7S ATELIER

ANNUAL REPORT 2022

BUILDING HOMES,
FULFILLING DREAMS

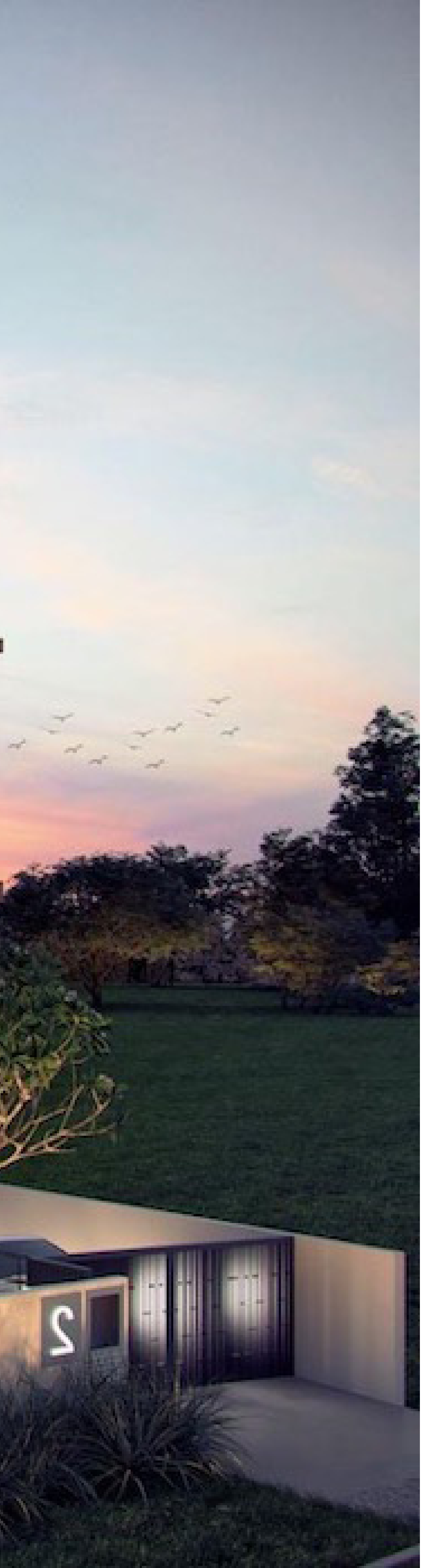
CONTENT

MISSION

To bring inspiration & innovations to every home we build

VISION

To be a trendsetter in the Design & Build ecosystem arena



CORPORATE PROFILE

Founded in 1979, Sevens Atelier Limited, formerly known as Pan Asian Holdings Limited ("**Sevens Atelier**" or the "**Company**"), was rebranded on 14 June 2022, to mark our metamorphosis in embarking on our next phase of growth. The Group successfully transformed itself from a business dealing in trading of water piping materials and related accessories, provision of specialised products to water infrastructure products, valves for municipal and industrial applications and others, such as supply of parts and accessories in Oil & Gas industry and other non–water related products (the "**Old Business**") to an entirely new business of design and build, which entails, the provision and supply of building, construction, design, engineering, infrastructure and related solutions, services and products such as solutions, services and products for new construction works, addition and alteration works, works for refurbishment and upgrading of existing properties and infrastructure works and projects (the "**Design & Build**" or "**Design and Build Business**"). The transformation involves the disposal of all its business and subsidiaries that deals in the Old Business and the acquisition of Sevens Creation Pte Ltd and its subsidiaries that specialise in Design and Build Business. This has resulted in different revenue streams.

Headquartered in Singapore, the Company has been a public listed company (SGX: 5EW) on the Catalist Board of the Singapore Exchange Securities Trading Limited ("**SGX-ST**") since 2004.

Sevens Atelier is driven by one key philosophy: to make every home and every life we touch, a better one.

We have established ourselves as a premier Design & Build solution provider for the discerning & well-versed individuals in Singapore. From consultation to completion, we provide turn-key services to our premium clients. With combined experiences in construction, renovation and interior design, Sevens Atelier aims to grow to become an emerging leader in the Design & Build industry.

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

CHIEF EXECUTIVE OFFICER STATEMENT

DEAR VALUED SHAREHOLDERS,

We have rebranded the listed Company from Pan Asian Holdings Limited to Sevens Atelier Limited ("**Sevens Atelier**" or the "**Company**" and together with its subsidiaries, the "**Group**"), to align with the Group's identity and brand name, as well as to reflect the new business of designing and building premium landed homes following shareholders' approval at the Company's extraordinary general meeting held on 14 June 2022.

On behalf of the Board, we are pleased to present to you our inaugural annual report as Sevens Atelier for the financial year ended 31 December 2022 ("**FY2022**"), as we make the transition from the discontinued loss-making integrated piping solutions business for water and wastewater infrastructure projects.

We are mindful about the need to remain prudent and efficient as we continue to reinforce and harness our Group's competencies and our proprietary '**Sevens**' brand in the 'Design and Build' of premium landed residential property.

CHIEF EXECUTIVE OFFICER STATEMENT

BUILDING HOMES, FULFILLING DREAMS

One of our key aspirations to diversify from the discontinued loss-making business is to rebuild the listed Company into a sustainable and profitable business to safeguard the interest of our prioritised stakeholders, including shareholders and employees.

At Sevens Atelier, it is in our ethos to create customised elegant living spaces with functionality for homeowners, fulfilling their dreams of living in a 'dream home'. Guided by our vision to be trendsetters in the 'Design and Build' ecosystem arena, we take a keen interest in harnessing our full turnkey expertise from architectural design and rebuilding landed properties, to customising the interior design and fit-out of the interior of our clients' dream homes to complement the lifestyles of landed homeowners. We remain committed to delivering premium quality dream homes with timeless designs that are unique to our clients' lifestyles.

We take pride in all the projects we undertake. Our dedicated efforts manifested in our completed projects which are managed and executed by our in-house teams of expertise including architectural designers, engineers, and interior designers, continue to earn us market recognition in the design and build of premium landed residential properties in Singapore. This in turn, drives our business growth, builds our track record, and puts us in one of the leading market position as the choice professional turnkey solution builder for the 'Design and Build' of premium landed residential properties.

At Sevens Atelier, we remain committed to strengthen our market position in the East region of Singapore while expanding our services to the landed residential properties in other parts of Singapore. We are motivated to build on our success and look forward to excel in every landed residential property project that homeowners bring to us. In this respect, we continue to invest and expand on our in-house teams of expertise as well as our digital technology and systems to enhance clients' experience – primarily the homeowners, who entrust us with the creation of their dream homes uniquely built and fit-out to complement their lifestyles.

We believe our strong foundation and recognition as a premium quality turnkey solution 'Design and Build' consultancy for landed residential properties will continue to attract landed homeowners looking for bespoke solutions to build homes and fulfil their dreams.

BRIGHT SPOTS, OPPORTUNITIES ABOUND

According to a research report by Knight Frank Singapore, there were 73,295 private landed residential properties in Singapore as at end of December 2022, and this inventory is not expected to see a significant increase in the near future in land-scarce Singapore. The advent of Covid-19 and the imposition of safe management measures including home based learning and telecommuting fuelled homebuyers' desire for larger indoor living spaces with outdoor areas. This inevitably spurred the demand and price growth of private landed residential properties. In 2021, landed residential sales totalled S$17 billion, where a total of 1,641 terraces, 993 semi-detached, and 465 detached houses were sold.[1] This bodes well for Sevens Atelier as there will be opportunities for us to work together with these landed homeowners who may be looking into realising their 'dream homes'.

Leveraging on our strong foundation and unparalleled competitive strengths in the 'Design and Build' segment for landed residential properties, as well as our well-entrenched network, we have set our sights for continuous growth in a bid to strengthen the Group's businesses to enhance shareholder value. Hence, we will continue to explore potential opportunities through broadening our portfolios of turnkey solutions organically and/or accretive growth through possible mergers and acquisitions.

Our successful lateral expansion came with the successful replication of our 'Design and Build' turnkey solution in the niche segment of fine dining restaurants in the food and beverage ("**F&B**") industry. The refurbishment of fine dining restaurants is highly specialised and niche, and demand a relatively quick turnaround to allow restaurateurs to commence business operations quickly. We are pleased that Sevens Atelier continues to delight our clients as we seek to excel in our commitments to them.

(1)https://www.businesstimes.com.sg/property/property-2023-feb-issue/landed-homes-grounded-investment-high-rise-singapore

CHIEF EXECUTIVE OFFICER STATEMENT

Whilst the current revenue stream from F&B segment remains relatively small, as compared to our established private landed residential properties segment, it helps to broaden the Group's earnings base as the rebuilding of homes usually take a relatively longer time than the interior design and fit-out of restaurants. As at 31 December 2022, we have secured projects order book of S$18.2 million. We are committed to build up and complete potentially more projects in the financial year ending 31 December 2023 ("**FY2023**").

ACKNOWLEDGEMENTS AND APPRECIATION

On behalf of the Board, we extend our sincere gratitude to our customers, business partners, bankers, and committed management and staff for their continued dedication and efforts.

We would like to convey our appreciation to our fellow Directors for their support and extend our warm welcome to our new Board members, Mr. Lo Kim Seng and Mr. Tan Yew Heng, Terence who joined the Board on 15 November 2022.

Last but not least, we extend our warmest gratitude to our shareholders, customers, business associates and partners, for your confidence and continued support for the Group as we continue to grow from strength to strength through Sevens Atelier.

Hong Eng Leong, Jeffrey
Chief Executive Officer and Executive Director

BOARD OF DIRECTORS

VANESSA LIM XIU FANG
Executive Director

Date of appointment: 8 September 2021
Date of last re-appointment: 25 April 2022

Ms Vanessa Lim Xiu Fang is our Executive Director and was appointed to the Board in September 2021. Ms Vanessa holds a Bachelor of Arts Degree from London College of Fashion. Prior to joining the Board , She has over 8 years of experience in the international trading, online retailing and logistic industry. Vanessa's expertise lies in the operational management of Ariki Group and Beauty Eleganza which encompassed business development , sales acquisition, strategic brand diversification, and brand management.

