure

Setting the tone from the top, the Board is accountable for ensuring that sustainability is integrated into the strategic planning of the Group. At the Board level, the Audit and Risk Committee (“**ARC**”) monitors and controls how material sustainability factors are managed and interact with the Sustainability Committee (the “**Committee**”), to satisfy the implementation of sustainability governance through various levels of management. The Committee consists of members of management levels from various operational functions and is headed by the Managing Director. The Committee ensures that the sustainability factors are continuously monitored and adequately managed. Any sustainability risks that are flagged out are brought to the attention of the Board as appropriate. The Board will consider linking the executive remuneration and sustainability performance in consultation with the Remuneration Committee by FY2026.

## Framework and Assurance

This Sustainability Report has been prepared following Rule 711B and Practice Note 7F: Sustainability Reporting Guide of the Listing Manual Section B: Rules of Catalist (the “**Catalist Rules**”) of the Singapore Exchange Securities Trading Limited (the “**SGX-ST**”) with reference to the Task Force on Climate-Related Financial Disclosures (“**TCFD**”) framework and the Global Reporting Initiatives (“**GRI**”) Universal standards (2021) (“**GRI Standards**”).

## Stakeholder Engagement

The Group recognises the importance of our stakeholders’ interests and expectations for our long-term success in our business. The key stakeholder groups that have the most significant impact on the Group’s sustainability strategy are as follows:

Stakeholders	Key Topic of Concern	Engagement Methods	Frequency
Customers	<ul style="list-style-type: none"><li>– Availability and timely delivery of products and services</li><li>– Pricing and quality of products and services</li></ul>	<ul style="list-style-type: none"><li>– Emails</li><li>– Phone calls</li><li>– Customer visits</li><li>– Virtual online meetings</li></ul>	Throughout the year
Suppliers	<ul style="list-style-type: none"><li>– Timeliness of delivery of products and services</li><li>– Compliance with regulations and customers’ specifications</li></ul>	<ul style="list-style-type: none"><li>– Emails</li><li>– Phone calls</li><li>– Physical meetings</li><li>– Virtual online meetings</li></ul>	Throughout the year
Employees	<ul style="list-style-type: none"><li>– Work environment</li><li>– Fair compensation and benefits</li><li>– Training and education</li></ul>	<ul style="list-style-type: none"><li>– Internal circulars and emails</li><li>– Discussion sessions</li></ul>	Throughout the year
Investors	<ul style="list-style-type: none"><li>– Economic performance</li><li>– Corporate governance</li><li>– Shareholders’ returns</li></ul>	<ul style="list-style-type: none"><li>– Annual general meeting</li><li>– Announcements via SGXNET</li><li>– Annual reports</li></ul>	Periodically

# SUSTAINABILITY REPORT

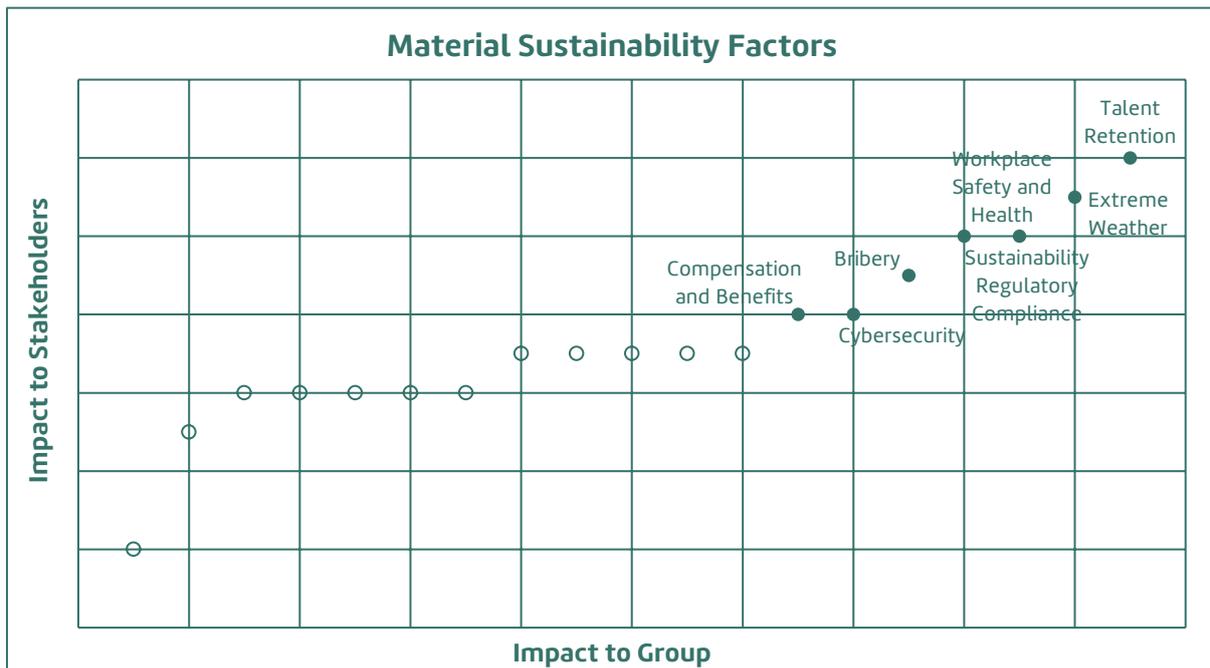
## Materiality Analysis

The Group has gradually applied the materiality determination process. In FY2022, we incorporated stakeholder engagement results into our risk management review for the first time to enhance our analysis. Concerns stated by stakeholders can be more to business risks than sustainability risks. Therefore, in assessing sustainability risks, we filter the concerns. We review all business-related concerns under our business risks, while those identified as sustainability-related concerns are treated as sustainability risks. Using the GRI Standards as a guide, this filtering process focuses on sustainability issues. We conduct the assessment of sustainability risks by using sustainability risk ratings. The ratings consist of three types of ratings, i.e., impact, likelihood, and velocity. The impact rating considers the sustainability impact of each risk. The likelihood rating considers the occurrence likelihood of each risk, and the velocity rating assists us in determining the onset of each risk. The total score of each sustainability risk represents the materiality for Progen and Stakeholders. In FY2023, we reviewed the relevance of those risks and updated the materiality of each sustainability risk.

The materiality determination process is as follows:

- 1) **Identify** – Identify sustainability issues from all issues stated in stakeholder engagement. Use GRI Standards as a reference.
- 2) **Rate** – Cluster similar issues into Environment, Social and Ethics, using the management perspective on issue relevance.
- 3) **Prioritise** – Prioritise based on likelihood, impact and velocity.
- 4) **Validate** – Review and validate by the Board.

For this report, we concentrate on the 7 most material factors. However, we will continue to monitor the risks with lower materiality as those risks can affect the Group’s operational performance at certain point in time.



	Key Stakeholders	Classification
Talent retention	Employees	Social
Extreme weather	Customers, employees	Environment
Workplace safety and health	Employees	Social
Sustainability regulatory compliance	Investors	Environment
Bribery	Customers, suppliers, investors	Ethics
Cybersecurity	Customers, employees	Ethics
Compensation and benefits	Employees	Social

# SUSTAINABILITY REPORT

## ENVIRONMENT

The Group considers risks and opportunities related to climate change and green procurement to minimise negative environmental impact. Our operations can, directly and indirectly, contribute to climate change. Our indirect impact originates from installation of air-conditioning systems at various premises. Air-conditioners, by nature, will emit greenhouse gases which contribute to climate change. Whenever possible, we offer customers systems that meet the Green Mark requirements. The Green Mark Certification scheme<sup>1</sup> is a scheme launched by the Building and Construction Authority in January 2005 to rate building's environmental impact. It provides a comprehensive framework for assessing the overall environmental performance of new and existing buildings to promote sustainable design, and best practices in construction and operations in buildings. As a strategic transition to a lower carbon economy, we filter various products from our suppliers and support green procurement. We manage our direct impact on climate change by investing in green building technologies at our headquarter building such as water conservation fittings, electricity conservation lightings and high efficiency air conditioners. Despite the previous unsuccessful attempt due to the architectural nature of the building, the Group is currently engaging with another external team to explore the possibility of installing solar panel system for the building. For FY2023, there were no environmental violation of laws and regulations that resulted in fines or sanctions. For FY2024, we target to have zero violation of laws and regulations that will result in fines or sanctions.

### Carbon Footprint

In FY2023, our team used MRT and buses for 54,818 km and 68,325 km of business travels respectively. Nationwide, travelling by electric buses or trains potentially cut carbon emissions by 70%<sup>2</sup> and 90%<sup>3</sup> respectively, compared to driving internal combustion engine (ICE) cars.

In FY2023, the Group replaced some of its older, more pollutive diesel light commercial vehicles ("LCVs") to cleaner LCVs. Currently, under the Commercial Vehicle Emissions Scheme (CVES), 50% of its LCVs qualify as Band B LCVs. We target to increase the percentage to at least 65% in FY2024.

### Water

Our water usage is tracked together with our tenants'. In FY2023, we and our tenants consumed approximately 82.1% and 17.9% of the total annual consumption respectively. Our consumption had increased in FY2023 as the dormitory facility in our building that houses our own workers achieved 100% occupancy since first quarter of the year. We have reminded and encouraged our employees on water conservation. In FY2023, we met the target to educate 100% of our employees on the proper usage of water conservation fittings that were installed. For FY2024, we target to maintain or reduce water consumption.

### Electricity

Our electricity consumption is tracked together with our tenants'. In FY2023, we and our tenants consumed approximately 51.1% and 48.9% of the total annual consumption respectively. Despite the occupancy of the dormitory facility increasing from 75% in FY2022 to 100% in FY2023, our annual consumption for FY2023 remained comparable to that of FY2022. This had been achieved via encouraging and educating our employees on electricity conservation and the employment of various energy saving practices for the building. In FY2023, we met the target to educate 100% of our employees on electricity conservation. For FY2024, we target to maintain or reduce electricity consumption. For the long-term conservation targets, we are currently engaging with vendors to study the installation of solar panel system for the building.

<sup>1</sup> <https://www1.bca.gov.sg/buildsg/sustainability/green-mark-certification-scheme>

<sup>2</sup> <https://www.straitstimes.com/singapore/politics/budget-debate-lifespan-of-electric-cabs-extended-to-10-years-as-spore-sets-new-targets-to-electrify-public-transport>

<sup>3</sup> <https://www.mot.gov.sg/news/details/parliamentary-ministerial-statement-by-minister-for-transport-mr-s-iswaran-on-meeting-the-transport-needs-of-singaporeans>

# SUSTAINABILITY REPORT

## Climate-Related Disclosure

In line with TCFD recommendations, we integrated climate risk into the Group’s risk management. All risks are flagged to the Committee, which will convene to discuss mitigation measures. Any significant issues identified from the meetings will be brought to the attention of the Board as appropriate.

Types of Climate Change Risk	Risks	Opportunities
Chronic	Sustained lower temperatures may reduce demands on our cooling system services. (Long-term)	Sustained higher temperatures may increase demand for our cooling system services. (Long-term)
Acute	Extreme weather may disrupt and delay our on-site service deliveries. (Short-term)  High outdoor temperatures will affect health of our employees and reduce productivity. (Medium-term)	N.A.
Transitional	Availability and feasibility of green technology for timely implementation. (Short-term)  Implementation of carbon tax and other regulatory requirements will increase operating costs. (Long-term)	Broader markets in areas which impose Green Mark requirements. (Medium-term)

In order to mitigate these risks, in the immediate horizon, we encourage our employees to reduce water and electricity usage wherever possible and to promote efficient conservation habits. We will work with business associates, consultants and local authorities to ensure compliance with applicable environmental laws and regulations.

TCFD Recommended Disclosures	Description
<b>Governance</b>	
Describe the board’s oversight of climate-related risks and opportunities.	The Board has considered sustainability issues including climate-related risks and opportunities in its business and strategy, determined the material ESG factors and implemented oversight on the sustainability reporting and governance of this Sustainability Report. All the board members have attended sustainability training.
Describe management’s role in assessing and managing climate-related risks and opportunities.	The Sustainability Committee (the “ <b>Committee</b> ”), consisting of members of management levels from various operational functions and headed by the Managing Director, continuously identifies, assesses and manages the climate-related risks and opportunities.
<b>Strategy</b>	
Describe the climate-related risks and opportunities the organisation has identified over the short, medium, and long term.	We have identified a number of risks as short, medium and long term under the categories of chronic, acute and transitional.
Describe the impact of climate-related risks and opportunities on the organisation’s businesses, strategy, and financial planning.	Climate-related risks and opportunities are given sufficient weightage in the organisation’s decision making at all levels. We recognise the profound impact of climate change on our businesses, strategy, and financial planning. For example, for the conversion of part of the building into a dormitory, we have chosen designs and materials that are more environmentally friendly. This approach not only mitigates climate risks but also positions us to capitalise on emerging opportunities in the transition to a low-carbon economy.
Describe the resilience of the organisation’s strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario.	Employees are encouraged to reduce water and electricity usage wherever possible and to promote efficient conservation habits. We practice green procurement and propose systems that meet the Green Mark requirements to the customers. Our headquarter building utilises various green building technologies such as water conservation fittings, electricity conservation lightings and high efficiency air conditioners to conserve energy. These efforts not only mitigate our environmental impact but also position us to thrive in various climate scenarios, including a 2°C or lower trajectory.

# SUSTAINABILITY REPORT

TCFD Recommended Disclosures	Description
<b>Risk Management</b>	
Describe the organisation’s processes for identifying and assessing climate-related risks.	The Committee holds regular meetings to discuss operational, business and strategic matters. During these meetings, key operational risks, including climate-related risks are identified and discussed.
Describe the organisation’s processes for managing climate-related risks.	Any climate-related risks flagged out during the Committee’s meeting are analysed and mitigating actions will be sought and discussed. Follow-ups are performed in subsequent meetings to ensure effectiveness of mitigating actions.
Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organisation’s overall risk management.	We integrate climate risk into our risk management processes across all operation functions. The Committee is represented by management of each function and will flag out any climate-related risks that are observed in the course of operation.
<b>Metrics and Targets</b>	
Disclose the metrics used by the organisation to assess climate-related risks and opportunities in line with its strategy and risk management process.	Stakeholders were engaged to identify sustainability risks, including climate-related risks. Identified risks were rated for impact, likelihood and velocity. The total score is calculated and risks with higher materiality are monitored and managed more closely.
Disclose Scope 1, Scope 2 and, if appropriate, Scope 3 GHG emissions, and the related risks.	We traced sources of our carbon emissions. Scope 1 emission is from owned service fleets; Scope 2 from our direct electricity consumption and Scope 3 from tenants’ consumption. For FY2023, Scope 2 and Scope 3 absolute emissions are 174.40 tonnes CO <sub>2</sub> e and 85.32 tonnes CO <sub>2</sub> e respectively. Moving forward, we will implement the IPCC (Intergovernmental Panel on Climate Change) method to calculate Scope 1 emission. The Group will set FY2024 as the baseline year for Scope 1, Scope 2 and Scope 3 emissions as the Group plans to install solar panels at the building which may affect electricity consumption significantly.
Describe the targets used by the organisation to manage climate-related risks and opportunities and performance against targets.	We have targeted and achieved zero incidence of environmental non-compliance for FY2023. For FY2024, we target to maintain zero incidence of environmental non-compliance.