HONG ENG LEONG, JEFFREY
Chief Executive Officer and Executive Director

Date of appointment: 4 July 2022
Date of last re-appointment: -

Mr. Jeffrey Hong is the Chief Executive Officer and Executive Director of the Group and spearheads the Group's overall growth, position and long-term strategic planning and goals. He has more than 28 years of experience in the real estate industry and was known for forming alliance within stakeholders in property development and has been involved in several merger and acquisition exercises for Singapore listed companies. Mr. Jeffrey Hong excels in investment projection and estimation of costing and revenue, units' distribution, design and space planning, sales and marketing, as well as advertising and promotional strategies. He graduated with a Master of Science with an emphasis in Global Business and Marketing from the City University of New York.

LAWRENCE CHEN TSE CHAU
Lead Independent Director

Date of appointment: 1 April 2021
Date of last re-appointment: 26 April 2021

Mr Chen is currently serving as director and audit partner in various companies and partnerships. He has extensive experiences in providing assurance and advisory services to a broad range of clients from traditional trading to digital marketing, crypto currency, Registered Fund Management Company (RFMC), hedge funds etc. Past and present clients include companies listed on Singapore Stock Exchange (SGX-ST), New York Stock Exchange (NYSE) and Shanghai Stock Exchange (SSE), multinational corporations in Singapore, Malaysia and China. He has also successfully team lead and assisted clients as reporting accountant in Initial Public Offering (IPO) and Reverse Take Over (RTO) on SGX-ST.

He is a Chartered Accountant of Singapore, a fellowship member of Association of Chartered Certified Accountants and a member of the Singapore Institute of Directors (SID). Mr Chen obtained a Bachelor of Science in Applied Accounting from Oxford Brookes University.

BOARD OF DIRECTORS

MR TAN YEW HENG, TERRENCE
Independent Director

Date of appointment: 15 November 2022
Date of last re-appointment: -

Mr Tan has over 14 years of working experience in the areas of equity research, corporate finance, private equity and venture capital. Terrence specializes in deal origination, investment structuring, M&A and exit strategies. He has previously worked for various financial institutions and also lectured financial and business modules at both undergraduate and postgraduate levels. He has delivered lectures to junior and senior executives from MNCs such as United Technologies, General Electric, Shell and Singtel. Terrence holds a Bachelor's Degree in Electrical Engineering from the National University of Singapore and an MBA in Finance from Nanyang Technological University.

MR LO KIM SENG
Independent Director

Date of appointment: 15 November 2022
Date of last re-appointment: -

Mr Lo is an Advocate and Solicitor of the Supreme Court of Singapore. His main area of work is on corporate and commercial laws, with a focus on mergers & acquisitions, capital markets and VC/private equity work.

He was previously a trainer with the Singapore Institute of Directors on corporate governance in the Listed Company Directors Programme.

Mr Lo is currently also the Lead Independent Director of No Signboard Holdings Ltd.

MANAGEMENT TEAM

TANG YAOZHI
Business Development Director

Date of appointment: 15 June 2022

Mr Tang is the Business Development Director of the group. He focuses on development of business growth strategy, feasibility studies on new markets and brand management of the group. He has more than 10 years management experience working in a major Japanese MNC focusing on business development in Singapore, Malaysia and Philippines. Mr Tang holds a Bachelor of Business in Management Degree from Royal Melbourne Institute of Technology.

STANNY CHAI
Project Director

Date of appointment: 15 June 2022

Mr Stanny Chai is the Project Director overseeing the construction's progress of the group. He has more than 21 years of extensive experience in the construction industry. He specializes in projection management for construction, architectural and interior design.

IRENE KIEW
Head of Design & Sales

Date of appointment: 15 June 2022

Ms Irene is the Head of Design & Sales overseeing the renovation, interior and fit-out of the group. She has more than 22 years of extensive experience and is extremely well-versed in detailing and functionality of a home. She holds a Diploma in Interior Design from the Malaysian Institute of Art.

GROUP STRUCTURE

SEVENS ATELIER LIMITED

SEVENS CREATION PTE. LTD.

SEVENS BUILD PTE. LTD.

SEVENS DESIGN PTE. LTD.

SEVENS META PTE. LTD.

(INCORPORATED ON 6 OCTOBER 2022)

CORPORATE INFORMATION

BOARD OF DIRECTORS

Hong Eng Leong, Jeffrey
Chief Executive Officer and Executive Director
Lim Xiu Fang, Vanessa
Executive Director
Lawrence Chen Tse Chau
Lead Independent Director
Lo Kim Seng
Independent Director
Tan Yew Heng, Terrence
Independent Director

AUDIT COMMITTEE

Lawrence Chen Tse Chau
Chairman
Lo Kim Seng
Tan Yew Heng, Terrence

NOMINATING COMMITTEE

Lo Kim Seng
Chairman
Tan Yew Heng, Terrence
Lawrence Chen Tse Chau

REMUNERATION COMMITTEE

Tan Yew Heng Terrence
Chairman
Lawrence Chen Tse Chau
Lo Kim Seng

SPONSOR

PrimePartners Corporate Finance Pte. Ltd.
16 Collyer Quay
#10-00 Collyer Quay Centre
Singapore 049318

SHARE REGISTRAR

B.A.C.S. Pte. Ltd.
77 Robinson Road
#06-03 Robinson 77
Singapore 068896

AUDITORS

RSM Chio Lim LLP
Public Accountants and Chartered Accountants
8 Wilkie Road
#03-08 Wilkie Edge
Singapore 228095

AUDIT PARTNER

Chua Ling Ling
Effective from financial year ended
31 December 2022

COMPANY SECRETARY

Yang Lin

PRINCIPAL BANKERS

Overseas-Chinese Banking Corporation
65 Chulia Street
Singapore 049513

REGISTERED OFFICE

60 Paya Lebar Road
#10-14 Paya Lebar Square
Singapore 049513

SHOWROOM

33 Joo Chiat Road
Singapore 427757

OPERATIONS & FINANCIAL REVIEW

Operations Review

During the financial year ended 31 December 2022 ("FY2022"), the Group continued to grapple with challenges as the world continued to be plagued by the resurgence of new Covid-19 variants and sub-variants, prolonged global supply chain disruptions, and the outbreak of the Russia-Ukraine War in late February 2022.

In a bid to revive the sustainability and profitability of the Group, it embarked on (i) diversifying the business into design and build for premium landed residential properties in Singapore, through the acquisition of Sevens Creation Pte. Ltd. and its subsidiaries, and (ii) divesting its loss-making integrated piping solutions business for water and wastewater infrastructure projects. These corporate exercises were completed during the first half of FY2022.

With the completion of the above-mentioned corporate exercises, the name of the listed Company was also rebranded to Sevens Atelier Limited ("**Sevens Atelier**" and together with its subsidiaries, the "**Group**"), to align the Group's identity with the new businesses. The Group offers complete turnkey solutions including customised design, rebuild and renovation, and interior design fit-out for premium landed residential properties in Singapore.

The performance of the businesses was consolidated into the Group in the second half of FY2022, and the aggregate revenue from the new businesses amounted to S$6,792,000. The Group is committed to continue building on its secured order book as it explores growth opportunities in both Singapore and overseas. Initiatives targeted at garnering market share and strengthening its market position include continuous investments in in-house teams of architectural designers, engineers, interior designers, and digital technology, as well as exploring possible accretive mergers and acquisitions with potential business partners along the value chain of the niche premium landed residential properties located in both Singapore and overseas. The Group's focus on broadening its spectrum of solutions and services enhances values for landed residential homeowners and correspondingly, its prioritised stakeholders including shareholders and employees.

Sevens Atelier provides customised design and build (including addition and alteration), and interior design fit-out services for landed property owners under its 'Sevens Build' and 'Sevens Design' brands respectively. The Group aims to offer landed homeowners a bespoke seamless customer experience, from conceptualization to project management and completion, with the addition of value-added services such as pre-purchase inspection and sound advice throughout the project journey to ensure the design concept is in line with clients' objectives. A combined experience of over 50 years of experience of key personnel in Sevens Build aims to lead in design and build consultancy in Singapore. Coupled with 20 years of expertise amongst key personnel from our interior design fit-out under 'Sevens Design' (Sevens Design was established in 2015) , the Group prides itself in providing 'best in class' service to clients with the level of attention it pays to minute details such as lighting and customised furniture.

Over the years, Sevens Atelier has built a strong portfolio of well-designed private landed homes that encompass functionality and elegance. In FY2022, the Group completed projects worth approximately S$6,792,000, most of which are located in the Eastern region of Singapore. This was in spite of the shortage in manpower and materials the construction industry faced, amid the global supply chain crisis even as Covid-19 restrictions were slowly being lifted.

The Group remains committed to delivering premium quality homes with timeless designs, within the stipulated timeframe. It has in place, a streamlined monitoring system and good practices, as well as a capable team of managers who closely monitor the progress of each and every project in the pipeline to ensure timely delivery.

As at the end of FY2022, Sevens Atelier has an order book of S$18.2 million worth of projects that were in progress. Demand for its 'Design and Build' services is expected to remain healthy, especially for reconstruction of landed residential properties, mainly due to the high replacement cost of acquisitions in the face of higher interest rates and higher stamp duties. However, operational challenges arising from higher material costs and the labour crunch among skilled workers in the construction sector are expected to remain, and the Group intends to work closely with its partners to ensure that it is able to continue to deliver quality and value to its clients.

Financial Review

During the financial year under review, by the EGM held on 14 June 2022, the Group successfully transformed itself, through the disposal of the businesses and subsidiaries that deal in trading of water piping materials and related accessories, provision of specialised products to water infrastructure products, valves for municipal and industrial applications and others, such as supply of parts and accessories in Oil & Gas industry and other non–water related products (the "Discontinued Operations"), into entirely new businesses in the design and build space, through the acquisition of Sevens Creation Pte Ltd and its subsidiaries which specialize in construction, renovation and design businesses ("**Design and Build Business**"). The Design and Build Business entails the provision and supply of building, construction, design, engineering, infrastructure and related solutions, services and products such as solutions, services and products for new construction works, addition and alteration works, works for refurbishment and upgrading of existing properties and infrastructure works and projects. The transformation has resulted in different revenue streams.

The Group recorded a revenue of S$6,792,000 and gross profit of S$1,352,000 from its Design and Build Business and recorded a net loss after tax (NLAT) of S$4,129,000. The NLAT is mainly due to losses relating to the Discontinued Operations and amortisation of intangible assets-order backlog arising from the acquisition of Sevens Creation Pte Ltd and its subsidiaries ("**Sevens Creation Group**"). To counter the uncertain economic situation, the Group continues to implement tighter cost control. On a longer term, the Group is expanding its sales and marketing activities to create broader outreach of potential customers, brand awareness and recognitions and understand of market trends that allow for business growth and expansion.

Financial Position

As mentioned earlier, the Group disposed of all its businesses, assets and liabilities of the Discontinued Operations on 14 June 2022.

The Group's property, plant and equipment, as well as the right-of-use assets, as at the financial year ended 31 December 2022 were acquired during the acquisition of Sevens Creation Group. Despite being in the construction industry, the Group will continue to be asset-light.

The intangible assets mainly comprised provisional goodwill of S$10,983,000 and order backlog of S$910,000, net of amortisation, arose from the acquisition of Sevens Creation Group.

The current assets comprised mainly cash and cash equivalent of S$2,402,000 and trade receivables of S$1,610,000.

The current liabilities comprised mainly trade and other payable of S$2,783,000 and contract liabilities of S$3,416,000.

In the non-current liabilities, there were bank loan of S$167,000 and lease liabilities of S$636,000, that the Group took over when it acquired Sevens Creation Group. The deferred tax liabilities arose due to recognition of intangible assets–order backlog when it acquired Sevens Creation Group.

Statement of Cashflow

The Group has overall recorded a net decrease in cash and cash equivalents of S$1,294,000.

The net cash outflow is mainly contributed by investing and financing activities, offset by cash inflow from the operating activities.

Operating activities net cash inflow was mainly due to changes in working capital and non-cash adjustments. The Group recorded cashflow used in trade and other receivable of S$3,850,000 and inventories of S$362,000. The increase in net cash used in operating activities is partially off-set by the cash flows from contract assets and liabilities of S$156,000, other assets, that comprised mainly of club membership, prepayment and deposits of S$3,014,000 and trade and other payable of S$3,074,000.

For the net cash outflows from investing activities, the Group had received S$7,586,000, net of cash disposed, from the disposal of Discontinued Operations. On the acquisition of Sevens Creation Group, the Group had paid, S$9,885,000, net of cash acquired.

OPERATIONS & FINANCIAL REVIEW

The net cash outflows from financing activities, was mainly due to settlement of bank borrowings and payment of principal and interest of lease liability.

Segmental Performance

With the transformation of businesses, the Group now operates only in Singapore divided into 2 business segments namely (i) Building Construction and Design, and (ii) Renovation and Interior Design. Building Construction and Design is and shall remain the Group's largest business segment, contributed to the Group's revenue of S$5,197,000, representing 76.5% of the Group's total revenue of S$6,792,000, while the Renovation and Interior Design contributed S$1,595,000, representing 23.5% of the Group's total revenue.

SUSTAINABILITY STATEMENT

ABOUT THIS SUSTAINABILITY STATEMENT

Formerly known as Pan Asian Holdings Limited, we have rebranded ourselves as Sevens Atelier Limited on 14 June 2022, to mark our metamorphosis in embarking on our transformation of businesses and next phase of growth. The objective of this report is to present Sevens Atelier Limited's (the "**Sevens Atelier**" or the "**Company**" and together with its subsidiaries, the "**Group**") Sustainability Statement for the Financial Year Ended 31 December 2022. It outlines our plan to promote environmentally responsible actions that improve our business plans and processes while ensuring steady growth that aligns with the priorities of our key groups - including business partners, local communities, customers, staff, shareholders, and suppliers.

REPORTING FRAMEWORK

We have prepared this Report with reference to the Sustainability Reporting Guide in Practice Note 7F of the Singapore Exchange Securities Trading Limited ("SGX-ST") Listing Manual Section B: Rules of Catalist ("Catalist Rules") and the Global Reporting Initiative ("GRI") Standards Sustainability Reporting Guidelines 2016 – Core Option and its reporting principles.

REPORTING PERIOD

As announced on 14 June 2022 and stated in the Notes to the Financial Statements FY2022 on Discontinued Operations, page 119, the Group successfully disposed of all its business and subsidiaries dealing in various products and services. On the same day, the Group completed the acquisition of 100% equity interest in Sevens Creation Pte Ltd and its subsidiaries, which specialize in construction, renovation and design businesses ("Design and Build Business").

Complementing the Annual Report, this Sustainability Statement provides all relevant sustainability information since the acquisition of the Design and Build Business until 31 December 2022 ("Relevant Period"), unless otherwise stated.

REPORTING SCOPE

The Company and the following active subsidiaries are located in Singapore. This Statement covers the sustainability practices and efforts of our Group's operations in Singapore for FY2022.

SEVENS ATELIER LIMITED

SEVENS CREATION PTE. LTD.

SEVENS BUILD PTE. LTD. | **SEVENS DESIGN PTE. LTD.** | **SEVENS META PTE. LTD.**

Note: Sevens Meta Pte. Ltd. was incorporated on 6 October 2022 and it is principally in the business of app development targeting at landed homeowners enabling them to envision their potential home.

SUSTAINABILITY STATEMENT

FEEDBACK

We welcome the feedback, suggestions and input of stakeholders on the report. You may contact us through our investor relations email at enquiry@sevensatelier.com

BOARD STATEMENT

The Board of Directors (the "Board") and management of the Company are committed to achieving sustainability in all aspects of our operations. We recognize that our business activities have an impact on the environment, society, and economy, and we acknowledge our responsibility to mitigate these impacts and contribute to a more sustainable future.

As a Design and Build company, we are particularly conscious of the materials we use and their impact on the environment. We are committed to sourcing sustainable, energy-efficient, and eco-friendly materials whenever possible, and working with suppliers who share our commitment to sustainability. However, we know that there is more work to be done, and we are committed to continuing our efforts to drive positive change. We have identified key risks and opportunities and management approach to align with our vision and mission that empowers us to achieve outstanding performance while effectively mitigating risks. We believe that sustainability is not just a responsibility but also an opportunity. By adopting sustainable practices, we can enhance our competitiveness, build stronger relationships with stakeholders, and create long-term value for our shareholders.

The Group, together with the Board is proud to present our Sustainability Statement for the Relevant Period. The management will be responsible to carry out, oversee and report on significant ESG (Environmental, Social, and Governance) performance indicators and matters to the Board while the Board is overall in charge of the Group's ESG efforts.

VISION

Our vision statement, "To be a trendsetter in the Design and Build ecosystem arena" reflects a clear commitment to becoming a leader in the Design and Build ecosystem by delivering expert design and construction services for luxury homes. By fostering a culture of innovation and out-of-the-box thinking, we develop new and innovative solutions that set the Group apart from competitors.

We aim to create homes that are not only beautiful and functional, but also environmentally sustainable and energy-efficient. By prioritizing eco-friendly materials and technologies in our design and construction process, we believe that we are not only reducing the impact of our projects on the environment but also helping our clients save money on energy bills in the long run.

MISSION

To bring inspiration and innovations to every home we build. We strive to provide clients with expert guidance and support throughout the design and construction process of their dream home. We work closely with clients to understand their needs, preferences, and budget, and provides a wide range of design options, materials and construction services to meet their requirements.

Our ability to create unique, high-quality, and personalised designed homes for our clients are great accomplishment and a testament to our skills and expertise in the field of home design and construction. By being able to meet the client's individual tastes and lifestyle demands, it demonstrates our ability to provide a valuable service that enhance their lives and contribute to their overall happiness and well-being.

SUSTAINABILITY PHILOSOPHY

Sevens Atelier is driven by one key philosophy: to make every home and every life we touch, a better one. This includes using materials that are sustainable, energy-efficient, and recycle/reuse-friendly.

GOVERNANCE

The Group believes that high standard of governance establishes the tone for the organisation, nurtures accountability, transparency, ethical business conduct and maximises long-term shareholder value while increases the value of the Company. The Board and management are dedicated to upholding the highest standard of corporate governance, professional business conduct, integrity and commitment throughout our organisation. The Group adheres to the principles and guidelines of the Code of Corporate Governance 2018 issued by the Monetary Authority of Singapore ("MAS").

SUSTAINABILITY
STATEMENT

SUSTAINABILITY GOVERNANCE

Seven Atelier embraces a strong governance structure in place to manage sustainability, while ensuring long-term competitiveness. This helps the Group builds a strong foundation for success and growth, while also contributes to broader social and environmental goals. Sevens Atelier has engaged an internal auditor to review the Group sustainability process.

A three-tier sustainability governance structure was established, comprising the Board of Directors, the Sustainability Committee, and the Sustainability Team. Their roles and responsibilities are described in more detail below.