## SOCIAL

### People Development

Employees are essential assets to our business. They manage customers’ and potential customers’ expectations, propose systems that meet requirements, deliver agreed designs and provide timely and effective after-sales service. The Group is committed to upskilling our workforce, to ensure compliance with regulations, facilitate professional development, safeguard workplace safety and propagate knowledge of resource conservation. All employees receive regular reviews of their performance. Training opportunities are based on performance and job scope regardless of age or other diversity indicators. In FY2023, we met the 2 targets of (i) sending all of our technical workers to the related training and to have the associated certifications from authorities; and (ii) not having gender discrimination incidents related to training and development. For FY2023, 15 employees accumulated training hours of 123. The average training hours per employee is 8. There were no reported incidents of gender discrimination related to training and development in FY2023. For FY2024, we target to (i) send all of our technical workers to the related training and to have the associated certifications from authorities; and (ii) not have gender discrimination incidents for training and development.

### Equality and Diversity

Employment, promotions, salary increment and training opportunities are given based on performance, skill sets and work attitude without taking age, gender, race and nationality into consideration. We encourage our employees to work beyond the current statutory retirement age of 63 and offer eligible employees with re-employment opportunities within the Group till 67 or older. This will enable the older employees to share their knowledge with the younger generation. For FY2023, no report of discrimination against employees based on age, gender, race and nationality was received. For FY2024, we target to have zero discrimination against employees based on age, gender, race and nationality.

# SUSTAINABILITY REPORT

	2022		2023	
	No.	%	No.	%
<b>By Age Group</b>				
< 30	15	29%	12	25%
30 – 39	13	25%	12	25%
40 – 49	7	13%	9	19%
50 – 59	10	19%	9	19%
> 60	7	13%	6	13%
	<b>52</b>	<b>100%</b>	<b>48</b>	<b>100%</b>
<b>By Gender</b>				
Male	41	79%	37	77%
Female	11	21%	11	23%
	<b>52</b>	<b>100%</b>	<b>48</b>	<b>100%</b>
<b>By Nationality</b>				
Singaporean and PR	22	42%	20	42%
Others	30	58%	28	58%
	<b>52</b>	<b>100%</b>	<b>48</b>	<b>100%</b>
<b>By Year of Service</b>				
< 5	28	54%	26	54%
5 – 9	3	6%	3	6%
10 – 14	10	19%	9	19%
15 – 19	4	8%	4	8%
20 – 24	2	4%	1	2%
> 25	5	10%	5	10%
	<b>52</b>	<b>100%</b>	<b>48</b>	<b>100%</b>

The Group’s turnover rate for FY2022 and FY2023 were 7% and 4% respectively – meeting the target of maintaining the rate at below 10%. For FY2024, we target to maintain turnover rate at below 10%.

## Occupational Health and Safety

The Group is committed to providing a healthy and safe working environment by managing our health and safety risks through Occupational Health and Safety Management programmes. The objectives and targets of these programmes are to reduce and minimise accidents in the workplace, create safety awareness among all employees to minimise hazardous working environments, and ensure compliance with regulatory requirements. Our Group is certified under bizSAFE STAR, the highest rating of the bizSAFE programme under the Workplace Safety and Health Council. The bizSAFE STAR recognises that Progen’s Workplace Safety and Health Management System (WSHMS) identifies, manages and controls workplace risks or hazards in compliance with the Workplace Safety and Health Act 2006 and international standards such as ISO 45001. Progen is certified for ISO450001:2018 until August 2026.

The bizSAFE programme, supported by the Ministry of Manpower, was designed to help companies build workplace safety and health capabilities. The programme includes SGSecure elements to help companies to implement measures for managing potential safety threats.

In FY2023, the Group received from the Main Contractors awards like Best Subcontractor for Environment, Health and Safety (“EHS”) Performance and several employees received awards like Best EHS Workers and Best EHS Conscious Supervisor.

The Group continues monitoring the Company Emergency Response Team (“CERT”) as they implement safety measures and maintain the Emergency Response Plan (“ERP”). For FY2023, there have been no significant safety-related incidents reported, meeting the target set. For FY2024, we target to have zero work-related injury and zero work-related illness or health conditions arising from exposure to hazards at work.

Regarding health management, we adhere to the Ministry of Health of Singapore and related authorities in sending our people to different premises. We also offer space for our people to mingle, rest and chat with one another as part of our efforts to maintain their physical and mental well-being. In view of the expected high temperature, we remind our people (especially those carrying out their duties at construction sites) to take sufficient fluid throughout the day and to take shelter whenever possible.

# SUSTAINABILITY REPORT

## ETHICS

The Group has a whistleblowing policy and zero tolerance for fraudulent activities, including bribery, money laundering and other forms of financial crime. Each employee has access to our standard of ethical conduct stated in our employee handbook. All employees received training on our code of conduct. Please refer to page 29 for the whistleblowing policy and anti-fraud incidences. We met the target of zero report on incident involving ethic or fraud in FY2023. For FY2024, we target to maintain zero ethic-related and fraud-related incidences.

The Group understands the importance of cybersecurity to prevent the leakage and/or loss of confidential data of the Group, including but not limited to customers' personal data and other commercial and financial data. The Group is committed to ensuring customers' personal data are kept confidential in compliance with Singapore Personal Data Protection Act 2012. The Group also invests in necessary hardware and software to ensure regular and timely backups of data.

GRI STANDARD		DISCLOSURE	PAGE
<b>GRI 2: General Disclosures 2021</b>			
Disclosure 2-1	Organisational details	Corporate Profile	1
Disclosure 2-2	Entities included in the sustainability reporting	About the Report	36
Disclosure 2-3	Reporting period, frequency and contact point	About the Report	36
		Corporate Information	back cover
Disclosure 2-4	Restatements of information	About the Report	36
Disclosure 2-5	External Assurance	About the Report	36
Disclosure 2-6	Activities, value chain and other business relationships	Corporate Profile	1
Disclosure 2-9	Governance structures and composition	Corporate Governance	9 to 30
Disclosure 2-10	Nomination of Selection of the Highest Governance Body	Corporate Governance	9 to 30
Disclosure 2-11	Chair of the highest governance body	Corporate Governance	9 to 30
Disclosure 2-12	Role of the highest governance body in overseeing the management of impacts	Corporate Governance	9 to 30
		Board Statement	36
		TCFD Recommended Disclosure	39 to 40
Disclosure 2-13	Delegation of responsibility for managing impacts	Corporate Governance	9 to 30
		Sustainability Governance Structure	36
		TCFD Recommended Disclosure	39 to 40
Disclosure 2-14	Role of the highest governance body in sustainability reporting	Board Statement	36
Disclosure 2-15	Conflicts of interest	Corporate Governance	9 to 30
Disclosure 2-16	Communication of critical concerns	Corporate Governance	9 to 30
		Sustainability Governance Structure	36
		TCFD Recommended Disclosure	39 to 40
Disclosure 2-17	Collective knowledge of the highest governance body	Board Statement	36
		TCFD Recommended Disclosure	39 to 40
Disclosure 2-18	Evaluation of the performance of the highest governance body	Corporate Governance	9 to 30
Disclosure 2-22	Statement on sustainable development strategy	Sustainability Governance Structure	36
		TCFD Recommended Disclosure	39 to 40
Disclosure 2-25	Processes to remediate negative impacts	Board Statement	36
		TCFD Recommended Disclosure	39 to 40
Disclosure 2-26	Mechanisms for seeking advice and raising concerns	Board Statement	36
		Corporate Governance	9 to 30
		Sustainability Governance Structure	36

# SUSTAINABILITY REPORT

GRI STANDARD		DISCLOSURE	PAGE
Disclosure 2-27	Compliance with Laws and Regulations	Framework and Assurance	36
		TCFD Recommended Disclosure	39 to 40
<b>GRI 3: Material Topics 2021</b>			
Disclosure 3-1	Process to determine material topics	Materiality Analysis	37
Disclosure 3-2	List of material topics	Materiality Analysis	37
Disclosure 3-3	Management of material topics	Materiality Analysis	37
		TCFD Recommended Disclosure	39 to 40
<b>GRI 302: Energy 2016</b>			
Disclosure 302-1	Energy consumption within the organisation	TCFD Recommended Disclosure	39 to 40
Disclosure 302-3	Energy intensity	Not applicable as the energy intensities will only be calculated in FY2024.	
Disclosure 302-4	Reduction of energy consumption	Environment	38
<b>GRI 303: Water and Effluents 2018</b>			
Disclosure 303-5	Water consumption	Environment	38
<b>GRI 305: Emissions 2016</b>			
Disclosure 305-2	Indirect (scope 2) GHG emissions	TCFD Recommended Disclosure	39 to 40
Disclosure 305-3	Other indirect (scope 3) GHG emissions	TCFD Recommended Disclosure	39 to 40
<b>GRI 401: Employment 2016</b>			
Disclosure 401-1	New employee hires and employee turnover	Social	41
<b>GRI 404: Training and Education 2016</b>			
Disclosure 404-1	Average hours of training per employee	Social	41
Disclosure 404-3	Percentage of employees receiving regular performance and career development reviews	Social	41
<b>GRI 406: Non-Discrimination 2016</b>			
Disclosure 406-1	Incidents of discrimination and corrective actions taken	Social	41



# DIRECTORS' STATEMENT

The directors present their statement to the members together with the audited consolidated financial statements of Progen Holdings Ltd (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 2023.

## Opinion of the directors

In the opinion of the directors,

- (a) the accompanying balance sheets, consolidated statement of comprehensive income, statements of changes in equity, and consolidated cash flow statement together with the notes thereto 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 2023 and the financial performance, changes in equity and cash flows of the Group and the changes in equity of the Company for the 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:

Chee Wai Pong  
Lee Ee @ Lee Eng  
Hu Weisheng (Appointed on 28 April 2023)  
Chua Thian Huat (Appointed on 25 August 2023)  
Francis Lau Choo Yew

## 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' 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 of the Company and related corporations (other than wholly-owned subsidiaries) as stated below:

Name of director	Direct interest			Deemed interest		
	1.1.2023	31.12.2023	21.1.2024	1.1.2023	31.12.2023	21.1.2024
<b>The Company</b>						
<i>Ordinary shares</i>						
Lee Ee @ Lee Eng	167,277,440	170,547,440	170,547,440	28,113,041	28,113,041	28,113,041
Francis Lau Choo Yew	620,600	620,600	620,600	-	-	-

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 date of appointment if later, or at the end of the financial year and at 21 January 2024.

## Directors' contractual benefits

Except as disclosed in the financial statements, since the end of the previous financial year, no director of the Company has received or has become entitled to receive a benefit by reason of a contract made by the Company or a related corporation with the director, or with a firm of which the director is a member, or with a company in which the director has a substantial financial interest.

## Options

The Company does not currently have an Employees' Share Option Scheme. The previous scheme had lapsed on 31 July 2010 and has since been discontinued.

# DIRECTORS' STATEMENT

## Audit & Risk Committee

The Audit & Risk Committee ("ARC") carried out its functions in accordance with Section 201B (5) of the Companies Act 1967. The functions performed are detailed in the Report on Corporate Governance.

The ARC recommends to the Board of Directors the nomination of Ernst & Young LLP as external auditor at the forthcoming annual general meeting of the Company.

## Board's Opinion on Internal Controls

Based on the reports submitted by the internal auditor and the various management controls put in place, the Board with the concurrence of the ARC is of opinion that the internal controls and risk management systems of the Company are adequate in addressing its financial, operational, compliance and information technology risks.

## Auditor

Ernst & Young LLP have expressed their willingness to accept re-appointment as auditor.

On behalf of the board of directors:

Lee Ee @ Lee Eng  
Director

Chee Wai Pong  
Director

Singapore  
28 March 2024

# INDEPENDENT AUDITOR'S REPORT

For the financial year ended 31 December 2023

## Independent auditor's report to the members of Progen Holdings Ltd

### Report on the Audit of the Financial Statements

#### Opinion

We have audited the financial statements of Progen Holdings Ltd (the "Company") and its subsidiaries (collectively the "Group"), which comprise the balance sheets of the Group and the Company as at 31 December 2023, the statements of changes in equity of the Group and the Company and the 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 material accounting policy information.

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 2023 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 Matter

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current year. 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 the 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 construction contracts

The Group is involved in construction projects and recognises the related contract revenue by reference to the stage of completion of the contract activity (i.e. performance obligation) at 31 December 2023. The stage of completion is measured by reference to the actual cost incurred to date relative to the total budgeted cost to the completion of the contract activity (i.e., input method). Significant management judgements are used in these assessments and they can significantly impact the results of the Group. For these reasons, we have determined this to be a key audit matter.

As part of our audit, we obtained an understanding of the Group's processes and procedures for recognising revenue from construction contracts, evaluated the effectiveness of management's controls over the revenue recognition process and assessed management's basis of recognising revenue over time. We reviewed the contractual terms and conditions and management's budgeted time and costs of individually significant projects, including their considerations of any additional time and costs needed for ongoing projects due to business disruptions and operational changes.

We evaluated management's application of the input method in determining the stage of completion of the construction contracts by reviewing the latest costs budgets and actual costs incurred up to the reporting date. We tested management's revenue calculations taking into consideration the estimated stage of completion and information on variation orders for the construction contracts. We assessed management's basis in determining whether there is a need to make provisions for onerous loss-making construction contracts. In connection with this, we discussed with management and the relevant project personnel to understand the progress of the projects and if there were any ongoing disputes with the Group's customers, and compared the contract revenue against the estimated total contract costs. We also evaluated the presentation and disclosures in relation to the material accounting policies for construction contracts, judgement and methods used in estimating revenue, contract assets and contract liabilities and transaction price allocated to remaining performance obligations in Note 22 *Revenue*.

# INDEPENDENT AUDITOR'S REPORT

For the financial year ended 31 December 2023

## Other Information

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

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

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

## Responsibilities of Management and Directors for the Financial Statements

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

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

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

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

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

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

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



# INDEPENDENT AUDITOR'S REPORT

For the financial year ended 31 December 2023

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

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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

## Report on Other Legal and Regulatory Requirements

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

The engagement partner on the audit resulting in this independent auditor's report is Sharon Peh.