Board of Directors (Comprised of 1 CEO & ED, 3 IDs)

- Oversees the formation of sustainability strategies and their implementation
- Responsible for overseeing the governance and risk management processes

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Sustainability Committee (Comprised of 1 CEO, 1 HOD-BD, 1 member)

- Comprise Mr. Jeffrey Hong (CEO), Mr. Tang Yao Zhi (HOD-BD), and Mr. Henry Foo
- Review sustainability performance, material topics, stakeholders concerns, set targets and goals for information required for sustainability reports

↑

Sustainability Team (Comprised of 1 HOD-BD and 1 member)

- Comprise Mr Tang Yao Zhi (HOD-BD) and Mr Henry Foo
- Implements and executes the approved strategies and the day-to-day operations and meets on a monthly basis whereby sustainability topics are discussed alongside other operational matters.

SUSTAINABILITY
STATEMENT

POLICIES AND PROCEDURES

Several policies were established to support and supplement legislation governing the laws that uphold the highest standards of ethics, and in maintaining a culture of ethical behaviour and practices. They include the following:

Employee Handbook

Board Diversity Policy

Whistleblowing Policy

Purchasing Procedure

Interested Party Transaction Policy

Invoicing and Credit Control Procedure

The main objectives of policies and procedures may include the following:

A. Ensure compliance with legal and regulatory requirements: Policies and procedures are designed to ensure that the organization complies with relevant laws and regulations.

B. Promote ethical behaviour: Policies and procedures are designed to promote ethical behaviour and integrity in the workplace.

C. Establish standards for performance: Policies and procedures establish standards for performance and behaviour, which help to ensure consistency and fairness in the workplace.

D. Protect the Group's assets: Policies and procedures are designed to protect the organization's assets, including its intellectual property, data, and financial resources.

CODE OF CONDUCT, ETHICS AND INTEGRITY

Directors, management, and employee conduct is governed by Seven Atelier's Code of Conduct (the "Code"), which forms part of the employee handbook, effective from 1 September 2022. The Code places a strong emphasis on economic sustainability and ethical business practices. It acknowledges the importance of ensuring the Group's operations are financially viable over the long term, which is essential for meeting the needs of its stakeholders.

This commitment includes regulating employee behaviour to uphold high ethical business standards. The Group expects its employees to act with integrity and to follow ethical principles in all aspects of their work, such as in their dealings with customers, suppliers, and colleagues.

ANTI-BRIBERY AND ANTI-CORRUPTION

Our commitment to anti-bribery is stipulated in the employee handbook. It emphasizes the Group's dedication to not solicit or accept any advantage for themselves or others, from any person, company or organization having business dealings with the Company, except that they may accept (but not solicit) the following advantages when offered on a voluntary basis:

- Advertising or promotional gifts or souvenirs of a nominal value; or
- Gifts given on festival or special occasions, subject to a maximum limit of S$250 in value; or
- Gift or souvenirs of nominal value presented to them in official functions or festival occasions.
- Gifts and its amount must be reported to the Company.

In FY2022, the Group reported zero bribery and corruption case and continues to strive to maintain zero case on bribery and corruption for the year FY2023.

Target for FY2022	Performance for FY2022	Target for FY2023
Not available due to company restructuring	Zero case on bribery and corruption	Zero bribery and corruption case

WHISTLEBLOWING

The Group takes any wrongdoing by any of its employees seriously because it demands the greatest levels of integrity, probity, transparency, and accountability from everyone in order to uphold and safeguard the Group's interests and reputation.

Seven Atelier has reviewed the Whistleblowing Policy on 31 October 2022 and is satisfied that it is in line with the Design and Build business of the Group after the completion of the disposal of old businesses and acquisition of Design and Build business. Such policies are an essential part of promoting a culture of transparency and accountability in the workplace. The whistleblowing policy outlines the types of concerns or suspected wrongdoing that can be reported, the channels through which reports can be made, the process for investigating and addressing any concerns or reports, and the protection measures for whistle-blowers who report concerns in good faith.

In FY2022, the Group reported zero whistleblowing case and continues to maintain zero whistleblowing case for the following year in FY2023.

Target for FY2022	Performance for FY2022	Target for FY2023
Not available due to company restructuring	Zero case on whistleblowing in FY2022	Zero whistleblowing case

STAKEHOLDERS ENGAGEMENT

In FY2022, we continued to actively engage with our stakeholders informally or formally, to understand their perspectives on our sustainable practices. The stakeholder engagement activities aided our efforts to better understand the interests, needs and concerns for each group of stakeholders, to facilitating our formulation of responses that tailored to their requirements.

Below are the highlights of stakeholders' area of interests and initiatives undertaken by the Group:

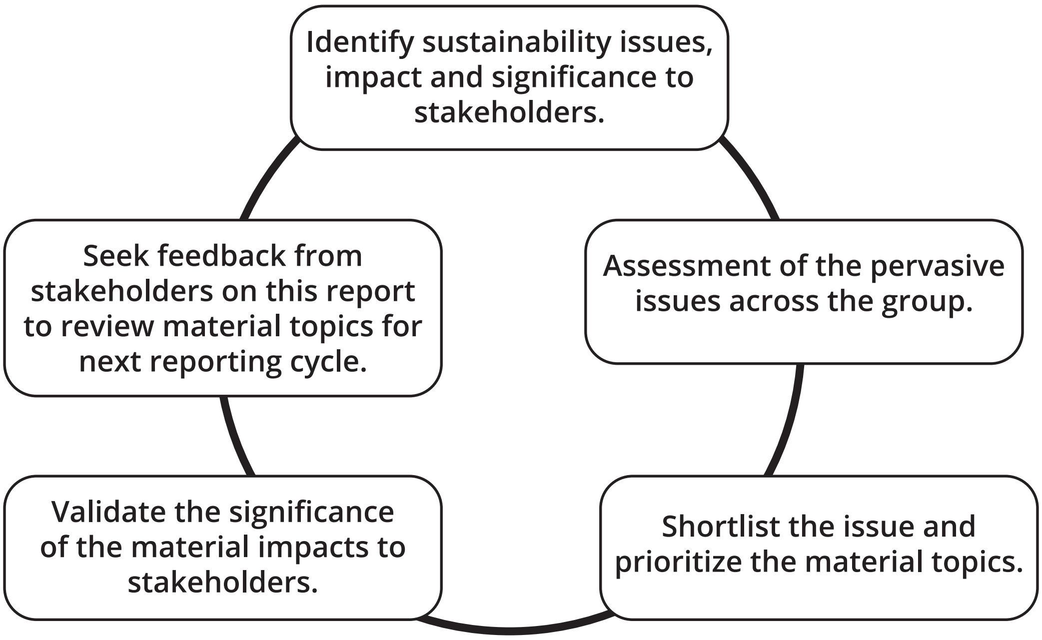
SUSTAINABILITY STATEMENT

Key Stakeholders	Engagement Activities	Key Concerns
Government, Regulators, Sponsors	• Meeting and discussion with government agencies as well as other regulators	• Commitment to regulatory compliance • Compliance with Catalist Rules • Timely reporting and resolution of issues
Employees	• Employee appraisals • Employee trainings • Performance assessment	• Employee welfare and benefits • Employee development
Customers	• Enquiry and feedback channels • Meeting and discussion with customers • Service delivery	• Maintaining the highest professional and ethical standards in business relationship with customers • Pricing advantage
Vendors and Suppliers (Including Contractors)	• Enquiry and feedback channels • Meeting and discussion with the suppliers • Suppliers' assessment	• Compliance with terms and conditions of transaction • Engaging continuously with suppliers' products training
Shareholders and Investors	• Board meetings, reporting and annual general meetings • Annual and interim reports • Circular and news releases to shareholders	• Transparency and profitability • Timely reporting • ESG integration in any business decisions
Non-Government Organisation	• Meeting and discussion with Non-Government Organisations (NGOs) • Collaboration with other private sector players	• Company's market presence • Business targets

IDENTIFYING AND ADDRESSING MATERIALITY AND SUSTAINABILITY MATTERS

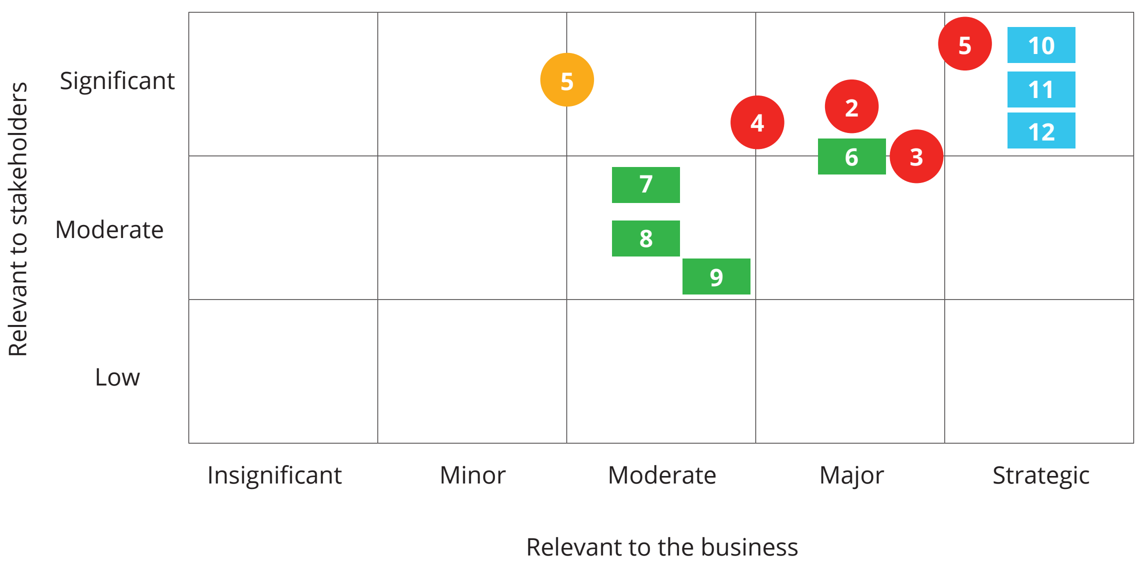
Seven Ateliers applied the GRI Standards to identify and prioritize the key sustainability topics, to tailor its approach taken in relation to sustainability on the management of the ESG impacts of its business operations on its stakeholders.

5 steps were taken by Sevens Atelier to arrive at the list of material factors for reporting:



Based on the above assessment process, it resulted in the identification of 12 material matters, of which 8 were ranked as highly material.

SUSTAINABILITY MATERIALITY PROFILE



SUSTAINABILITY STATEMENT

ECONOMIC	ENVIRONMENT	SOCIAL	GOVERNANCE
1. Financial Performance	5. Energy	6. Occupational Health and Safety	10. Anti-Bribery and Anti- Corruption ("ABAC")
2. Product and Service Quality		7. Training and Development	11. Whistleblowing
3. Innovation and Information		8. Employment	12. Ethics and Integrity
13. Procurement		9. Equal Opportunity and Diversity	

RISK, OPPORTUNITIES AND MANAGEMENT APPROACH

Material Topics	Risks	Opportunities	Impact to the Key Stakeholders	Management Approach
ECONOMIC				
Financial Performance	• Loss of relevant market share and regulatory fines	• Stimulate and increase competitiveness and create new green business segments and promote business resilience	• Shareholders and Investors	• To generate revenue and achieve net profit in both local and overseas operation
Product and Service Quality	• Design errors and omissions: Leading to errors and omissions in the final product, which can result in project delays, rework, and increased costs • Non-compliance with regulations: The company may not comply with relevant regulations, such as building codes and environmental standards, leading to legal and financial risks • Customer dissatisfaction: Deliver products or services that do not meet customer expectations, leading to customer dissatisfaction and reduced repeat business	• Improved reputation: The company can build a strong reputation for delivering high-quality products and services, enhancing its brand and attracting new customers • Increased competitiveness: By delivering high-quality products and services, the company can differentiate itself from competitors and increase its competitiveness in the market	• Shareholders and Investors • Customers	• Implementation of quality management systems, regular testing and inspection, and the use of high-quality materials and skilled craftsmanship • High-quality work: Providing high-quality work that meets or exceeds customer expectations thus can contribute to customer satisfaction

Material Topics	Risks	Opportunities	Impact to the Key Stakeholders	Management Approach
Innovation and Information Technology	• Cybersecurity: There is a risk of cyber-attacks that could compromise sensitive customer information and data • Adoption and acceptance: The adoption and acceptance of new technology by employees and customers may take time, leading to resistance and decreased efficiency.	• Improved efficiency: The use of technology can streamline processes and improve efficiency, reducing the time and cost involved in the design process • Increased competitiveness: By staying at the forefront of technology and innovation, the company can differentiate itself from competitors and increase its competitiveness in the market.	• Shareholders and Investors • Customers • Employees	• To allocate budget for IT development
Procurement	• Supplier risk: The interior design company may be relying on suppliers that are unreliable or have a poor reputation, leading to delayed delivery, poor quality, or increased costs • Cost overruns: The cost of materials and products may increase unexpectedly, leading to cost overruns and reduced profit margins	• Improved quality: By selecting high-quality suppliers and monitoring their performance, the company can ensure that the materials and products used in its projects are of the highest quality	• Shareholders and Investors • Suppliers	• Careful supplier selection and management, regular monitoring of costs and quality, and the use of clear and enforceable contracts

SUSTAINABILITY STATEMENT

Material Topics	Risks	Opportunities	Impact to the Key Stakeholders	Management Approach
ENVIRONMENT				
Energy	• Increase in electricity tariffs increases the hike in operational costs	• Develop competitive advantage in renewable energy	• Government • Shareholders and Investors • Employees	• To regularly monitor electricity consumtion • To replace existing lights with LED lights
SOCIAL				
Occupation Health and Safety ("OHS")	• Accidents and injuries result in regulatory penalties and reputational damage • Damaged assets operational continuity and financial performance	• Emphasis on health and safety culture attracts and retains top industry talent • Reputation as a safe and reputable manufacturer attracts investors	• Shareholders and Investors • Employees	• To achieve zero breach case of non-compliance to OHS regulatory • To achieve zero work-related injuries • To achieve a lower rate of lost time injury ("LTI") • To comply with the local COVID-19 laws and regulations, if applicable
Training and Development	• Employee disengagement and underdevelopment contribute to low performance and productivity • Lack of relevant skills and competencies hinders growth	• Gaining a competitive advantage in having a diverse pool of employees with various skills and experiences	• Employees	• To maintain at least 1 female at Board level • To ensure zero racial discrimination case • To achieve average gender ratio at employee level • To ensure age balance in the workplace

Material Topics	Risks	Opportunities	Impact to the Key Stakeholders	Management Approach
Equal Opportunity and Diversity	• Employee retention • Challenges in recruiting right talents	• Gaining a competitive advantage in having a diverse pool of employees with various skills and experiences	• Employees	• To maintain at least 1 female at Board level • To ensure zero racial discrimi-ntion case • To achieve average gender ratio at employee level • To ensure age balance in the workplace
Local Communities	• Business practices that have a negative impact on communities result in investor funding losses and reputational damage to our brand • Conflict or friction in the community may lead to demonstrations and boycotts	• Social responsibility programmes increase visibility and safeguard reputation as a caring and environmentally-responsible organisation	• Shareholders and Investors • Community	To provide financial assistance and contribution
GOVERNANCE				
Anti-bribery and Anti-corruption ("ABAC")	• Bribery and corruption within the company and supply chain lead to regulatory and reputational risks • Disputes and legal proceedings may cause operational disruptions, reputational damage and value deterioration	• Enhanced poli-cies, procedures and risk practic-es improve rep-utation among stakeholders • Strong culture of Integrity enhanc-es our position as one of the top employer	• Shareholders and Investors • Employees • Customers	• To promote awareness amongst internal stakeholder on Sevens Atelier ABAC policy

Material Topics	Risks	Opportunities	Impact to the Key Stakeholders	Management Approach
Whistle-blowing	• Damage to reputation due to unethical scandals & loss of trust on the Group	• Build reputation as zero whistleblowing report entity which serve as a competitive advantage to get the trust of shareholders	• Shareholders and Investors • Government and Regulators • Employees • Customers	• Continuous declaration on whistleblowing by management and emploees annually. • Ensure that there is a whistleblowing channel for customers and other stakeholders
Ethics and Integrity	• Pressure to compromise organizational standards • Retaliation against reporters	Strong culture of Integrity enhances our position as one of the top employer	• Employees	• Continuous declaration on code of conduct in the employee handbook by management and • employees annually.

TASK FORCE ON CLIMATE-RELATED FINANCIAL DISCLOSURES ("TCFD")

As the Group had completed the acquisition of 100% equity interest in Sevens Creation Pte Ltd and its subsidiaries on 14 June 2022, all resources were allocated to focus on these new business activities. Therefore, we were not able to include Task-Force on Climate-Related Disclosure ("TCFD") in our sustainability reporting this year. Despite that, we are committed to continuing our efforts to gather and analyse the necessary data to include TCFD in future sustainability reports. We understand the importance of providing transparent and comprehensive information on our efforts to address climate-related risks and opportunities, and we will continue to work towards this goal, noting that TCFD reporting is mandatory with effect from financial year commencing 2022 and onwards.

FY2022 SUSTAINABILITY PERFORMANCE MEASUREMENT

Sevens Atelier continued to strive for better results for its business as part of its commitment to sustainability. Our sustainability achievement is listed below.

Material Topic	FY2022 Performance
Financial Performance	Revenue 2022: S$ 6,792,000 Gross Profit 2022: S$ 1,352,000
Product and Service Quality	Not available
Technology, Innovation and Development	Not available
Procurement	99% local purchases
Energy	Electricity consumption FY2022: 54,506 kWh
	• LED • Green label air-conditioning
Occupational Health and safety	Zero case of non-compliance in FY2022
	Zero case of recordable work-related injuries for FY2022.
Employment	Employee turnover rate FY2022: 22%
	BOD: 1 female
Diversity and Equal Opportunities (Board level)	Zero discrimination case in FY2022
Diversity and Equal Opportunities (Employee level)	Gender ratio in FY2022: 33% of Female 67% of Male
	Zero discrimination case
	• Below 30 years old: 39% • 30 to 50 years old: 55% • Above 50 years old: 6%
Training and Development (External Director Training)	• Training budget allocated FY2022 SGD 3,280 • 2 average training hours for employee per year • Monthly Internal Training
Whistleblowing	Zero whistleblowing case in FY2022
Anti-Corruption Disclosure	Zero case on anti-corruption in FY2022

SUSTAINABILITY STATEMENT

ECONOMIC

FINANCIAL PERFORMANCE

The year 2022 served as a period of adjustment for the Group before pre-COVID-19 operations were resumed. We came to recognize that an examination of our strategic plan was necessary to create a sustainable firm that would guarantee long-term success as a result of the growing concern for environmental sustainability on a worldwide scale. In order to adapt to the changing circumstances and business environment, Sevens Atelier embraces resiliency, agility, and gradually accelerated our transformation in our operation.

The Group is committed to providing long-term economic benefit to its stakeholders through responsible financial management and the upkeep of an appropriate and sustainable business portfolio.

Economic value generated and distributed in FY2022 from our operations are set out in the table below:

	FY2022 (S$)
Direct Economic Value Generated (Revenue)	6,792,000
Gross Profit	1,352,000

In FY2022, the Group generated a revenue of S$6,792,000 from its continuing operations through the provision of design and construction services to the clients. The revenue recognized is dependent on the progress of each of the projects. The contract value for each project depends on factors such as the size and complexity. To improve the sales, the Group also focused on expanding the customer base through targeted marketing efforts and referrals from satisfied customers.

Overall, the Group was able to manage its costs effectively while expanding its customer base and investing in growth initiatives. Going forward, the Group will continue to focus on optimizing its operations, controlling its costs, and expanding its service offerings to drive further growth and profitability.