Ernst & Young LLP  
Public Accountants and  
Chartered Accountants  
Singapore  
28 March 2024

# BALANCE SHEETS

As at 31 December 2023

	Notes	Group		Company	
		2023 \$'000	2022 \$'000	2023 \$'000	2022 \$'000
<b>Non-current assets</b>					
Property, plant and equipment	4	18,519	417	46	58
Investment property	5	-	18,500	-	-
Right-of-use asset	6	1,786	1,727	623	759
Fixed deposits	7	2,000	2,000	-	-
Investment in subsidiaries	8	-	-	8,987	8,987
Investment in an associated company	9	1,491	1,363	-	-
Amounts due from subsidiaries	12	-	-	23,127	23,192
Deferred tax asset	19	33	33	-	-
		<b>23,829</b>	<b>24,040</b>	<b>32,783</b>	<b>32,996</b>
<b>Current assets</b>					
Cash and cash equivalents	7	2,017	361	85	49
Fixed deposit	7	5,380	-	-	-
Trade receivables	10	913	1,107	-	-
Contract assets	22(c)	88	142	-	-
Prepayments		53	49	1	5
Deposits		51	25	6	5
Other receivables	14	126	893	-	-
Investment securities	11	60	62	-	-
Amounts due from subsidiaries	12	-	-	1,419	1,411
Loan to an associated company	12	-	8,630	-	-
Inventories	13	172	206	-	-
		<b>8,860</b>	<b>11,475</b>	<b>1,511</b>	<b>1,470</b>
<b>Current liabilities</b>					
Trade payables	15	(531)	(884)	(43)	(34)
Deferred revenue		(86)	(80)	-	-
Other payables	16	(2,842)	(3,072)	(928)	(912)
Contract liabilities	22(c)	(1,089)	(504)	-	-
Income tax payable		(5)	(6)	(5)	(5)
Borrowings	17	-	(1,750)	-	-
Amounts due to subsidiaries	12	-	-	(459)	(456)
Lease liabilities	18	(37)	(34)	(131)	(126)
		<b>(4,590)</b>	<b>(6,330)</b>	<b>(1,566)</b>	<b>(1,533)</b>
<b>Net current assets/(liabilities)</b>		<b>4,270</b>	<b>5,145</b>	<b>(55)</b>	<b>(63)</b>
<b>Non-current liabilities</b>					
Lease liabilities	18	(1,748)	(1,693)	(508)	(638)
<b>Net assets</b>		<b>26,351</b>	<b>27,492</b>	<b>32,220</b>	<b>32,295</b>
<b>Equity attributable to equity holders of the Company</b>					
Share capital	20	32,390	32,390	32,390	32,390
Foreign currency translation reserve	21	(52)	(22)	-	-
Accumulated losses		(5,987)	(4,876)	(170)	(95)
<b>Total equity</b>		<b>26,351</b>	<b>27,492</b>	<b>32,220</b>	<b>32,295</b>

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 2023

	Notes	Group	
		2023 \$'000	2022 \$'000
<b>Revenue</b>			
Products and installation		3,250	4,122
Servicing and maintenance		418	408
Rental income		738	707
Total revenue	22	<u>4,406</u>	<u>5,237</u>
<b>Other items of income</b>			
Share of results of an associated company		128	1,363
Other income	23	<u>420</u>	<u>928</u>
Total other items of income		<u>548</u>	<u>2,291</u>
<b>Cost and expenses</b>			
Cost of products and installation		(2,448)	(2,650)
Property operating expenses	23	<u>(174)</u>	<u>(201)</u>
Salaries and employee benefits	23	<u>(2,073)</u>	<u>(2,169)</u>
Depreciation and amortisation expense		(130)	(132)
Other expenses	23	<u>(1,148)</u>	<u>(591)</u>
Finance cost	24	<u>(95)</u>	<u>(113)</u>
Total cost and expenses		<u>(6,068)</u>	<u>(5,856)</u>
<b>(Loss)/profit before income tax</b>		<u>(1,114)</u>	<u>1,672</u>
Income tax credit/(expense)	25	<u>3</u>	<u>(21)</u>
<b>(Loss)/profit, net of tax, attributable to equity holders of the Company</b>		<u>(1,111)</u>	<u>1,651</u>
<b>Other comprehensive income</b>			
Foreign currency translation		<u>(30)</u>	<u>(34)</u>
<b>Total comprehensive income attributable to equity holders of the Company</b>		<u>(1,141)</u>	<u>1,617</u>
<b>(Loss)/profit per share (cents per share)</b>			
Basic	26	<u>(0.284)</u>	<u>0.423</u>
Diluted	26	<u>(0.284)</u>	<u>0.423</u>

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





# CONSOLIDATED CASH FLOW STATEMENT

For the financial year ended 31 December 2023

	2023 \$'000	2022 \$'000
<b>Operating activities</b>		
(Loss)/profit before income tax	(1,114)	1,672
<b>Adjustments for:</b>		
Interest income	(335)	(252)
Finance costs	95	113
Gain on disposal of property, plant and equipment	(3)	-
Depreciation of property, plant and equipment	130	103
Depreciation of right-of-use asset	34	32
Amortisation of intangible asset	-	29
Allowance for expected credit loss	-	49
Bad debt expense	1	-
Write-back of allowance for stock obsolescence	(1)	-
Fair value loss/(gain) on investment property	500	(500)
Fair value loss on investment securities	2	9
Currency realignment	(30)	(34)
Share of results of an associated company	(128)	(1,363)
<b>Operating cash flows before changes in working capital</b>	<b>(849)</b>	<b>(142)</b>
Decrease/(increase) in trade and other receivables	962	(488)
Decrease/(increase) in contract assets	54	(99)
(Increase)/decrease in prepayments and deposits	(30)	15
Decrease/(increase) in inventories	34	(63)
(Decrease)/increase in trade payables	(353)	304
Increase/(decrease) in deferred revenue	6	(9)
(Decrease)/increase in other payables	(231)	550
Increase/(decrease) in contract liabilities	585	(406)
<b>Cash flows generated from/(used in) operations</b>	<b>178</b>	<b>(338)</b>
Interest paid	(34)	(54)
Interest received	335	3
<b>Net cash flows generated from/(used in) operating activities</b>	<b>479</b>	<b>(389)</b>
<b>Investing activities</b>		
Purchase of property, plant and equipment	(279)	(93)
Proceeds from disposal of property, plant and equipment	51	-
Repayment of shareholder loan from associated company	8,630	-
<b>Net cash flows generated from/(used in) investing activities</b>	<b>8,402</b>	<b>(93)</b>
<b>Financing activities</b>		
Payment of lease liabilities	(95)	(90)
(Repayment of)/proceeds from borrowings	(1,750)	350
<b>Net cash flows (used in)/generated from financing activities</b>	<b>(1,845)</b>	<b>260</b>
Net increase/(decrease) in cash and cash equivalents	7,036	(222)
Cash and cash equivalents at 1 January	361	583
<b>Cash and cash equivalents at 31 December</b>	<b>7,397</b>	<b>361</b>

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 2023

## 1. CORPORATE INFORMATION

Progen Holdings Ltd (the “Company”, and together with its subsidiaries, the “Group”) is a limited liability company incorporated and domiciled in Singapore and is listed on the Catalist Board of the Singapore Exchange Securities Trading Limited (“SGX-ST”).

The registered office and principal place of business of the Company is located at 28 Riverside Road, #04-01, Singapore 739085.

The principal activity of the Company is that of investment holding. The principal activities of the subsidiaries and the associated company are disclosed in Note 8 and Note 9 to the financial statements respectively. There have been no significant changes in the nature of these activities during the financial year.

## 2. MATERIAL ACCOUNTING POLICY INFORMATION

### 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 the historical cost basis except as disclosed in the accounting policies below.

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

As at 31 December 2023, the financial statements of the Company have been prepared on a going concern basis, notwithstanding that the Company was in a net current liabilities position of \$55,000. The subsidiaries of the Company maintain adequate cash and retained earnings and the Company has the right to call upon dividends from the subsidiaries.

### 2.2 Changes in accounting policies

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 2023. 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 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 Presentation of Financial Statements: Classification of Liabilities as Current or Non-current	1 January 2024
Amendments to SFRS(I) 1-1 Presentation of Financial Statements: Non-current Liabilities with Covenants	1 January 2024
Amendments to SFRS(I) 16 Leases: Lease Liability in a Sale and Leaseback	1 January 2024
Amendments to SFRS (I) 21: The Effects of Changes in Foreign Exchange Rates: Lack of Exchangeability	1 January 2025
Amendments to SFRS(I) 10 Consolidated Financial Statements and SFRS(I) 1-28 Investments in Associates and Joint Ventures: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Date 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.

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023

## 2. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

### 2.4 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.

### 2.5 Foreign currency

The financial statements are presented in SGD, 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 closing rate of exchange ruling at the end of the reporting period. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was measured.

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 average exchange rates for the year which approximate the exchange rates at the date of the transactions. The exchange differences arising on the translation are recognised initially in other comprehensive income and accumulated under currency translation reserve in equity. On disposal of a foreign operation, the cumulative amount recognised in currency translation reserve relating to that particular foreign operation is recognised in profit or loss.

### 2.6 Property, plant and equipment

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

Depreciation of an asset begins when it is available for use and is computed on a straight-line basis over the estimated useful life of the asset as follows:

Leasehold building	-	28 years
Plant and machinery	-	10 years
Furniture, fittings and equipment	-	4 to 10 years
Motor vehicles	-	5 years
Computers	-	3 years

The carrying values of property, plant and equipment are tested for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable.

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

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset is included in profit or loss in the year the asset is derecognised.

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023

## 2. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

### 2.7 Investment properties

Investment properties are properties that are either owned by the Group or leased under a finance lease in order to earn rentals or for capital appreciation, or both, rather than for use in the production or supply of goods or services, or for administrative purposes, or in the ordinary course of business. Investment properties comprise completed investment properties and properties that are being constructed or developed for future use as investment properties. Properties held under operating leases are classified as investment properties when the definition of investment properties is met.

Investment properties are initially measured at cost, including transaction costs.

Subsequent to initial recognition, investment properties are measured at fair value. Gains or losses arising from changes in the fair values of investment properties are included in profit or loss in the year in which they arise.

Investment properties are derecognised when either they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. Any gain or loss on the retirement or disposal of an investment property is recognised in profit or loss in the year of retirement or disposal.

### 2.8 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 such indication exists, or when 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 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, except for assets that are previously revalued where the revaluation was taken to other comprehensive income. In this case, the impairment is also recognised in other comprehensive income up to the amount of any previous revaluation.

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 increased amount cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Reversal of an impairment loss is recognised in profit or loss unless the asset is measured at revalued amount, in which case the reversal in excess of impairment loss previously recognised through profit or loss is treated as a revaluation increase.

### 2.9 Subsidiaries

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

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

### 2.10 Associated company

An associated company is an entity 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 accounts for its investment in the associated company using the equity method from the date on which it becomes an associated company.

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 net identifiable assets and liabilities is accounted for as goodwill and is included in the carrying amount of the investments. 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 associated company's profit or loss in the period in which the investment is acquired.

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023

## 2. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

### 2.10 Associated company (Continued)

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

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

### 2.11 Financial instruments

#### (a) *Financial assets*

##### Initial recognition and measurement

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

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, 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.

##### Investments in debt instruments

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

##### 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 other comprehensive income. 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 other comprehensive income, changes in fair value are recognised in profit or loss.

##### Derecognition

A financial asset is derecognised where the contractual rights to receive cash flows from the asset have expired. On de-recognition 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 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 and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

Financial liabilities that are recognised initially not at fair value through profit or loss, net of directly attributable transaction costs.

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023

## 2. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

### 2.11 Financial instruments (Continued)

#### (b) Financial liabilities (Continued)

##### 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 derecognition, the difference between the carrying amounts and the consideration paid is recognised in profit or loss.

### 2.12 Impairment of financial assets

The Group recognises an allowance for expected credit losses (“ECLs”) for all financial assets not held at fair value through profit or loss. 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).

#### (a) Simplified approach

For trade 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.

#### (b) General approach

The Group applies the general approach to provide for ECLs on all other financial assets not held at fair value through profit or loss. Under the general approach, the loss allowance is measured at an amount equal to 12-month ECLs at initial recognition.

At each reporting date, the Group assesses whether the credit risk of a financial instrument has increased significantly since initial recognition. When credit risk has increased significantly since initial recognition, loss allowance is measured at an amount equal to lifetime ECLs.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group’s historical experience and informed credit assessment and includes forward-looking information.

If credit risk has not increased significantly since initial recognition or if the credit quality of the financial instruments improves such that there is no longer a significant increase in credit risk since initial recognition, loss allowance is measured at an amount equal to 12-month ECLs.

The Group considers 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.

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023

## 2. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

### 2.13 Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. These also include bank overdrafts, if any that form an integral part of the Group's cash management.

For the purposes of the consolidated cash flow statement, cash and cash equivalents comprise cash and bank balances and unpledged fixed deposits, net of bank overdrafts, if any.

### 2.14 Inventories

Inventories are stated at the lower of cost and net realisable value.

Cost incurred in bringing the inventories to their present location and condition, includes cost of finished goods and other direct attributable costs and is accounted for on a first-in-first-out basis. Cost of finished goods comprises direct materials, labour and an appropriate proportion of production overhead expenditure.

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 based on estimated selling price in ordinary course of business less estimated costs of completion and the estimated costs necessary to make the sale.

### 2.15 Employee benefits

#### (a) *Defined contribution plan*

The Group participates in the national pension schemes as defined by the laws of the countries in which it has operations. In particular, the Singapore companies in the Group make contributions to the Central Provident Fund scheme in Singapore, a defined contribution pension scheme. Contributions to defined contribution pension schemes are recognised as an expense in the period in which the related service is performed.

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

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

### 2.16 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, except for short-term leases and leases of low-value assets. The Group recognises lease liabilities representing the obligations to make lease payments and right-of-use assets representing the right to use the underlying leased assets.

##### Right-of-use assets

The Group recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received.

The Group has a land lease that meets the definition of property, plant and equipment. The accounting policy for this right-of-use asset is as set out in Note 2.6.

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023

## 2. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

### 2.16 Leases (Continued)

#### (a) *As lessee* (Continued)

##### 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 a lease, if the lease term reflects the Group exercising the option to terminate. The variable lease payments that do not depend on an index or a rate are recognised as expense in the period on which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date if 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 in-substance fixed lease payments or a change in the assessment to purchase the underlying asset.

#### (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. 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. The accounting policy for rental income is set out in Note 2.17(c). Contingent rents are recognised as revenue in the period in which they are earned.

### 2.17 Revenue

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 recognised is the amount allocated to the satisfied performance obligation.

#### (a) *Products and installation*

Revenue from the sale of goods is recognised upon transfer of significant risks and rewards of ownership of the goods to the customer.

Revenue is not recognised to the extent where there are significant uncertainties regarding recovery of the consideration due, associated costs or the possible return of goods.