The details of our financial results are discussed in the Financial Statements of this Annual Report.

Material Topic	Target for FY2022	Performance for FY2022
Financial Performance	Not available due to company restructuring	Revenue 2022: S$ 6,792,000 Gross Profit 2022: S$ 1,352,000

PRODUCT AND SERVICE QUALITY

Sevens Build Pte. Ltd. (the "**Sevens Build**") and Sevens Design Pte. Ltd. (the "**Sevens Design**"), subsidiaries of Sevens Atelier were accredited with ISO 9001:2015 Quality Management System accreditation on 1 September 2021 and 15 March 2021 respectively.

This endorsement signifies that the Group:

a. Consistently supplies its products and services that suit the demands of customers while also complying with applicable statutory and regulatory requirements; and

b. Strives to promote customers' satisfaction through effective system application, including improvement of system processes and verification of system that is adherence to customer and applicable legislative and regulatory requirements

Maintaining high standards in operations management is pivotal to the success of the Group. By ensuring that processes are efficient and effective, the Group optimises its operations and minimises its waste, reducing costs and maximising profitability.


CERTIFICATE

SEVENS BUILD PTE. LTD.

60 Paya Lebar Road #10-13 Paya Lebar Square Singapore 409051

ISO 9001:2015

Quality Management System

General Building Construction

ARES International Certification Co., Ltd.


CERTIFICATE

OF ASSESSMENT

Sevens Design Pte Ltd

60 Paya Lebar Road 10-13 Paya Lebar Square Singapore 409051

KW Certification hereby grants to the above company whose Quality Management System is in conformance with

ISO 9001:2015

Scope:

Provision of Building Works including Interior Design and Renovation Works

General Manager

Sevens Build and Sevens Design were also accredited with ISO45001:2018 certification as of the date of this report. The certification helped Sevens Atelier to achieve the intended outcomes of its Occupational Health & Safety ("OH&S") management system on 1 September 2021 and 15 March 2021 respectively. Consistent with the Group's OH&S policy, the intended outcomes of an OH&S management system include the following:

a. Continual improvement of OH&S performance
b. Fulfilment of legal requirements and other requirements
c. Achievement of OH&S objectives


CERTIFICATE

SEVENS BUILD PTE. LTD.

60 Paya Lebar Road #10-13 Paya Lebar Square Singapore 409051

ISO 45001:2018

Occupational Health and Safety Management Systems

General Building Construction

ARES International Certification Co., Ltd.


CERTIFICATE

OF ASSESSMENT

Sevens Design Pte Ltd

60 Paya Lebar Road 10-13 Paya Lebar Square Singapore 409051

KW Certification hereby grants to the above company whose Occupational Health and Safety Management System is in conformance with

ISO 45001:2018

Scope:

Provision of Building Works including Interior Design and Renovation Works

General Manager

Aside from that, Sevens Build was awarded with bizSAFE certification, issued on 1 September 2022, being the highest star level. This certification demonstrates our commitment to workplace safety and health, and the rigorous efforts taken to implement a comprehensive safety and health management system that exceeds the minimum legal requirements.


bizSAFE STAR

CERTIFICATE

The Workplace Safety and Health Council is pleased to certify that

SEVENS BUILD PTE. LTD.

has fulfilled the requirements to attain bizSAFE Level STAR

This certificate is valid till 31/08/2024

Christopher Koh

Material Topic	Target for FY2022	Performance for FY2022	Target for FY2023
Product and service quality	Not available due to company restructuring	Not applicable	Sub-contractors achieve minimum passing rate for vendor performance

INNOVATION AND INFORMATION TECHNOLOGY

IIn today's digital age, Information and Innovation Technology (IT) plays a crucial role in the success of a design company. We harness on the latest technology and tools to improve our efficiency, enhance the customer experience, and stay ahead of the competition.

1. Technology-driven design process: Technology is utilised to streamline the design process, such as using 3D rendering software, virtual reality tools, and collaboration platforms to create and review designs. This improves accuracy, speed up the design process, and enhances collaboration with our clients.

2. Customer engagement: Our consultations and seminars are currently face-to-face. However, we use an app to showcase our potential exterior and interior looks of the design.

3. Data-driven decision making: We use technology to collect, store, and analyse data, such as customer preferences, sales trends, and market insights, that can be leveraged to make better decisions, improve customer targeting, and enhance the Group's competitiveness.

Material Topic	Target for FY2022	Performance for FY2022	Target for FY2023
Innovation and information technology	Not available due to company restructuring	Not applicable	To allocate budget of SGD10,000 for IT development

PROCUREMENT

We engage with local suppliers and contractors. Our suppliers and contractors are the key factors that support us in delivering high-quality products and services. Our procurement processes are aligned with our Group's mission and values, as well as ESG considerations. Ensuring our suppliers and contractors share our commitment to sustainability and ethical practices is essential in creating a positive impact beyond our Group.

In practice, we have set a few criteria for assessing the suppliers. This includes the following:

a. Quality of product or service
b. Price
c. Delivery time
d. Reputation
e. Customer service

Due to its importance, we have developed our Purchasing Procedures, updated on 3 November 2022, a framework for sustainable and responsible procurement practices. This covers the environmental sustainability, social sustainability, supply chain transparency, risk management and performance measurement.

Material Topic	Target for FY2022	Performance for FY2022	Target for FY2023
Procurement	Not available due to company restructuring	99% local purchases	To achieve 100% local purchases

ENVIRONMENT

ENERGY

We are conscientious about our energy consumption behaviour. We optimise the design of our processes and look for ways to continuously assess and improve our energy consumption efficiency across all of our operations.

Since the inception of Sevens Atelier on 14 June 2022, our energy consumption by the projects were absorbed by the sub-contractors as part of our contract with them. Below is the summary of the total electricity consumption of the Group, for its offices and showroom, as of 31 December 2022.

ELECTRICITY CONSUMPTION FY2022

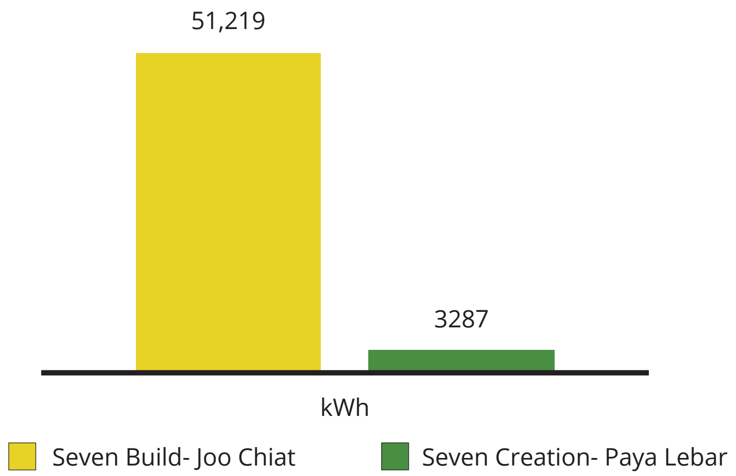
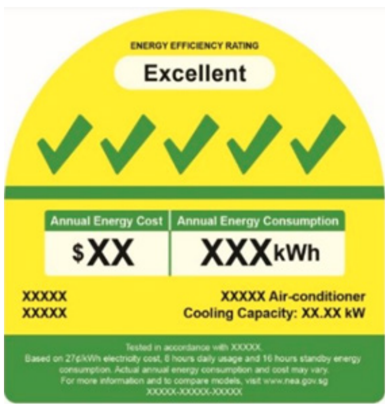


Chart 1: Electricity consumption data is from 1 July 2022 since date of acquisition and due to company diversification

To further enhance our efforts in energy efficiency, the Group replaced lighting with LED bulbs and uses Green Label air-conditioning Energy Label program introduced by the National Environment Agency ("NEA") of Singapore. The NEA energy efficiency requirements for variable refrigerant flow ("VRF") air-conditioners aims to encourage the use of energy-efficient technology and reduce energy consumption. Promoting energy efficient VRF air-conditioners is our commitment to support our Singapore government's attempt towards sustainability and reducing the environmental impact of air-conditioning systems.

The VRF air-conditioners are rated from one-tick to five-ticks on the green label sticker attached on the air-conditioning, with five-ticks being the most efficient. We are proud to note that our air-conditioners are rated with five ticks. We utilize a ceiling cassette type air-conditioning from Daikin iSMILE series which is recognized as the highest energy efficiency rating of five Ticks.



Material Topic	Target for FY2022	Performance for FY2022	Target for FY2023
Energy	Not available due to company restructuring	• 54,506 kWh of electricity consumption • LED lights and green label air conditioning	• To reduce 3% of electricity generated in the year • To replace the balance of existing high energy consumption lights with LED lights

SOCIAL

OCCUPATIONAL HEALTH AND SAFETY

We acknowledged that the health and safety of employees is not only a legal obligation, but it is also essential for the success and sustainability of our business. We are committed to maintaining consistent Occupational Health and Safety (OHS) procedures, that include proactive event logging and monitoring, that prioritize employee safety.

By adhering to the regulations of the Ministry of Manpower in Singapore, we have demonstrated that Sevens Atelier operates within the legal framework that ensures the wellbeing of our employees' safety and sustainability. In FY2022, we achieved zero case of non-compliance with OHS regulatory, zero case of recordable work-related injuries and zero incidents of non-compliance with local COVID-19 laws and regulations.

We strive towards achieving zero fatalities and continue to invest in the occupational safety and health of our workers to maintain a zero work-related injury in FY2023.