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

Revenue from the installation on a stand-alone basis is recognised upon the performance of services to the customer.

Revenue from the contracting of installation which including the services of designing, testing and commissioning are recognised over time by reference to the stage of completion at the end of the reporting period. Stage of completion is determined by reference to contract costs incurred to date as a percentage of total estimated costs. The Group's performance does not create an asset with alternative use to the Group and it has concluded that it has an enforceable right to payment for performance completed to date.



# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023

## 2. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

### 2.17 Revenue (Continued)

#### (b) *Servicing and maintenance*

Revenue from the provision of services is recognised upon the performance of services to the customer. Revenue from such services which is billed or collected in advance of the services being rendered, is deferred and reflected as deferred revenue.

#### (c) *Rental income*

Rental income arising from operating leases on the investment property 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.

#### (d) *Dividend income*

Dividend income is recognised when the Group's right to receive payment is established.

#### (e) *Interest income*

Interest income is recognised using the effective interest method.

### 2.18 Income taxes

#### (a) *Current tax*

Current 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 amounts are those that are enacted or substantively enacted at the end of the reporting period, in countries where the Group operates or generates taxable income.

Current taxes are recognised in profit or loss except to the extent that tax relates to items recognised outside profit or loss, are recognised 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 recognises provisions where appropriate.

#### (b) *Deferred tax*

Deferred income 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 income 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 and associated company, 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 income 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 and associated company, deferred income 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.

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023

## 2. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

### 2.18 Income taxes (Continued)

#### (b) Deferred tax (Continued)

The carrying amount of deferred tax asset is reviewed at each reporting date 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 each reporting date 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 to 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.

#### (c) Sales tax

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

- Where the sales tax incurred in a purchase of assets or services is not recoverable from the taxation authority, in which case the sales tax is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- Receivables and payables that are stated with the amount of sales tax included.

### 2.19 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.

### 2.20 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.

## 3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

The preparation of the Group's consolidated financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities at the end of the 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. Management is of the opinion that there is no significant judgement made in applying accounting policies that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial period.

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023

## 3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (CONTINUED)

### 3.1 Key sources of estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of the reporting period are discussed below. The Group based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising beyond the control of the Group. Such changes are reflected in the assumptions when they occur.

#### (a) *Revenue from construction contracts*

The Group recognises contract revenue by reference to the stage of completion of the contract activity at the end of each reporting period, when the outcome of a construction contract can be estimated reliably. The stage of completion is measured by reference to the proportion that contract costs incurred for work performed to date bear to the estimated total contract costs. Significant assumptions are required to estimate the total contract costs and the recoverable variation works that will affect the stage of completion and revenue recognised. The estimates are made based on past experience and knowledge of the project engineers. The carrying amounts of assets and liabilities arising from construction contracts at the end of each reporting period are disclosed in Note 22(c) to the financial statements. If the estimated total contract cost had been 5% lower/higher than management estimate, the carrying amount of the assets and liabilities arising from construction contracts would have been \$276,000 (2022: \$341,000) higher/lower and \$1,543,000 (2022: \$1,428,000) lower/higher respectively.

#### (b) *Provision for expected credit losses of financial assets carried at amortised costs*

##### (i) Simplified approach

The Group uses a provision matrix to calculate ECLs for trade receivables and contract assets. The provision rates are based on days past due for groupings of various customer segments that have similar loss patterns.

The provision matrix is initially based on the Group's historical observed default rates. The Group will calibrate the matrix to adjust historical credit loss experience with forward-looking information. At every reporting date, historical default rates are updated and changes in the forward-looking estimates are analysed.

The assessment of the correlation between historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and of forecast economic conditions. The Group's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future.

The carrying amount of trade receivables and contract assets as at 31 December 2023 are disclosed in Notes 10 and 22(c) to the financial statements.

##### (ii) General approach

The Group applies the general approach to provide for ECLs on all other financial assets carried at amortised cost. At each reporting date, the Group assesses whether the credit risk of a financial asset has increased significantly since initial recognition. When initial credit risk has increased significantly since initial recognition, loss allowance is measured at an amount equal to lifetime ECLs.

The assessment of whether credit risk of a financial asset has increased significantly since initial recognition is a significant estimate. Credit risk assessment is based on both quantitative and qualitative information and analysis, based on the Group's historical experience and informed credit assessment and includes forward-looking information.

The carrying amounts of these financial assets are disclosed in Note 10 to the financial statements.

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023

## 4. PROPERTY, PLANT AND EQUIPMENT

Group	Plant and machinery \$'000	Leasehold building \$'000	Furniture, fittings and equipment \$'000	Motor vehicles \$'000	Computers \$'000	Total \$'000
<b>Cost</b>						
At 1 January 2022	79	-	672	500	212	1,463
Additions	8	-	35	-	50	93
At 31 December 2022 and 1 January 2023	87	-	707	500	262	1,556
Additions	2	-	2	275	-	279
Disposal	-	-	-	(301)	-	(301)
Reclassification from investment property (Note 5)	-	18,000	-	-	-	18,000
At 31 December 2023	<b>89</b>	<b>18,000</b>	<b>709</b>	<b>474</b>	<b>262</b>	<b>19,534</b>
<b>Accumulated depreciation</b>						
At 1 January 2022	53	-	367	425	191	1,036
Charge for the year	9	-	58	15	21	103
At 31 December 2022 and 1 January 2023	62	-	425	440	212	1,139
Charge for the year	11	-	70	25	24	130
Disposal	-	-	-	(254)	-	(254)
At 31 December 2023	<b>73</b>	<b>-</b>	<b>495</b>	<b>211</b>	<b>236</b>	<b>1,015</b>
<b>Net carrying amount</b>						
At 31 December 2022	25	-	282	60	50	417
At 31 December 2023	<b>16</b>	<b>18,000</b>	<b>214</b>	<b>263</b>	<b>26</b>	<b>18,519</b>

### Property pledged as security

As at 31 December 2023, the leasehold building is pledged as security for the revolving credit facility of the Group. The facility is not drawn down as of 31 December 2023.

Company	Furniture, fittings and equipment \$'000	Motor vehicles \$'000	Computers \$'000	Total \$'000
<b>Cost</b>				
At 1 January 2022	11	228	121	360
Additions	-	-	11	11
At 31 December 2022, 1 January 2023 and 31 December 2023	11	228	132	371
<b>Accumulated depreciation</b>				
At 1 January 2022	11	181	110	302
Charge for the year	-	4	7	11
At 31 December 2022 and 1 January 2023	11	185	117	313
Charge for the year	-	5	7	12
At 31 December 2023	<b>11</b>	<b>190</b>	<b>124</b>	<b>325</b>
<b>Net carrying amount</b>				
At 31 December 2022	-	43	15	58
At 31 December 2023	<b>-</b>	<b>38</b>	<b>8</b>	<b>46</b>

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023

## 5. INVESTMENT PROPERTY

	Group	
	2023 \$'000	2022 \$'000
Fair value of investment property as at 1 January	18,500	18,000
Net (loss)/gain from fair value adjustment recognised in profit or loss	(500)	500
Reclassification to property, plant and equipment (Note 4)	(18,000)	-
Fair value of investment property as at 31 December	-	18,500

On 29 December 2023, the investment property was reclassified to property, plant and equipment due to a change in use.

### Valuation of investment properties

Investment property was stated at fair value as at 29 December 2023 and 31 December 2022. This was determined based on valuation performed by Premas Valuers & Property Consultants Pte Ltd, an accredited independent valuer. The fair value loss recorded was \$500,000 for the financial year ended 31 December 2023 (2022: gain of \$500,000). The fair value of the investment property was determined using the Direct Comparison Method which takes into account the price per square foot applicable to the property, and the remaining lease term of the land. In arriving at its estimate of market value, the valuer has used his market knowledge and professional judgement.

### Valuation policies and procedures

The fair value of investment property was determined by external independent professional valuer with a recognised and relevant professional qualification and with experience in the location and category of the property being valued. Management reviews the appropriateness of the valuation methodology and assumptions adopted, and the reliability of the inputs used in the valuation.

## 6. RIGHT-OF-USE ASSET

The Group, through its wholly-owned subsidiary, has entered into a land lease with JTC Corporation. The subsidiary has exercised the option to renew the lease of the leasehold land for another 30 years on 1 February 2022. Lease rental is subject to an annual revision as specified in the lease agreement.

The Company has entered into a lease agreement with its wholly-owned subsidiary for the lease of office space. The lease agreement has expired on 31 July 2022 and the Company has entered into a new lease agreement with its wholly-owned subsidiary on 1 August 2022. The Company has the option to renew the lease for further terms of 3 years after the expiry of the current lease period on 31 July 2025.

Set out below is the carrying amount of right-of-use asset recognised and the movements during the period:

	Group		Company	
	2023 \$'000	2022 \$'000	2023 \$'000	2022 \$'000
As at 1 January	1,727	1,670	759	508
Additions	-	-	-	816
Depreciation	(34)	(32)	(136)	(565)
Adjustment due to remeasurement of lease liabilities	93	89	-	-
As at 31 December	1,786	1,727	623	759

## 7. CASH AND CASH EQUIVALENTS

For the purpose of the consolidated cash flow statement, cash and cash equivalents comprise only cash and short-term fixed deposits at the end of the reporting period.

	Group	
	2023 \$'000	2022 \$'000
<b>Current</b>		
Cash on hand and at banks	2,017	361
Fixed deposits	5,380	-
	7,397	361

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023

## 7. CASH AND CASH EQUIVALENTS (CONTINUED)

Cash balances at bank earn interest at floating rates based on daily bank deposit rates.

Included in the Group's cash and cash equivalents are cash at bank of \$12,000 (2022: \$13,000) denominated in US Dollars ("USD").

During the financial year, short-term fixed deposits earn interest of 3% to 3.35% (2022: Nil%) per annum and have maturities between 2 months to 4 months (2022: Nil month), depending on the immediate cash requirements of the Group and the Company.

Not included in the Group's cash and cash equivalents are:

	Group	
	2023 \$'000	2022 \$'000
<b>Non-current</b>		
Fixed deposits	2,000	2,000

Non-current fixed deposits are pledged to banks for banking facilities for one of its subsidiaries. The fixed deposit will be rolled over upon maturity at the end of its term and at 31 December 2023 bears interest at 3.00% (2022: 0.10%) per annum.

## 8. INVESTMENT IN SUBSIDIARIES

	Company	
	2023 \$'000	2022 \$'000
Unquoted equity shares, at cost	9,123	9,123
Accumulated impairment in investment	(136)	(136)
	<b>8,987</b>	<b>8,987</b>

Assessment of impairment in investment in subsidiaries is carried out at the end of each reporting period if there are indicators of impairment and the necessary allowances are made accordingly. There is no impairment loss being recognised in the current and prior year.

### Composition of the Group

The Group has the following investment in subsidiaries.

Name of company (Country of incorporation)	Principal activities (Principal place of business)	Proportion (%) of ownership interest	
		2023	2022
<b>Held by the Company:</b>			
Progen Pte Ltd <sup>(1)</sup> (Singapore)	Trading and contracting of engineering works, cooling towers, air-conditioning and mechanical ventilation systems and rental of building space (Singapore)	100	100
D.B. Progen Servicing Pte Ltd <sup>(1)</sup> (Singapore)	Servicing and repairing of air-conditioners, cooling towers and other cooling equipment (Singapore)	100	100
Polacel Manufacturing (S.E. Asia) Pte Ltd <sup>(1)</sup> (Singapore)	Supply and installation of cooling fans, cooling towers and air-conditioners (Singapore)	100	100
Engpro Sdn Bhd <sup>(2)</sup> (Malaysia)	Installation and maintenance of air-conditioning systems (Malaysia)	100	100
<b>Held through: Progen Pte Ltd</b>			
Progen Industrial Pte Ltd <sup>(1)</sup> (Singapore)	Sale and distribution of household electrical appliances and air-conditioners (Singapore)	100	100

<sup>(1)</sup> Audited by Ernst & Young LLP, Singapore.

<sup>(2)</sup> Audited by Ernst & Young LLP, Malaysia.



# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023

## 9. INVESTMENT IN AN ASSOCIATED COMPANY

The Group's investment in an associated company is summarised below:

	2023 \$'000	2022 \$'000
Unquoted equity shares, at cost	400	400
Share of results of associated company	1,091	963
	<b>1,491</b>	<b>1,363</b>

Name of company	Principal place of business	Principal activities	Proportion of ownership interest	
			2023 %	2022 %
TSky Balmoral Pte Ltd <sup>(1)</sup> ("TSky")	Singapore	Property development	20	20

<sup>(1)</sup> Audited by KPMG, Singapore.

The activities of the associated company are strategic to the Group's activities. All the units developed by the associated company were fully sold as of January 2023.

The summarised financial information in respect of TSky Balmoral Pte Ltd ("TSky") based on the SFRS(I) financial statements and reconciliation with the carrying amount of the investment in the consolidated financial statements are as follows:

### Summarised balance sheet

	TSky	
	2023 \$'000	2022 \$'000
Current assets	8,849	91,986
Non-current assets	-	23,241
Total assets	<b>8,849</b>	<b>115,227</b>
Current liabilities	(1,393)	(13,194)
Non-current liabilities	-	(95,220)
Total liabilities	<b>(1,393)</b>	<b>(108,414)</b>
Net assets	<b>7,456</b>	<b>6,813</b>
Proportion of Group's ownership	<b>20%</b>	<b>20%</b>
Group's share of net assets, representing carrying amount of the investment	<b>1,491</b>	<b>1,363</b>

### Summarised statement of comprehensive income

	TSky	
	2023 \$'000	2022 \$'000
Revenue	26,582	109,799
Profit after tax, representing total comprehensive income	<b>656</b>	<b>11,132</b>

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023

## 10. TRADE RECEIVABLES

	Group	
	2023 \$'000	2022 \$'000
Trade receivables	458	766
Retention monies receivables	438	341
GST receivables	17	-
	<b>913</b>	<b>1,107</b>
Trade receivables are stated after deducting allowance for expected credit loss of	<b>(19)</b>	<b>(27)</b>
<i>Analysis of allowance for doubtful debts:-</i>		
At 1 January	(27)	(739)
Write-off for the year		
- Trade receivables	8	582
- Retention monies receivables	-	142
Charge for the year		
- Trade receivables	-	(12)
At 31 December	<b>(19)</b>	<b>(27)</b>

Trade receivables are non-interest bearing and are generally on 30 to 90 days terms. They are recognised at their original invoice amounts which represent their fair values on initial recognition.

Trade receivables that are determined to be impaired at the end of the reporting period relate to debtors that are in significant financial difficulties or have defaulted on payments. They are not secured by any collateral or credit enhancements.

Trade receivables are denominated in SGD.

### Receivables that are past due but not impaired

The Group has trade receivables amounting to \$287,000 as at 31 December 2023 (2022: \$65,000) that are past due at the end of the reporting period but not impaired. These receivables are unsecured and the analysis of their aging at the end of the reporting period is as follows:

	Group	
	2023 \$'000	2022 \$'000
<i>Trade receivables past due:</i>		
1 to 30 days	258	30
31 to 60 days	10	7
61 to 90 days	-	2
More than 90 days	19	26
	<b>287</b>	<b>65</b>

### Receivables that are impaired

As at 31 December 2023, the Group has provided an allowance of \$NIL (2022: \$5,000) for impairment of the retention monies receivable and \$19,000 (2022: \$22,000) for impairment of trade receivables from customers with a nominal amount of \$19,000 (2022: \$27,000).

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023

## 10. TRADE RECEIVABLES (CONTINUED)

### Expected credit losses

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

	Group		Group	
	Trade receivables 2023 \$'000	Retention receivables 2023 \$'000	Trade receivables 2022 \$'000	Retention receivables 2022 \$'000
<i>Movement in allowance amounts</i>				
At 1 January	(22)	(5)	(152)	(587)
Write-off for the year	8	-	142	582
(Charge)/write-back for the year	(5)	5	(12)	-
At 31 December	<u>(19)</u>	<u>-</u>	<u>(22)</u>	<u>(5)</u>

## 11. INVESTMENT SECURITIES

	Group	
	2023 \$'000	2022 \$'000
<i>At fair value through profit or loss</i>		
- Equity instruments (quoted)	<u>60</u>	<u>62</u>

During the financial year, the Group recognised a fair value loss arising from investments in equity instruments amounting to \$2,000 (2022: \$9,000) directly in profit or loss.

## 12. RELATED PARTY BALANCES

### Loan to an associated company (current)

This amount relates to shareholders' loan provided to the associated company for the property development project at 17 Balmoral Road.

The loan was interest bearing, unsecured, repayable upon the completion of the associated company's development project and was to be settled in cash. The interest rate was pegged to the interest rate of the land loan obtained by the associated company from external banks.

The loan and the interest accrued for the loan had been fully repaid as at 31 December 2023.

### Amount due from a subsidiary (non-current)

The non-trade amount is interest-free and not expected to be repaid in the next 12 months. The settlement of the amount is neither planned nor likely to occur in the foreseeable future. As the amount forms, in substance, part of the net investment in the subsidiary, it is stated at cost.

### Amounts due from subsidiaries (current)

	Company	
	2023 \$'000	2022 \$'000
Non-trade	1,539	1,531
Allowance for doubtful debts	(120)	(120)
	<u>1,419</u>	<u>1,411</u>

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023

## 12. RELATED PARTY BALANCES (CONTINUED)

The non-trade balances relate to management fees due, common cost allocations as well as payment made on behalf of these subsidiaries. At the end of the reporting period, the Company has provided an allowance of expected credit loss of \$120,000 (2022: \$120,000) on amounts due from subsidiaries.

Amounts due from subsidiaries are denominated in SGD.

### Amounts due to subsidiaries

The non-trade balances relate to payments made on behalf by the subsidiaries.

## 13. INVENTORIES

	Group	
	2023 \$'000	2022 \$'000
<i>At lower of cost and net realisable value</i>		
Consumables and spares	1	2
Trading stocks	171	204
	<u>172</u>	<u>206</u>
Inventories are stated after deducting allowance for obsolescence	<u>33</u>	<u>34</u>

Inventories recognised as an expense in cost of products and installation are \$2,448,000 and \$1,992,000 for the financial years ended 31 December 2023 and 2022 respectively.

## 14. OTHER RECEIVABLES

Other receivables are non-interest bearing and are generally on 30 days term. They are recognised at their original invoice amounts which represent their fair values at initial recognition.

## 15. TRADE PAYABLES

	Group		Company	
	2023 \$'000	2022 \$'000	2023 \$'000	2022 \$'000
Trade payables	360	679	11	9
Retention sums payable	139	172	-	-
GST payable	32	33	32	25
	<u>531</u>	<u>884</u>	<u>43</u>	<u>34</u>

Trade payables are non-interest bearing and are normally settled on 60 days (2022: 60 days) terms.

## 16. OTHER PAYABLES

	Group		Company	
	2023 \$'000	2022 \$'000	2023 \$'000	2022 \$'000
<u>Current</u>				
Accrued operating expenses	1,962	1,952	779	685
Deposits received	172	222	-	-
Sundry payables	572	686	13	15
Amounts due to directors	136	212	136	212
	<u>2,842</u>	<u>3,072</u>	<u>928</u>	<u>912</u>

Included in accrued operating expenses are unbilled construction work done on leasehold building of \$596,000 (2022: \$596,000).

Sundry payables are non-interest bearing and have an average term of 12 months.

Amounts due to directors are non-interest bearing and repayable on demand.



# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023

## 17. BORROWINGS

	Group	
	2023 \$'000	2022 \$'000
Bank borrowings	-	1,750

The effective interest rate is 6.00% (2022: 3.58%) per annum. The bank borrowings were secured on the leasehold building and were denominated in SGD. The total credit facilities as at year end amounted to \$3,000,000 (2022: \$4,000,000).

## 18. LEASE LIABILITIES

The Group has lease contract for its land lease. The Group's obligations under its leases are secured by the lessor's title to the leased assets.

The carrying amounts of lease liabilities recognised and the movements during the year are as follows:

	Group		Company	
	2023 \$'000	2022 \$'000	2023 \$'000	2022 \$'000
As at 1 January	1,727	1,670	764	87
Interest expense	61	58	26	12
Payments	(95)	(90)	(151)	(151)
Adjustment due to remeasurement of lease liabilities	92	89	-	816
As at 31 December	1,785	1,727	639	764
Current	37	34	131	126
Non-current	1,748	1,693	508	638

The reconciliation of the changes in liabilities arising from financing activities is as follows:

	At beginning of reporting period \$'000	Additional drawdown \$'000	Non-cash changes	Adjustment due to remeasurement of lease liabilities \$'000	Financing cash flows \$'000	At end of reporting period \$'000
			Interest expense \$'000			
<b>31 December 2023</b>						
Lease liabilities	(1,727)	-	(61)	(92)	95	(1,785)
Bank borrowings	(1,750)	-	-	-	1,750	-
<b>31 December 2022</b>						
Lease liabilities	(1,670)	-	(58)	(89)	90	(1,727)
Bank borrowings	(1,400)	(350)	-	-	-	(1,750)

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023

## 19. DEFERRED TAX ASSETS/(LIABILITIES)

Deferred income tax as at 31 December relates to the following:

	Group				Company	
	Consolidated balance sheet		Statement of comprehensive income		Balance sheet	
	2023 \$'000	2022 \$'000	2023 \$'000	2022 \$'000	2023 \$'000	2022 \$'000
Provisions	4	4	-	(21)	-	-
Unutilised tax losses	51	51	-	-	-	-
Other items	(22)	(22)	-	-	-	-
	<u>33</u>	<u>33</u>	<u>-</u>	<u>(21)</u>	<u>-</u>	<u>-</u>
Deferred income tax expense			<u>-</u>	<u>(21)</u>		
<i>Deferred tax asset not recognised</i>						
Differences in depreciation for tax purposes	(28)	(37)			-	-
Provisions	(139)	(99)			(154)	(134)
Unutilised tax losses	(1,181)	(1,091)			-	-
	<u>(1,348)</u>	<u>(1,227)</u>			<u>(154)</u>	<u>(134)</u>

### Deferred tax asset recognised

Deferred tax assets are recognised for unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. In determining the timing and level of future taxable profits together with future tax planning strategies, the Group assessed the probability of expected future cash inflows based on expected revenues from existing contracts for the next financial year.

### Deferred tax asset not recognised

Deferred income tax assets are recognised for tax losses carried forward to the extent that realisation of the related tax benefits through future taxable profits is probable. The Group has unrecognised tax losses of \$1,181,000 (2022: \$1,091,000) at the end of the reporting period which can be carried forward and used to offset against future taxable income subject to meeting certain statutory requirements. The tax losses have no expiry date. Deferred tax asset arising from temporary differences are not recognised due to uncertainty of its recoverability.

## 20. SHARE CAPITAL

	Group and Company			
	2023		2022	
	No. of shares '000	\$'000	No. of shares '000	\$'000
<b>Issued and fully paid ordinary shares:</b>				
At beginning and end of financial year	<u>390,512</u>	<u>32,390</u>	<u>390,512</u>	<u>32,390</u>

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

## 21. 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 2023

## 22. REVENUE

### (a) Disaggregation of revenue

	Group	
	2023 \$'000	2022 \$'000
<b>Major product or service line</b>		
Product and installation	3,250	4,122
Servicing and maintenance	418	408
Rental income	738	707
	<b>4,406</b>	<b>5,237</b>
<b>Timing of transfer of goods or services</b>		
At a point in time <sup>^</sup>	1,431	1,673
Over time <sup>*</sup>	2,975	3,564
	<b>4,406</b>	<b>5,237</b>

<sup>^</sup> Pertains to revenue from the servicing and maintenance and rental income.

<sup>\*</sup> Pertains to revenue from product and installation.

### (b) Judgement and methods used in estimating revenue

For the revenue from product and installation 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 of the product and installation works to the customers, as it reflects the Group's efforts incurred to date relative to the total inputs expected to be incurred for the product and installation works. 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 products and installation works.

The estimated total costs are based on contracted amounts and, in respect of amounts not contracted for, management relies on past experience and knowledge of the project managers to make estimates of the amounts to be incurred. In making these estimates, management takes into consideration the historical trends of the amounts incurred in other similar product and installation projects for the past 2 to 3 years.

### (c) Contract assets and contract liabilities

Information about receivables, contract assets and contract liabilities from contracts with customers is disclosed as follows:

	Group	
	2023 \$'000	2022 \$'000
Receivables from contracts with customers (Note 10)	913	1,107
Contract assets	88	142
Contract liabilities	1,089	504

The Group has recognised impairment losses on receivables arising from contracts with customers amounting to \$NIL (2022: \$12,000).

Contract assets primarily relate to the Group's right to consideration for work completed but not yet billed at reporting date for products and installation projects. 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 from customers for products and installation projects. Contract liabilities are recognised as revenue as the Group performs under the contract.

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023

## 22. REVENUE (CONTINUED)

### (c) Contract assets and contract liabilities (Continued)

A reconciliation of the carrying amount of the contract assets/(liabilities) is as follows:

	Group	
	2023 \$'000	2022 \$'000
Opening balance	(362)	(867)
Amount billed to customers during the year	(3,614)	(3,059)
Amount of revenue recognised during the year	2,975	3,564
Ending balance	<u>(1,001)</u>	<u>(362)</u>

### (d) Transaction price allocated to remaining performance obligation

The Group expects to recognise \$3,993,000 as revenue relating to the transaction price allocated to the unsatisfied (or partially unsatisfied) performance obligations as at 31 December 2023 in financial year 2024 and \$1,727,000 in the financial year 2025.

## 23. OTHER INCOME, SALARIES AND EMPLOYEE BENEFITS AND OTHER EXPENSES

	Group	
	2023 \$'000	2022 \$'000
<b><i>Other income</i></b>		
Interest income		
– Fixed deposits	174	3
– Current account	5	–
– Loan to an associated company	156	249
Government grants	29	170
Gain on disposal of property, plant and equipment	3	–
Fair value gain on investment property (Note 5)	–	500
Others	53	6
	<u>420</u>	<u>928</u>
<b><i>Salaries and employee benefits</i></b>		
Salaries and bonuses	(1,679)	(1,839)
Central Provident Fund contributions	(86)	(103)
Other short-term benefits	(308)	(227)
	<u>(2,073)</u>	<u>(2,169)</u>
<b><i>Property operating expenses</i></b>		
Property tax	(120)	(120)
Repair and maintenance	(46)	(61)
Subletting fees	(8)	(20)
	<u>(174)</u>	<u>(201)</u>
<b><i>Other expenses</i></b>		
Audit fees:		
– Auditor of the Company	(86)	(78)
– Other auditors	(1)	(2)
Non-audit fees:		
– Auditor of the Company	(13)	(13)
Directors' fees	(114)	(141)
Fair value loss on investment securities (Note 11)	(2)	(9)
Fair value loss on investment property (Note 5)	(500)	–
Depreciation of right-of-use assets (Note 6)	(34)	(32)
Allowance for expected credit loss (Note 10)	–	(12)
	<u>–</u>	<u>(12)</u>

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023

## 24. FINANCE COST

	Group	
	2023 \$'000	2022 \$'000
Interest expense on:		
– Bank loans	(34)	(55)
– Lease liabilities	(61)	(58)
	<u>(95)</u>	<u>(113)</u>

## 25. INCOME TAX

	Group	
	2023 \$'000	2022 \$'000
Current income tax		
– Over provision in respect of previous years	(3)	–
Deferred income tax		
– Tax expense	–	21
Income tax (credit)/expense recognised in profit or loss	<u>(3)</u>	<u>21</u>

### Relationship between tax and loss before tax

The reconciliation between income tax and the product of loss/(profit) before tax multiplied by the applicable corporate tax rate for the years ended 31 December 2023 and 2022 are as follows:

	Group	
	2023 \$'000	2022 \$'000
(Loss)/profit before income tax	<u>(1,114)</u>	<u>1,672</u>
Tax calculated at corporate tax rate of 17% (2022: 17%)	(189)	284
Non-deductible expenses	91	6
Income not subject to taxation	(28)	(294)
Deferred tax assets not recognised	126	25
Over provision in respect of previous years	(3)	–
Income tax (credit)/expense recognised in profit or loss	<u>(3)</u>	<u>21</u>

## 26. (LOSS)/PROFIT PER SHARE

(Loss)/profit per share is calculated by dividing the net (loss)/profit for the year attributable to ordinary equity holders of the Company by the weighted average number of ordinary shares outstanding during the financial year. The weighted average number of shares takes into account the weighted average effect of the rights issue during the year.

The following reflects the net (loss)/profit and share data used in the basic and diluted loss per share computations for the years ended 31 December:

	Group	
	2023 \$'000	2022 \$'000
(Loss)/profit for the year attributable to equity holders of the Company	<u>(1,111)</u>	<u>1,651</u>
	<b>No. of shares</b>	
	<b>'000</b>	<b>'000</b>
Weighted average number of ordinary shares in issue	<u>390,512</u>	<u>390,512</u>

The diluted (loss)/profit per share is the same as the basic (loss)/profit per share as the Company does not have any dilutive potential ordinary shares for the financial years ended 31 December 2023 and 2022.

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023

## 27. COMMITMENTS

### *Operating lease commitments – As lessor*

The Group had entered into leasing agreements on its leasehold building.

Minimum lease payments, recognised as an income in profit or loss for the financial year ended 31 December 2023 amounted to \$738,000 (2022: \$707,000).