Material Topic	Target for FY2022	Performance for FY2022	Target for FY2023
Occupational health and safety	Not available due to company restructuring	• Zero case of non-compliance in FY2022 • Zero case of recordable work-related injuries in FY2022	• Zero case of non-compliance with OHS regulatory • Zero case of recordable work-related injuries • Zero case of fatalities resulted from work-related injuries

EMPLOYEE TRAINING AND DEVELOPMENT

Embracing upscaling of employees' knowledge is an approach to ensure that we remain competitive and innovative in a rapidly changing business environment. By prioritising the development of our employees' skills and knowledge, we believe our employees are able to take on new challenges and adapt to new technologies and trends.

Our employees were provided access to training programs activities, such as attending conferences, webinars, or workshops, and resources, and latest knowledge and tools necessary for their roles. This enables them to acquire new skills and competencies that are necessary for their current job scopes and career advancement. We have targeted trainings for different group of staffs.

As at the date of this report, all directors have attended the Environmental, Social & Governance Essentials course.

In FY2022, the Group invested a total of S$3,280 for employee training. Below is the type of training that were conducted, and amount invested in each training program.

Type	Trainer	Hours of training	Cost (s$)
Corporate Governance Training	Singapore institute of Directors	80 hours	3,280
Sales Training	In-House Internal trainer	4 hours	NIL (training by internal staff)
Induction Training	In-House Internal trainer	2 hours	NIL (training by internal staff)
Total		**86 hours**	**3,280**

Material Topic	Target for FY2022	Performance for FY2022	Target for FY2023
Training and development	Not available due to company restructuring	• Training budget allocated FY2022 S$ 3,280 • Average of 2 hours for employee per year	• Training budget allocated S$ 6,560 • Internal Training- Average of 8 hours for employee per year • Induction Training for newly joined staff - 2 hours

EMPLOYMENT, EQUAL OPPORTUNITY, AND DIVERSITY

At Sevens Atelier, we value diversity and see our staff as valuable individuals. Our diverse team fosters an open and forward-thinking culture because of both overt and covert variances in everything from thinking styles and beliefs to age, ethnicity, religion, gender, and nationality.

As a team, we collaborate to create a driven, stronger, and sustainable business that has a positive impact on the environment, the economy, and society for both ourselves and communities at large.

Gender Diversity

In FY2022, we reported a total workforce of 18 employees. Male employees constituted 67% (12 number of males) of the Group's total workforce while female employees constituted 33% (6 number of females) of the Group's total workforce. Last year data was not available as Sevens Atelier was rebranded from Pan Asian Holdings Limited in June 2022. Therefore, this is the first employee data for Sevens Atelier.

We practice neutrality in our employment practices and support gender diversity where possible. However, due to the construction company profile, the workforce in our group predominantly consists of male employees as opposed to female employees. The Group strives to balance the gender diversity by encouraging recruitment of female employees for office operations while male employees for the production side. Nonetheless, we are committed to increase the ratio of female employees for FY2023.

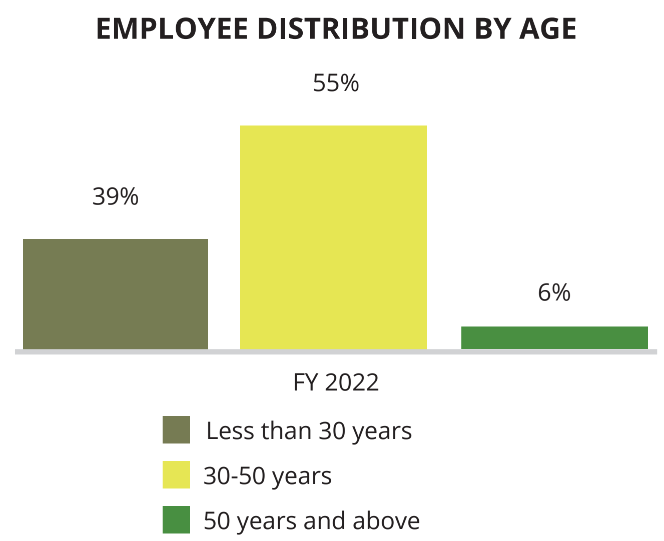
EMPLOYEE DISTRIBUTION	
Total Number of employees in 2022: 18 employees	
Employee Diversity by Gender	
67%	33%

Age diversity

We believe in developing a workforce that consist of diverse age groups as it enables us to tap on variety of talents and experience. The matured employees serve as mentors for the younger ones which enables the organisational practices and traditions to be passed down over the years.

SUSTAINABILITY
STATEMENT

The following chart illustrates the employee distribution by age in FY2022; there were 39% of employees who were less than 30 years of age, 55% of employees in the range of 30-50 years of age and 6% employee who was 50 years and above.

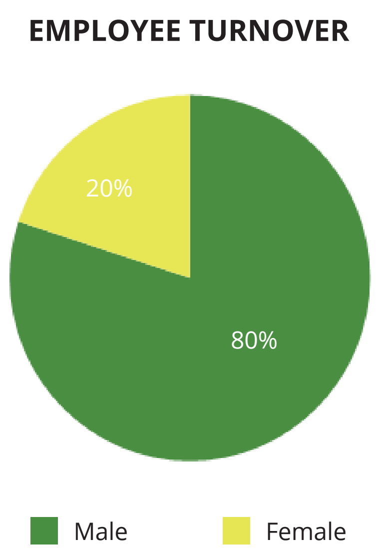


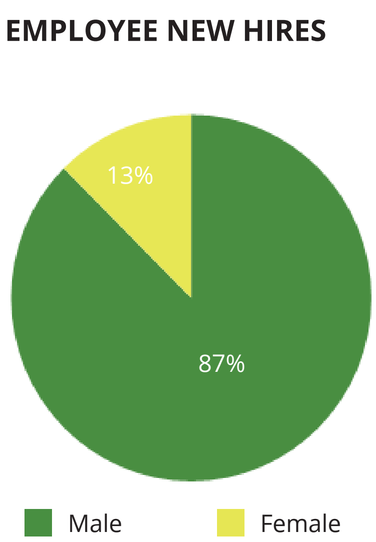
Employee Turnover

The following chart illustrates the employee turnover in FY2022; the number of turnovers was 5 employees, which consists of 4 male (80%) and 1 female (20%).

New Hires / Recruitment

The following chart illustrates the employee new hires in FY2022; the number of employee new hire was 8 employees, which consists of 7 males (87%) and 1 female (13%).





We continue to actively hire new employees to participate in all aspects of our business operations.

Material Topic	Target for FY2022	Performance for FY2022	Target for FY2023
Employment	Not available due to company restructuring	Employee turnover rate FY2022: 22%	11% employee turnover
Diversity and Equal	Not available due to company restructuring	BOD: 1 female	Achieve higher gender ratio for female director
Opportunities (Board level)	Not available due to company restructuring	Zero discrimination case in FY2022	Zero discrimination case
Diversity and Equal Opportunities (Employee level)	Not available due to company restructuring	Gender ratio in FY2022: 33% of Female 67% of Male	Average gender ratio of 50%
	Not available due to company restructuring	Zero discrimination case	Zero discrimination case
	Not available due to company restructuring	• Below 30 years old: 39% • 30 to 50 years old: 55% • Above 50 years old: 6%	Age diversity ratio • Below 30 years old: 40% • 30 to 50 years old: 40% • Above 50 years old: 20%

Going Forward

Going forward, Seven Atelier remains committed to its corporate duty to stakeholders and continues to strengthen its sustainability initiatives. We strive to expand our business sustainably by adopting sustainable business practices, reducing our environmental impact, and identifying new business opportunities and markets. We work to bolster our operations by improving efficiency, reducing costs, and enhancing our relationships with stakeholders.

We continue to play a crucial role in the stewardship of the environment and the communities in which we operate, by implementing sustainable business practices and engaging with local communities to address their needs and concerns. This helps us to build trust and credibility with our stakeholders and enhance our reputation in the marketplace.

By taking these steps, we are confident that we can increase stakeholder value while also contributing to broader social and environmental goals. We maintain our ongoing commitment to monitor our progress, set ambitious targets, and report on our sustainability performance to ensure that we are making meaningful progress towards our sustainability objectives.

SUSTAINABILITY
STATEMENT

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SUSTAINABILITY STATEMENT

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Employment	401-1	New employee hires and employee Turnover	35
Occupational Health and Safety			
Occupational Health and Safety	403-1	Occupational Health and Safety Management System	33
	403-2	Hazard identification, risk assessment and incident investigation	N/A
	403-4	Worker participation, consultation and communication on occupational health and safety	N/A
	403-5	Worker training on occupational health and safety	N/A
	403-8	Workers covered by an occupational health and safety management system	N/A
	403-9	Work-related injuries	33
Training and Education			
Training and Education	404-1	Average hours of training per year per employee	33-34
	404-3	Percentage of employees receiving regular performance and career development reviews	N/A

CORPORATE GOVERNANCE STATEMENT

The board of directors (the "**Board**" or "**Directors**") and Management of Sevens Atelier Limited (formerly known as Pan Asian Holdings Limited) (the "**Company**" and together with its subsidiaries, the "**Group**") are committed to maintaining a high standard of corporate governance to facilitate effective management and safeguard the interests of the Company's shareholders.

This Corporate Governance Report outlines the Company's corporate governance processes and activities that were in place for the financial year ended 31 December 2022 ("**FY2022**"), with specific reference to the principles and provisions of the Singapore Code of Corporate Governance 2018 (the "**Code**"), the accompanying practice guidance (the "**Guide**") issued by the Monetary Authority of Singapore, and the Singapore Exchange Securities Trading Limited (the "**SGX-ST**") Listing Manual: Section B: Rules of Catalist (the "Catalist Rules"), where applicable.

The Company is generally in compliance with the principles, the guidelines set out in the Code, the Guide and the Catalist Rules. Where there are deviations from the Code and Guide, the Board has considered the alternative practices adopted and is satisfied that such alternative practices are sufficient to meet the underlying objectives of the Code and Guide. Appropriate explanations have been provided in the relevant sections where there were deviations.

The Board is pleased to confirm that for FY2022, the Group has adhered to the principles and provisions as outlined in the Code except where otherwise stated and explained.