Future minimum lease receivable for the lease arrangement with remaining terms of one year or more are as follows:

	Group	
	2023 \$'000	2022 \$'000
Within one year	177	443
After one year but not more than five years	6	176
	<b>183</b>	<b>619</b>

## 28. RELATED PARTY DISCLOSURES

During the financial year, other than those disclosed elsewhere in the financial statements, related party transactions of the Group are as follows:

### *Compensation of key management personnel*

	Group	
	2023 \$'000	2022 \$'000
Salaries and other emoluments	1,386	1,385
Central Provident Fund contributions	55	55
Other short-term benefits	12	7
	<b>1,453</b>	<b>1,447</b>
<i>Comprise amounts paid to:</i>		
– Directors of the Company	932	931
– Other key management personnel	521	516
	<b>1,453</b>	<b>1,447</b>

The remuneration of key management personnel is determined by the Remuneration Committee having regard to the performance of individuals and market trends.

## 29. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group and the Company are exposed to financial risks arising from its operations and the use of financial instruments. The key financial risks include credit risk and liquidity risk. The board of directors reviews and agrees policies and procedures for the management of these risks, which are executed by management. The Audit & Risk Committee provides independent oversight to the effectiveness of the risk management process.

The following sections provide details regarding the Group's and the Company's exposure to the above-mentioned financial risks and the objectives, policies and processes for the management of these risks.

### (a) *Credit risk*

Credit risk 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, loan to an associated company and amounts due from subsidiaries. For other financial assets (including investment securities and cash and cash equivalents), the Group and the Company minimise credit risk by dealing exclusively with high credit rating counterparties.

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023

## 29. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

### (a) Credit risk (Continued)

The Group's objective is to seek continual revenue growth while minimising losses incurred due to increased credit risk exposure. The Group trades only with recognised and creditworthy third parties. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis with the result that the Group's exposure to bad debts is not significant.

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.

#### Simplified approach

For trade 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.

#### General approach

The Group applies the general approach to provide for ECLs on all other financial assets not held at fair value through profit or loss. Under the general approach, the loss allowance is measured at an amount equal to 12-month ECLs at initial recognition.

At each reporting date, the Group assesses whether the credit risk of a financial instrument has increased significantly since initial recognition. When credit risk has increased significantly since initial recognition, loss allowance is measured at an amount equal to lifetime ECLs.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's historical experience and informed credit assessment and includes forward-looking information.

If credit risk has not increased significantly since initial recognition or if the credit quality of the financial instruments improves such that there is no longer a significant increase in credit risk since initial recognition, loss allowance is measured at an amount equal to 12-month ECLs.

The Group considers 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.

#### Exposure to credit risk

At the end of the reporting period, the Group's and the Company's maximum exposure to credit risk is represented by the carrying amount of each class of financial assets recognised in the balance sheets.

#### 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 on-going basis. The credit risk concentration profile of the Group's trade receivables at the end of the reporting period is as follows:

	Group			
	2023		2022	
	\$'000	% of total	\$'000	% of total
<b>By country:</b>				
Singapore	913	100	1,107	100
<b>By industry sectors:</b>				
Products and installation	883	97	1,090	98
Servicing and maintenance	30	3	17	2
	913	100	1,107	100

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023

## 29. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

### (a) Credit risk (Continued)

#### Financial assets that are neither past due nor impaired

Trade and other receivables and amount due from subsidiaries that are neither past due nor impaired are creditworthy debtors with good payment record with the Group and the Company. Cash and cash equivalents are placed with reputable financial institutions 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 10 (Trade receivables) and Note 12 (Related party balances).

### (b) Liquidity risk

Liquidity risk is the risk that the Group or the Company will encounter difficulties 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 and the Company manage liquidity risk by maintaining a balance between continuity of funding and flexibility through the use of stand-by credit facilities.

The table below summarises 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 payments.

Group	Notes	31 December 2023			Total \$'000
		Within 1 year \$'000	After 1 year but within 5 years \$'000	After 5 years \$'000	
<b>Financial assets</b>					
Trade receivables	10	896	-	-	896
Other receivables	14	126	-	-	126
Cash on hand and at banks	7	2,017	-	-	2,017
Deposits		51	-	-	51
Investment securities	11	60	-	-	60
Fixed deposits	7	5,380	2,000	-	7,380
Total undiscounted financial assets		8,530	2,000	-	10,530
<b>Financial liabilities</b>					
Trade payables	15	499	-	-	499
Other payables	16	2,842	-	-	2,842
Lease liabilities	18	100	402	2,322	2,824
Total undiscounted financial liabilities		3,441	402	2,322	6,165
<b>Total net undiscounted financial assets/(liabilities)</b>		<b>5,089</b>	<b>1,598</b>	<b>(2,322)</b>	<b>4,365</b>

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023

## 29. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

### (b) *Liquidity risk* (Continued)

Group	Notes	31 December 2022			Total \$'000
		Within 1 year \$'000	After 1 year but within 5 years \$'000	After 5 years \$'000	
<b>Financial assets</b>					
Trade receivables	10	1,107	-	-	1,107
Other receivables	14	893	-	-	893
Cash on hand and at banks	7	361	-	-	361
Deposits		25	-	-	25
Investment securities	11	62	-	-	62
Fixed deposits	7	-	2,000	-	2,000
Loan to an associated company	12	8,630	-	-	8,630
Total undiscounted financial assets		11,078	2,000	-	13,078
<b>Financial liabilities</b>					
Trade payables	15	851	-	-	851
Other payables	16	3,072	-	-	3,072
Borrowings	17	1,750	-	-	1,750
Lease liabilities	18	95	381	2,296	2,772
Total undiscounted financial liabilities		5,768	381	2,296	8,445
<b>Total net undiscounted financial assets/(liabilities)</b>		<b>5,310</b>	<b>1,619</b>	<b>(2,296)</b>	<b>4,633</b>

Company	Notes	31 December 2023			Total \$'000
		Within 1 year \$'000	After 1 year but within 5 years \$'000	After 5 years \$'000	
<b>Financial assets</b>					
Cash on hand and at banks	7	85	-	-	85
Deposits		6	-	-	6
Amounts due from subsidiaries	12	1,419	-	-	1,419
Total undiscounted financial assets		1,510	-	-	1,510
<b>Financial liabilities</b>					
Trade payables	15	11	-	-	11
Other payables	16	928	-	-	928
Amounts due to subsidiaries	12	459	-	-	459
Lease liabilities	18	151	542	-	693
Total undiscounted financial liabilities		1,549	542	-	2,091
<b>Total net undiscounted financial liabilities</b>		<b>(39)</b>	<b>(542)</b>	<b>-</b>	<b>(581)</b>

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023

## 29. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

### (b) *Liquidity risk* (Continued)

Company	Notes	31 December 2022			Total \$'000
		Within 1 year \$'000	After 1 year but within 5 years \$'000	After 5 years \$'000	
<b>Financial assets</b>					
Cash on hand and at banks	7	49	-	-	49
Deposit		5	-	-	5
Amounts due from subsidiaries	12	1,411	-	-	1,411
Total undiscounted financial assets		1,465	-	-	1,465
<b>Financial liabilities</b>					
Trade payables	15	9	-	-	9
Other payables	16	912	-	-	912
Amounts due to subsidiaries	12	456	-	-	456
Lease liabilities	18	151	605	88	844
Total undiscounted financial liabilities		1,528	605	88	2,221
<b>Total net undiscounted financial liabilities</b>		<b>(63)</b>	<b>(605)</b>	<b>(88)</b>	<b>(756)</b>

## 30. FAIR VALUE OF ASSETS AND LIABILITIES

Fair value is defined as the amount at which the instrument could be exchanged in a current transaction between knowledgeable willing parties in an arm's length transaction, other than in a forced or liquidation sale. Fair values are obtained from quoted market prices, discounted cash flow models and option pricing models as appropriate.

The financial instruments of the Group and the Company as at 31 December by classes are as follows:

	Group		Company	
	31 December 2023 \$'000	31 December 2022 \$'000	31 December 2023 \$'000	31 December 2022 \$'000
<b>Debt instruments at amortised cost</b>				
Fixed deposits (non-current)	2,000	2,000	-	-
Loan to an associated company	-	8,630	-	-
Cash on hand and at banks	2,017	361	85	49
Fixed deposits (current)	5,380	-	-	-
Trade receivables	896	1,107	-	-
Deposits	51	25	6	5
Other receivables	126	893	-	-
Amounts due from subsidiaries (current)	-	-	1,419	1,411
	<b>10,470</b>	<b>13,016</b>	<b>1,510</b>	<b>1,465</b>



# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023

## 30. FAIR VALUE OF ASSETS AND LIABILITIES (CONTINUED)

	Group		Company	
	31 December 2023 \$'000	31 December 2022 \$'000	31 December 2023 \$'000	31 December 2022 \$'000
<b>Financial assets at fair value through profit or loss</b>				
Investment securities	60	62	-	-
<b>Financial liabilities at amortised cost</b>				
Trade payables	(499)	(851)	(11)	(9)
Other payables	(2,842)	(3,072)	(928)	(912)
Borrowings	-	(1,750)	-	-
Amounts due to subsidiaries	-	-	(459)	(456)
	<b>(3,341)</b>	<b>(5,673)</b>	<b>(1,398)</b>	<b>(1,377)</b>

### (a) Fair value hierarchy

The Group categorises fair value measurements using a fair value hierarchy that is dependent on the valuation inputs used as follows:

- Level 1 – Quoted prices (unadjusted) in active market for identical assets or liabilities that the Group can access at the measurement date,
- Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly, and
- Level 3 – Unobservable inputs for the asset or liability.

Transfers between levels of the fair value hierarchy are deemed to have occurred on the date of the event or change in circumstances that caused the transfers.

### (b) Assets and liabilities measured at fair value

The following table shows an analysis of each class of assets and liabilities measured at fair value at the end of the reporting period:

Group \$'000	31 December 2023 Fair value measurements at the end of the reporting period using:			Total
	Quoted prices in active markets for identical instruments (Level 1)	Significant observable inputs other than quoted prices (Level 2)	Significant unobservable inputs (Level 3)	
<b>Assets measured at fair value</b>				
<b>Financial assets:</b>				
Equity securities at fair value through profit or loss (Note 11)	60	-	-	60
Financial assets as at 31 December 2023	<b>60</b>	<b>-</b>	<b>-</b>	<b>60</b>

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023

## 30. FAIR VALUE OF ASSETS AND LIABILITIES (CONTINUED)

### (b) *Assets and liabilities measured at fair value* (Continued)

Group \$'000	31 December 2022 Fair value measurements at the end of the reporting period using:			Total
	Quoted prices in active markets for identical instruments (Level 1)	Significant observable inputs other than quoted prices (Level 2)	Significant unobservable inputs (Level 3)	
<b>Assets measures at fair value</b>				
<b>Financial assets:</b>				
Equity securities at fair value through profit or loss (Note 11)	62	-	-	62
Financial assets as at 31 December 2022	<u>62</u>	<u>-</u>	<u>-</u>	<u>62</u>
<b>Non-financial assets:</b>				
Investment property – Leasehold building (Note 5)	-	-	18,500	18,500
Non-financial assets as at 31 December 2022	<u>-</u>	<u>-</u>	<u>18,500</u>	<u>18,500</u>

There have been no transfers between Level 1, Level 2 and Level 3 during 2023 and 2022.

### (c) *Level 3 fair value measurements*

#### (i) Information about significant unobservable inputs used in Level 3 fair value measurements

The following table shows the information about fair value measurements using significant unobservable input level 3.

#### **Recurring fair value measurement**

Description	Fair value (\$'000)	Valuation techniques	Unobservable inputs	Range \$
<b>31 December 2022</b>				
Investment property – Leasehold building	18,500	Direct comparison method	Price per square foot	120 – 230

Observable inputs are quoted prices for assets in a market. Where the market price for an asset is not available, unobservable inputs are used and they are developed using assumptions that market participants would use when pricing the asset.

Where necessary, these inputs have been adjusted to reflect specific circumstances of the investment property and developed using the best information available about the assumptions that market participants would use when pricing the assets.

A significant increase/(decrease) in price per square feet based on management’s assumptions would result in a significantly higher/(lower) fair value measurement.

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023

## 30. FAIR VALUE OF ASSETS AND LIABILITIES (CONTINUED)

### (c) *Level 3 fair value measurements* (Continued)

#### (ii) Movements in Level 3 assets and liabilities measured at fair value

The following table presents the reconciliation for all assets and liabilities measured at fair value based on significant unobservable inputs:

Group	Investment property Leasehold building \$'000
At 1 January 2022	18,000
Total gain for the period	
Included in profit or loss in 2022	500
At 31 December 2022 and 1 January 2023	18,500
Total losses for the period	
Included in profit or loss in 2023	(500)
Reclassification to property, plant and equipment	(18,000)
At 31 December 2023	-

#### (iii) Valuation policies and procedures

For all significant financial reporting valuations using valuation models and significant unobservable inputs, it is the Group's policy to engage external valuation appraisers who possess the relevant credentials and knowledge on the subject of valuation, valuation methodologies and FRS 113 fair value measurement guidance to perform the valuation.

For valuations performed by the independent external appraiser, the appropriateness of the valuation methodologies and assumptions adopted are reviewed by management along with the appropriateness and reliability of the inputs used in the valuations.

In selecting the appropriate valuation models and inputs to be adopted for each valuation that uses significant non-observable inputs, external valuation experts are requested to calibrate the valuation models and inputs to actual market transactions (which may include transactions entered into by the Group with third parties as appropriate) that are relevant to the valuation if such information are reasonably available.

Significant changes in fair value measurements from period to period are evaluated for reasonableness. Key drivers of the changes are identified and assessed for reasonableness against relevant information from independent sources, or internal sources if necessary and appropriate.

### (d) *Assets and liabilities not carried at fair value but for which fair value is disclosed*

The carrying amounts of these financial assets and liabilities are reasonable approximation of fair values due to their short term nature: cash and cash equivalents (Note 7), fixed deposits (Note 7), trade receivables (Note 10), deposits and other receivables, related party balances (Note 12), trade payables (Note 15), other payables (Note 16) and borrowings (Note 17).

## 31. SEGMENT INFORMATION

For management purposes, the Group is organised into business units based on their products and services, and has four reportable operating segments as follows:

- I. The products and installation segment relates to contracting of engineering works, cooling towers, air-conditioning and mechanical ventilation systems.
- II. The servicing and maintenance segment relates to servicing and repairing of air-conditioners, cooling towers and other cooling equipment.

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023

## 31. SEGMENT INFORMATION (CONTINUED)

- III. The rental segment relates to the leasing of leasehold building and office space.
- IV. The property development segment relates to the business of developing and selling of residential properties undertaken by the associated company.

Except as indicated above, no operating segments have been aggregated to form the above reportable operating segments.

Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating profit or loss which in certain respects, as explained in the table below, is measured differently from operating profit or loss in the consolidated financial statements.

Segment revenue, expenses and results incurred are transferred between business segments. Those transfers are eliminated on consolidation.

Transfer prices between operating segments are set on an arm's length basis in a manner similar to transactions with third parties.

As the Group operates substantially in Singapore, no segment information by geographical segment is presented.

Revenue from 5 (2022: 5) major customers amounted to \$2,910,000 (2022: \$2,882,000) arising from sales under the products and installation segment.

### Information about a major customer

Revenue from one major customer amounted to \$1,752,000, arising from the product and installation segment.

The following table presents revenue and results information regarding the Group's business segments for the years ended 31 December 2023 and 31 December 2022:

Business segments	Products and installation \$'000	Servicing and maintenance \$'000	Rental \$'000	Property development \$'000	Others \$'000	Eliminations/ Adjustments \$'000	Notes	Group \$'000
<b>31 December 2023</b>								
<i>Segment revenue</i>								
Sales to external customers	3,250	418	738	-	-	-		4,406
Intersegment sales	98	-	151	-	-	(249)	A	-
Total revenue								<u>4,406</u>
<i>Segment results</i>								
Interest income	137	4	38	156	-	-		335
Other income	50	15	12	-	8	-		85
Depreciation and amortisation	(116)	(7)	(164)	-	(13)	136		(164)
Other non-cash expenses	(430)	(11)	(120)	(154)	-	154	B	(561)
Segment loss before tax	(963)	16	(237)	2	194	(126)		(1,114)
Income tax credit								<u>3</u>
Loss, net of tax								<u>(1,111)</u>
<i>Segment assets and liabilities</i>								
Segment assets	7,177	421	23,439	10	1,642	-		32,689
Segment liabilities	2,896	139	2,254	292	1,049	(292)		6,338

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023

## 31. SEGMENT INFORMATION (CONTINUED)

Business segments	Products and installation \$'000	Servicing and maintenance \$'000	Rental \$'000	Property Development \$'000	Others \$'000	Eliminations/ Adjustments \$'000	Notes	Group \$'000
<b>31 December 2022</b>								
<u>Segment revenue</u>								
Sales to external customers	4,122	408	707	-	-	-		5,237
Intersegment sales	99	-	151	-	-	(250)	A	-
Total revenue								<u>5,237</u>
<u>Segment results</u>								
Interest income	3	-	-	249	-	-		252
Other income	497	10	105	-	64	-		676
Depreciation and amortisation	122	(6)	(164)	-	(11)	139		(164)
Other non-cash expenses	(99)	(1)	(10)	(317)	-	317	B	(110)
Segment loss before tax	(551)	27	764	(68)	1,638	(138)		1,672
Income tax credit								<u>(21)</u>
Loss, net of tax								<u>1,651</u>
<u>Segment assets and liabilities</u>								
Segment assets	2,419	118	21,966	9,516	1,496	-		35,515
Segment liabilities	2,936	131	2,200	9,796	2,756	(9,796)		8,023

### Notes:

Nature of adjustments and eliminations to arrive at amounts reported in the consolidated financial statements.

A Inter-segment revenues are eliminated on consolidation.

B Other non-cash expenses pertain to fair value loss on investment property, interest expense on lease liabilities and allowance for expected credit loss.

## 32. CAPITAL MANAGEMENT

The primary objective of the Group's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximise shareholder value.

The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. There were no changes made to the objectives, policies or processes during the financial years ended 31 December 2023 and 2022.

The Group monitors capital using a gearing ratio, which is net debt divided by total capital plus net debt. The Group includes within net debt, trade payables, other payables, contract liabilities, borrowings and lease liabilities, less cash and cash equivalents and fixed deposits. Equity refers to equity attributable to equity holders of the Company.

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023

## 32. CAPITAL MANAGEMENT (CONTINUED)

	Group	
	2023 \$'000	2022 \$'000
Trade payables (Note 15)	531	884
Other payables (Note 16)	2,842	3,072
Contract liabilities (Note 22(c))	1,089	504
Borrowings (Note 17)	-	1,750
Lease liabilities (Note 18)	1,785	1,727
Less: Cash on hand and at banks (Note 7)	(2,017)	(361)
Less: Fixed deposits (Note 7)	(7,380)	(2,000)
Net (cash)/debt	(3,150)	5,576
Equity attributable to equity holders of the Company	26,351	27,492
Total capital plus net cash/debt	23,201	33,068
Gearing ratio	N.M.*	16.9%

\* Not meaningful as the Group is in net cash position.

## 33. EVENT OCCURRING AFTER THE REPORTING PERIOD

During the reporting period, a subsidiary of the Group had requested for the extension of a performance bond of \$532,429 that was issued in favour of the subsidiary. The bond was underwritten by a financial institution. It was provided under the bond that payment shall be made in lieu of extension in the event that the financial institution does not extend the bond. Subsequent to the end of the reporting period, the subsidiary received the bond monies of \$532,429 on 14 March 2024.

## 34. AUTHORISATION OF FINANCIAL STATEMENTS FOR ISSUE

The financial statements for the year ended 31 December 2023 were authorised for issue in accordance with a resolution of the directors on 28 March 2024.



# SHAREHOLDERS' INFORMATION

As at 13 March 2024

Issued and paid-up capital	:	S\$32,557,787
Number of equity securities	:	390,511,778
Number of treasury shares	:	Nil
Number of subsidiary holdings	:	Nil
Class of equity securities	:	Ordinary share
Voting rights	:	One vote per share

## Statistics of Shareholdings

Size of Shareholdings	Number of Shareholders	%	Number of Shares	%
1 – 99	20	1.40	674	0.00
100 – 1,000	151	10.55	76,747	0.02
1,001 – 10,000	465	32.49	2,568,950	0.66
10,001 – 1,000,000	768	53.67	57,116,195	14.62
1,000,001 and above	27	1.89	330,749,212	84.70
	1,431	100.00	390,511,778	100.00

## Substantial Shareholders

(Based on the Register of Substantial Shareholders as at 13 March 2024)

Name of Substantial Shareholders	Direct Interest		Deemed Interest	
	No. of Shares	% <sup>(1)</sup>	No. of Shares	%
Lee Ee @ Lee Eng <sup>(2)</sup>	170,547,440	43.67	28,113,041	7.20
Golden Wang Holdings Pte. Ltd.	54,400,000	13.93	–	–
Koh Moi Huang <sup>(3)</sup>	28,113,041	7.20	170,547,440	43.67
Lau Kung Ching <sup>(4)</sup>	2,025,000	0.52	54,400,000	13.93
Ting Jack Hing <sup>(5)</sup>	–	–	54,400,000	13.93

### Notes:

- The percentage is based on 390,511,778 shares in issue as at 13 March 2024.
- Out of the 170,547,440 shares directly interested by Mr Lee Ee @ Lee Eng (“**Mr Lee**”), 9,524,250 shares are held by United Overseas Bank Nominees (Private) Limited. Mr Lee is deemed to be interested in the 28,113,041 shares held by his wife, Mdm Koh Moi Huang (“**Mdm Koh**”).
- Mdm Koh is deemed to be interested in the 170,547,440 shares held by her husband, Mr Lee.
- Mr Lau Kung Ching is deemed to be interested in the 54,400,000 shares held by Golden Wang Holdings Pte. Ltd. (“**GW**”) pursuant to Section 7 of the Companies Act 1967 (the “**Companies Act**”) as he is entitled to exercise or control the exercise of not less than 20% of the votes attached to the voting shares in GW.
- Mr Ting Jack Hing is deemed to be interested in the 54,400,000 shares held by GW pursuant to Section 7 of the Companies Act as he is entitled to exercise or control the exercise of not less than 20% of the votes attached to the voting shares in GW.

# SHAREHOLDERS' INFORMATION

As at 13 March 2024

## Twenty Largest Shareholders

Name	Number of Shares	%
1. Lee Ee @ Lee Eng	161,023,190	41.23
2. Golden Wang Holdings Pte Ltd	54,400,000	13.93
3. Koh Moi Huang	28,113,041	7.20
4. Dong Fa Gen	18,189,250	4.66
5. United Overseas Bank Nominees (Private) Limited	13,101,100	3.35
6. CGS-CIMB Securities (Singapore) Pte. Ltd.	8,594,700	2.20
7. Ooi Thian Huang	5,254,500	1.35
8. UOB Kay Hian Private Limited	4,777,000	1.22
9. Tan Ann Ni (Chen Anni)	3,453,000	0.88
10. Loke Wai Ming	3,100,000	0.79
11. Phillip Securities Pte Ltd	3,024,397	0.77
12. OCBC Nominees Singapore Private Limited	2,949,550	0.76
13. ABN AMRO Clearing Bank N.V.	2,748,600	0.70
14. OCBC Securities Private Ltd	2,584,448	0.66
15. Koh May Kiaw	2,066,000	0.53
16. DBS Nominees (Private) Limited	2,047,735	0.52
17. Lau Kung Ching	2,025,000	0.52
18. Lee Yung Li Andy	1,624,000	0.42
19. Lee Pui Hoon (Li Peifen)	1,620,001	0.41
20. Forte Engineering Pte Ltd	1,455,000	0.37
	<b>322,150,512</b>	<b>82.47</b>

## Percentage of Shareholding in Public's Hands

As at 13 March 2024, to the best of our knowledge, approximately 33.0% of the Company's Ordinary Shares listed on the SGX were held in the hands of the public. Accordingly, the Company has complied with Rule 723 of the Singapore Exchange Securities Trading Limited's Listing Manual Section B: Rules of Catalist.



# NOTICE OF ANNUAL GENERAL MEETING

**NOTICE IS HEREBY GIVEN** that the Annual General Meeting (“AGM”) of **PROGEN HOLDINGS LTD** (the “Company”) will be held at 28 Riverside Road, #04-01 Progen Building, Singapore 739085 on Friday, 25 April 2024 at 10:00 a.m. for the following purposes:

## AS ORDINARY BUSINESS

1. To receive and adopt the Directors’ Statement and Audited Financial Statements of the Company for the financial year ended 31 December 2023 together with the Auditor’s Report thereon. **(Resolution 1)**
2. To re-elect Mr. Chee Wai Pong, a Director of the Company who is retiring pursuant to Article 109 of the Constitution of the Company. **(Resolution 2)**
3. To re-elect the following Directors of the Company who are retiring pursuant to Article 119 of the Constitution of the Company:
  - (a) Mr. Hu Weisheng **(Resolution 3)**
  - (b) Mr. Chua Thian Huat **(Resolution 4)**

**[See Explanatory Note (i)]**
4. To approve the payment of S\$118,033 as Directors’ fees for the financial year ended 31 December 2023 (FY2022: S\$139,840). **(Resolution 5)**
5. To re-appoint Ernst & Young LLP as the Auditor of the Company and to authorise the Directors of the Company to fix their remuneration. **(Resolution 6)**
6. To transact any other ordinary business which may properly be transacted at an Annual General Meeting.

## AS SPECIAL BUSINESS

To consider and if thought fit, to pass the following resolution as an Ordinary Resolution, with or without any modifications:

### 7. Authority to issue shares

That pursuant to Section 161 of the Companies Act 1967 (the “Companies Act”) and Rule 806 of the Catalist Rules, 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,

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 one hundred per centum (100%) 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 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);
- (2) (subject to such 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;

# NOTICE OF ANNUAL GENERAL MEETING

- (b) new shares arising from exercising share options or vesting of share awards; and
- (c) any subsequent bonus issue, consolidation or subdivision of shares;

Adjustments in accordance with sub-paragraph (2)(a) or (2)(b) are only to be made in respect of new shares arising from convertible securities, share options or share awards which were issued and outstanding or subsisting at the time of the passing of this Resolution.

- (3) in exercising the authority conferred by this Resolution, the Company shall comply with the provisions of the Catalist Rules 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.

**(Resolution 7)**

**[See Explanatory Note (ii)]**

By Order of the Board

**Ngiam May Ling**  
Company Secretary  
Singapore, 9 April 2024

## Explanatory Notes:

- (i) The Ordinary Resolution 2 is for the re-election of Mr. Chee Wai Pong, a Director of the Company who retires by rotation at this AGM. Mr. Chee will have served on the Board of the Company for more than nine years and will therefore not be considered independent pursuant to Catalist Rule 406(3)(d)(iv) upon conclusion of this AGM. Following his re-designation, Mr. Chee will be a Non-Independent and Non-Executive Chairman of the Company and remain as Chairman of the Board of Directors and the Nominating Committee and member of Audit and Risk, Remuneration and Investment Review Committees.

Upon Mr. Chee's re-election, the Chairman of the Board will no longer be independent. The Company will review the Board composition and seek suitable candidates, if required, to ensure compliance with the Code of Corporate Governance 2018 and applicable Catalist Rules within the timeframe allowed.

The Ordinary Resolution 3 is for the re-election of Mr. Hu Weisheng, a Director of the Company who retires by rotation at this AGM. Mr. Hu, upon re-election as a Director of the Company, remain as Chairman of the Audit and Risk and Remuneration Committees and member of the Nominating and Investment Review Committees and will be considered independent for the purposes of the Rule 704(7) of the Catalist Rules.

The Ordinary Resolution 4 is for the re-election of Mr. Chua Thian Huat, a Director of the Company who retires by rotation at this AGM. Mr. Chua, upon re-election as a Director of the Company, remain as member of the Audit and Risk and Remuneration Committees and will be considered independent for the purposes of Rule 704(7) of the Catalist Rules.

For more information on the abovementioned Directors, please refer to the "Profile of Board of Directors" and "Additional Information on Directors Seeking Re-election" sections in the Annual Report 2023.

- (ii) The Ordinary Resolution 7, if passed, will empower the Directors of the Company, effective until the conclusion of the next AGM of the Company, or the date by which the next AGM of the Company is required by law to be held or such authority is varied or revoked by the Company in a general meeting, whichever is the earlier, to issue shares, make or grant Instruments convertible into shares and to issue shares pursuant to such Instruments, up to a number not exceeding, in total, 100% of the total number of issued shares (excluding treasury shares and subsidiary holdings) in the capital of the Company, of which up to 50% 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 the conversion or exercise of any convertible securities or share options or vesting of share awards which are outstanding or subsisting at the time when this Ordinary Resolution is passed and any subsequent bonus issue, consolidation or subdivision of shares.



# NOTICE OF ANNUAL GENERAL MEETING

## Notes:

- The AGM of the Company will be held, in a wholly physical format, at the venue, date and time stated above. Members, including CPF/SRS investors, and (where applicable) duly appointed proxies and representatives will be able to ask questions and vote at the AGM in person. There will be no option for members to participate virtually.
- Printed copies of the Annual Report 2023, this Notice of AGM and the Proxy Form will be sent to members by post. These documents will also be made available on the SGX website at the URL <https://www.sgx.com/securities/company-announcements>.
- A member who is not a relevant intermediary is entitled to appoint not more than two proxies to attend, speak and vote at the AGM. Where such member's form of proxy appoints more than one proxy, the proportion of the shareholding concerned to be represented by each proxy shall be specified in the form of proxy.
  - A member who is a relevant intermediary is entitled to appoint more than two proxies to attend, speak and vote at the AGM, but each proxy must be appointed to exercise the rights attached to a different share or shares held by such member. Where such member's form of proxy appoints more than two proxies, the number and class of shares in relation to which each proxy has been appointed shall be specified in the form of proxy.

**"Relevant Intermediary"** has the meaning ascribed to it in Section 181(6) of the Companies Act 1967.

A member who wishes to appoint a proxy(ies) must complete the instrument appointing a proxy(ies), before submitting it in the manner set out below.
- A proxy need not be a member of the Company. A member may choose to appoint the Chairman of the AGM as his/her/its proxy.
- The instrument appointing a proxy(ies) must be submitted in the following manner:
  - if submitted personally or by post, be lodged at the office of the Company's Share Registrar, Boardroom Corporate & Advisory Services Pte. Ltd., at 1 Harbourfront Avenue, #14-07 Keppel Bay Tower, Singapore 098632; or
  - if submitted electronically, be submitted via email to the Company's Share Registrar at [progen@progen.com.sg](mailto:progen@progen.com.sg),and in either case, must be lodged or received (as the case may be) by 10.00 am on Tuesday, 23 April 2024, being not less than 48 hours before the time appointed for the holding of the AGM.
- CPF/SRS investors:
  - may vote at the AGM if they are appointed as proxies by their respective CPF Agent Banks/SRS Operators, and should contact their respective CPF Agent Banks/SRS Operators if they have any queries regarding their appointment as proxies; or
  - may appoint the Chairman of the AGM as proxy to vote on their behalf at the AGM, in which case they should approach their respective CPF Agent Banks/SRS Operators by 5.00 pm on Tuesday, 16 April 2024 to submit their votes.
- Members, including CPF/SRS investors, may submit substantial and relevant questions related to the resolutions to be tabled for approval at the AGM in advance of the AGM. Such questions must be received by 5.00 pm on Tuesday, 16 April 2024, and be submitted in the following manner:
  - 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
  - via email to the Company's Share Registrar at [progen@progen.com.sg](mailto:progen@progen.com.sg).When submitting questions by post or via email, members should also provide the following information for verification purposes: (i) full name, (ii) address, and (iii) manner in which the member holds shares in the Company (e.g., via CDP, CPF, SRS and/or scrip).
- Members, including CPF/SRS investors, and (where applicable) duly appointed proxies and representatives can also ask the Chairman of the AGM substantial and relevant questions related to the resolutions to be tabled for approval at the AGM, at the AGM itself.
- The Company will address all substantial and relevant questions received from members by the 16 April 2024 deadline by publishing the responses to such questions on the SGX website at the URL <https://www.sgx.com/securities/company-announcements> on Sunday, 21 April 2024. If questions or follow-up questions are submitted after the 16 April 2024 deadline, the Company will endeavour to address these questions at the AGM itself. Where substantially similar questions are received, the Company will consolidate such questions and consequently not all questions may be individually addressed.
- The Company will, within one (1) month after the date of AGM, publish the minutes of the AGM on the SGX website at the URL <https://www.sgx.com/securities/company-announcements>.

## Personal data privacy:

By submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the AGM and/or any adjournment thereof, a member of the Company (a) consents to the collection, use and disclosure of the member's personal data by the Company (or its agents or service providers) for the purpose of the processing, administration and analysis by the Company (or its agents or service providers) of proxies and representatives appointed for the AGM (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the AGM (including any adjournment thereof), and in order for the Company (or its agents or service providers) to comply with any applicable laws, listing rules, take-over rules, regulations and/or guidelines (collectively, the **"Purposes"**); (b) warrants that where the member discloses the personal data of the member's proxy(ies) and/or representative(s) to the Company (or its agents or service providers), the member has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Company (or its agents or service providers) of the personal data of such proxy(ies) and/or representative(s) for the Purposes, and (c) agrees that the member will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the member's breach of warranty.

# PROGEN HOLDINGS LTD

(Company Registration No. 199605118C)  
(Incorporated in the Republic of Singapore)

## PROXY FORM ANNUAL GENERAL MEETING

### IMPORTANT:

- The AGM (as defined below) will be held, in a wholly physical format, at the venue, date and time stated below. There will be no option for members to participate virtually.
- This Proxy Form is for use by members wishing to appoint a proxy(ies) for the AGM. Please read the notes overleaf which contain instructions on, *inter alia*, the appointment of a proxy(ies).
- This Proxy Form is not valid for use by CPF/SRS investors and shall be ineffective for all intents and purposes if used or purported to be used by them. CPF/SRS investors:
  - may vote at the AGM if they are appointed as proxies by their respective CPF Agent Banks/SRS Operators, and should contact their respective CPF Agent Banks/SRS Operators if they have any queries regarding their appointment as proxies; or
  - may appoint the Chairman of the AGM as proxy to vote on their behalf at the AGM, in which case they should approach their respective CPF Agent Banks/SRS Operators by 5.00 pm on Tuesday, 16 April 2024 to submit their votes.

### Personal data privacy

By submitting an instrument appointing a proxy(ies) and/or representative(s), the member accepts and agrees to the personal data privacy terms set out in the Notice of Annual General Meeting dated [9 April 2024].

I/We (Name) \_\_\_\_\_ (NRIC/FIN/Passport No./UEN) \_\_\_\_\_

of \_\_\_\_\_ (Address)

being a member(s) of Progen Holdings Ltd (the "Company"), hereby appoint:

Name	NRIC/Passport No.	Proportion of Shareholdings	
		Number of Shares	%
Address			

and/or (delete as appropriate)\*

Name	NRIC/Passport No.	Proportion of Shareholdings	
		Number of Shares	%
Address			

or, both of whom failing, the Chairman of the AGM, as my/our proxy(ies) to attend, speak and vote for me/us on my/our behalf at the Annual General Meeting (the "AGM") of the Company to be held at 28 Riverside Road, #04-01 Progen Building, Singapore 739085 on Friday, 25 April 2024 at 10.00 am, and at any adjournment thereof. I/We direct my/our proxy(ies) to vote for or against, or to abstain from voting on, the resolutions to be proposed at the AGM as indicated hereunder.

No.	Resolutions Relating to:	Number of Votes For*	Number of Votes Against*	Number of Votes Abstain*
<b>As Ordinary Business</b>				
1.	Adoption of Directors' Statement and Audited Financial Statements for the financial year ended 31 December 2023			
2.	Re-election of Mr. Chee Wai Pong as a Director of the Company			
3.	Re-election of Mr. Hu Weisheng as a Director of the Company			
4.	Re-election of Mr. Chua Thian Huat as a Director of the Company			
5.	Approval of payment of S\$118,033 as Directors' fees for the financial year ended 31 December 2023			
6.	Re-appointment of Ernst & Young LLP as the Auditor of the Company and to authorise the Directors of the Company to fix their remuneration			
<b>As Special Business</b>				
7.	Authority to issue shares			

\* Voting will be conducted by poll. If you wish your proxy(ies) to cast all your votes "For" or "Against" a resolution, please tick (✓) within the "For" or "Against" box provided in respect of that resolution. Alternatively, please indicate the number of votes "For" or "Against" in the "For" or "Against" box provided in respect of that resolution. If you wish your proxy(ies) to abstain from voting on a resolution, please tick (✓) in the "Abstain" box provided in respect of that resolution. Alternatively, please indicate the number of shares that your proxy(ies) is directed to abstain from voting in the "Abstain" box provided in respect of that resolution. In any other case, the proxy(ies) may vote or abstain as the proxy(ies) deem(s) fit on any of the above resolutions if no voting instruction is specified, and on any other matter arising at the AGM.

Dated this \_\_\_\_\_ day of \_\_\_\_\_ 2024

Total Number of Shares in:	Number of Shares
(a) CDP Register	
(b) Register of Members	

\_\_\_\_\_  
Signature of Member(s)  
or, Common Seal of Corporate Member

**IMPORTANT: PLEASE READ NOTES OVERLEAF**

**Notes:**

1. (a) A member who is not a relevant intermediary is entitled to appoint not more than two proxies to attend, speak and vote at the AGM. Where such member's form of proxy appoints more than one proxy, the proportion of the shareholding concerned to be represented by each proxy shall be specified in the form of proxy.
- (b) A member who is a relevant intermediary is entitled to appoint more than two proxies to attend, speak and vote at the AGM, but each proxy must be appointed to exercise the rights attached to a different share or shares held by such member. Where such member's form of proxy appoints more than two proxies, the number and class of shares in relation to which each proxy has been appointed shall be specified in the form of proxy.

**"Relevant intermediary"** has the meaning ascribed to it in Section 181(6) of the Companies Act 1967.

A member who wishes to appoint a proxy(ies) must complete the instrument appointing a proxy(ies), before submitting it in the manner set out below.

2. A proxy need not be a member of the Company. A member may choose to appoint the Chairman of the AGM as his/her/its proxy.
3. A member should insert the total number of shares held. If the member has shares entered against his/her/its name in the Depository Register (maintained by The Central Depository (Pte) Limited), he/she/it should insert that number of shares. If the member has shares registered in his/her/its name in the Register of Members (maintained by or on behalf of the Company), he/she/it should insert that number of shares. If the member has shares entered against his/her/its name in the Depository Register and registered in his/her/its name in the Register of Members, he/she/it should insert the aggregate number of shares. If no number is inserted, this instrument appointing a proxy(ies) will be deemed to relate to all the shares held by the member.
4. The appointment of a proxy(ies) shall not preclude a member from attending, speaking and voting at the AGM. Any appointment of a proxy(ies) shall be deemed to be revoked if a member attends the AGM in person, and in such event, the Company reserves the right to refuse to admit any person(s) appointed under the instrument of proxy, to the AGM.
5. The instrument appointing a proxy(ies) must be submitted in the following manner:
  - (a) if submitted personally or by post, be lodged at the office of 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 submitted electronically, be submitted via email to the Company's Registrar at [progen@progen.com.sg](mailto:progen@progen.com.sg),

and in either case, must be lodged or received (as the case may be) by 10.00 am on Tuesday, 23 April 2024, being not less than 48 hours before the time appointed for the holding of the AGM.

Members who wish to appoint a proxy(ies) can use the printed copy of the Proxy Form (which was sent by post to them), by completing and signing the Proxy Form before submitting it by post to the address provided above, or alternatively, scanning and submitting it via email to the email address provided above.

6. The instrument appointing a proxy(ies) must be under the hand of the appointor or of his/her attorney duly authorised in writing. Where the instrument appointing a proxy(ies) is executed by a corporation, it must be executed under its common seal or under the hand of its attorney or a duly authorised officer.
7. Where the instrument appointing a proxy(ies) is signed on behalf of the appointor by an attorney, the power of attorney (or other authority under which it is signed, if applicable) or a duly certified copy thereof must (failing previous registration with the Company), if the instrument is submitted by post, be lodged together with the instrument, or if the instrument is submitted electronically via email, be emailed together with the instrument, failing which the instrument may be treated as invalid.
8. A corporation which is a member may authorise by resolution of its directors or other governing body such person as it thinks fit to act as its representative at the AGM, in accordance with Section 179 of the Companies Act 1967.
9. The Company shall be entitled to reject the instrument appointing a proxy(ies) if it is incomplete, improperly completed, illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified in the instrument appointing a proxy(ies) (including any related attachment). In addition, in the case of shares entered in the Depository Register, the Company may reject any instrument appointing a proxy(ies) lodged or submitted, if the member, being the appointor, is not shown to have shares entered against his/her/its name in the Depository Register as at 72 hours before the time appointed for the holding of the AGM, as certified by The Central Depository (Pte) Limited to the Company.

# CORPORATE INFORMATION

## BOARD OF DIRECTORS EXECUTIVE

LEE EE @ LEE ENG (MANAGING DIRECTOR)

## NON-EXECUTIVE

CHEE WAI PONG (INDEPENDENT CHAIRMAN)  
HU WEISHENG (INDEPENDENT)  
CHUA THIAN HUAT (INDEPENDENT)  
FRANCIS LAU CHOO YEW (NON-INDEPENDENT)

## AUDIT & RISK COMMITTEE

HU WEISHENG (CHAIRMAN)  
CHEE WAI PONG  
CHUA THIAN HUAT

## NOMINATING COMMITTEE

CHEE WAI PONG (CHAIRMAN)  
HU WEISHENG  
LEE EE @ LEE ENG

## REMUNERATION COMMITTEE

HU WEISHENG (CHAIRMAN)  
CHEE WAI PONG  
CHUA THIAN HUAT

## INVESTMENT REVIEW COMMITTEE

LEE EE @ LEE ENG (CHAIRMAN)  
CHEE WAI PONG  
HU WEISHENG

## COMPANY SECRETARY

NGIAM MAY LING

## REGISTERED OFFICE

28 RIVERSIDE ROAD  
#04-01 PROGEN BUILDING  
SINGAPORE 739085  
TEL: (65) 6752 7787  
FAX: (65) 6752 7797  
EMAIL: PROGEN@PROGEN.COM.SG

## COMPANY REGISTRATION NO.

199605118C

## SHARE REGISTRAR

BOARDROOM CORPORATE & ADVISORY SERVICES  
PTE. LTD.  
1 HARBOURFRONT AVENUE  
#14-07 KEPPEL BAY TOWER  
SINGAPORE 098632

## AUDITOR

ERNST & YOUNG LLP  
ONE RAFFLES QUAY  
NORTH TOWER, LEVEL 18  
SINGAPORE 048583  
AUDIT PARTNER-IN-CHARGE: SHARON PEH  
(APPOINTED SINCE FINANCIAL YEAR ENDED  
31 DECEMBER 2023)

## SPONSORS

PRIMEPARTNERS CORPORATE FINANCE PTE. LTD.  
16 COLLYER QUAY  
#10-00 COLLYER QUAY CENTRE  
SINGAPORE 049318

## BANKERS

UNITED OVERSEAS BANK LIMITED  
80 RAFFLES PLACE  
UOB PLAZA 1  
SINGAPORE 048624

MAYBANK SINGAPORE LIMITED  
2 BATTERY ROAD  
MAYBANK TOWER  
SINGAPORE 049907

DBS BANK LTD  
12 MARINA BOULEVARD  
MARINA BAY FINANCIAL CENTRE TOWER 3  
SINGAPORE 018982





**PROGEN HOLDINGS LTD**

Company Registration No. 199605118C

28 Riverside Road

#04-01 Progen Building

Singapore 739085

T: 6752 7787 / F: 6752 7797

E: [progen@progen.com.sg](mailto:progen@progen.com.sg)