BOARD MATTERS

Principle 1: The Board's Conduct of Affairs

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

As at date of this report, the Board comprises five (5) Directors, three of whom are Independent Directors. The Board consists of:

Hong Eng Leong, Jeffrey	Chief Executive Officer ("**CEO**") and Executive Director
Richard Koh Chye Heng	Chief Executive Officer ("**CEO**") and Executive Director (resigned on 6 July 2022)
Lim Xiu Fang, Vanessa	Executive Director
Lawrence Chen Tse Chau	Lead Independent Director
Lam Kwong Fai	Lead Independent Director (resigned on 15 November 2022)
Tan Yew Heng, Terrence	Independent Director
Lo Kim Seng	Independent Director
Wu Yu Liang	Independent Director (resigned on 15 November 2022)

Key information regarding the Directors is given in the section on "Board of Directors" of this annual report.

The Company is headed by its Board comprising entrepreneurs and professionals from various disciplines. All Directors recognise that they have to discharge their duties and responsibilities in the best interests of the Company. The Board's principal responsibilities are, inter alia:

(a) to guide the formulation of the Group's overall long-term strategic objectives and directions. This includes setting the Group's policies and strategic plans and monitoring the achievement of these corporate objectives;

(b) to establish goals for management and monitor the achievement of these goals;

(c) to ensure high quality management leadership, effectiveness and integrity; and

(d) to review internal controls, risk management, financial performance and reporting compliance.

The Board has put in place a code of conduct and ethics, sets appropriate tone-from-the-top and desired organisation culture, and ensures proper accountability within the Company.

The Board has delegated certain functions to its board committees ("**Board Committee**"), namely Audit Committee ("**AC**"), Nominating Committee ("**NC**") and Remuneration Committee ("**RC**"), save for the following matters which are reserved for the Board's decision:

(a) the corporate strategy;

(b) decision-making in relation to cease, to operate all or any material part of the business of the Group or to extend the Group's activities into new businesses;

(c) the approval of any acquisition or disposal of investment, asset or business by the Company or any of its subsidiaries;

(d) the approval of any changes relating to the Company's capital structure, including share issues and reduction of capital;

(e) the approval of capital expenditures exceeding $100,000 for unbudgeted expenditures;

(f) the approval of capital borrowings and financial commitments;

(g) the interested person transactions of the Group;

(h) the approval of the Company's financial results and audited financial statements;

(i) the recommendation of the payment of any dividend by the Company;

(j) the appointment or removal of director to/from the Board;

(k) the appointment or removal of the Company Secretary;

(l) the approval of remuneration packages of key executives of the Company recommended by the RC;

(m) the convene of shareholders' meetings; and

(n) any matter required to be considered or approved by the Board as a matter of law or regulation.

The AC is chaired by Mr. Lam Kwong Fai, the then Lead Independent Director, and the NC and the RC are chaired by Mr. Wu Yu Liang, an Independent Director, respectively, until both resigned as Directors of the Company on 15 November 2022.

With effect from 15 November 2022, the AC is chaired by Mr. Lawrence Chen Tse Chau, the NC is chaired by Mr. Lo Kim Seng and the RC is chaired by Mr. Tan Yew Heng, Terrence, all of whom are Independent Directors. Each Board Committee has been constituted to operate under the defined terms of reference. Each Board Committee has the delegated power to make decision, execute actions or make recommendations within its terms of reference and applicable limits of authority. The terms are reviewed and updated by the Board from time to time. The terms of reference of the respective Board Committees are set out in this statement.

The attendance record of the Directors at the general meetings, Board and Committee meetings for FY2022 is as follows:

Name of Directors	No. of Meetings held				
	General Meetings	Board	Audit Committee	Nominating Committee	Remuneration Committee
	2	**3**	**3**	**2**	**2**
Richard Koh Chye Heng [1]	2	1	1	1	1
Hong Eng Leong, Jeffrey [2]	NA	2	2*	1	1
Lim Xiu Fang, Vanessa	2	3	3*	2	2
Lam Kwong Fai [3]	2	3	3	2	2
Wu Yu Liang [3]	2	3	3	2	2
Lawrence Chen Tse Chau	2	3	3	2	2
Lo Kim Seng [4]	NA	NA	NA	NA	NA
Tan Yew Heng, Terrence [4]	NA	NA	NA	NA	NA

Notes:

1. Mr. Richard Koh Chye Heng resigned as the Executive Chairman and CEO the Company on 6 July 2022.

2. Mr. Hong Eng Leong, Jeffrey, was appointed as the CEO and Executive Director of the Company on 4 July 2022.

3. Mr. Lam Kwong Fai and Mr. Wu Yu Liang resigned as Independent Directors of the Company on 15 November 2022.

4. Mr. Lo Kim Seng and Mr. Tan Yew Heng, Terrence were appointed as Independent Directors of the Company on 15 November 2022.

* By Invitation.

The Company's Constitution allows a Board meeting to be conducted by way of telephone or video conference. The Board conducts scheduled meetings at least three times a year and additional meetings will be convened as and when necessary. All the Directors are allowed to expressed their thoughts and bring their independent judgement over the views presented by Management and other Directors during the Board meetings. The Board had also on various occasions used circular resolutions to sanction decisions.

To assist the Board in discharging its duties, the Board is provided with Board papers in advance of Board meetings so that the Directors would have sufficient time to understand the matters which are to be discussed. The dates of meetings of all the Board and Board Committee meetings for each new calendar year, as well as Annual General Meeting, are scheduled in advance and are notified to all Board members. The Directors are entitled to request from the Management and shall be provided with additional information as needed to make informed decisions. The Directors have direct access to the Management and Company Secretaries at all times. In addition, the Board and Board Committee, where necessary, may seek professional advice paid by the Company. The appointment and removal of the Company Secretary is a matter for the Board as a whole.

All Board appointments are made based on merit, in the context of skills, experience, core competencies, independence and other relevant factors, having due regard for the benefits of diversity on the Board and the contribution that the selected candidates will bring to the Board.

All newly appointed Directors are provided with background information about the Group's history and core values, its strategic direction and corporate governance practices, as well as industry specific knowledge. The Company provides a formal letter to newly appointed Directors upon their appointment setting out their statutory duties and responsibilities as Directors. If the newly-appointed Director has no prior experience as a director of a listed company, he/she must undergo training in the roles and responsibilities of a director of a listed issuer as prescribed by the SGX-ST and such training is at the expense of the Company. Such trainings will be completed within one year of his/her appointment.

During the year, Mr. Hong Eng Leong, Jeffrey was appointed as CEO and Executive Director of the Company on 6 July 2022 while Mr. Lo Kim Seng and Mr. Tan Yew Heng, Terrence were appointed as Independent Directors of the Company on 15 November 2022.

Mr. Lo Kim Seng and Mr. Tan Yew Heng, Terrence were given the appointment letters, setting out their duties, obligations and the terms of appointment, and were briefed on the Group's history, strategic direction, governance practices, business and organisation structure.

Ms. Lim Xiu Fang, Vanessa, who was appointed as Executive Director of the Company on 8 September 2021 has attended the requisite training organised by the Singapore Institute of Directors ("**SID**") on the roles and responsibilities of a Director of a listed company to meet the mandatory training requirements under Rule 406(3)(a) and Practice Note 4D of the Catalist Rules.

Mr. Hong Eng Leong, Jeffrey, who was appointed as CEO and Executive Director of the Company on 4 July 2022 has also attended and completed the requisite training organised by SID on the roles and responsibilities of a Director of a listed company.

Mr. Tan Yew Heng, Terrence has attended the courses on audit and remuneration committee essentials, and targets to complete the other mandatory trainings within one year of his appointment. Other than Mr Tan as mentioned above, as at the date of this report, all Directors have attended the sustainability training.

Board members are encouraged to attend seminars and trainings to enhance their knowledge for them to discharge their duties and responsibilities. The Company works closely with the sponsor, auditors, company secretary and other professionals to provide Directors with information relating to changes in relevant laws, listing rules, regulations and accounting standards.

During the year, the directors have attended the following training programme:

Programme	***Organised By***	***Attended By***
LED 1 - Listed Entity Director Essentials	SID	Hong Eng Leong, Jeffrey
LED 2 - Board Dynamics	SID	Hong Eng Leong, Jeffrey
LED 3 - Board Performance	SID	Hong Eng Leong, Jeffrey
LED 4 - Stakeholder Engagement	SID	Hong Eng Leong, Jeffrey
LED 6 - Board Risk Committee Essentials	SID	Hong Eng Leong, Jeffrey
LED 8 - Remuneration Committee Essentials	SID	Hong Eng Leong, Jeffrey
LED - Environmental, Social and Registration Governance Essentials (Core}	SID	Lim Xiu Fang, Vanessa

Programme	***Organised By***	***Attended By***
LED - Environmental, Social and Registration Governance Essentials (Core}	SID	Tan Yew Heng, Terrence
Adopting Data Analytics in a Financial Statements Audit	ISCA	Lawrence Chen Tse Chau
ACRA-SGX-SID Audit Committee Seminar	SID	Lawrence Chen Tse Chau
Managing Risks in Digital Transformation	ISCA	Lawrence Chen Tse Chau
Mini Conference Series: Ethics	ISCA	Lawrence Chen Tse Chau
Sustainability E-Learning for Directors	ISCA	Lawrence Chen Tse Chau
Enhancing Corporate Governance conference: From the Lens of Gender Diversity and Inclusion	ISCA	Lawrence Chen Tse Chau
Financial Forensics Conference: The Future of Fighting Financial Crime	ISCA	Lawrence Chen Tse Chau
LED – Environmental, Social and Governance Essentials	SID	Lawrence Chen Tse Chau

In addition, the external auditor of the Company has, during the presentation of the audit plan, provided relevant updates relating to changes to accounting standards and issues which have a direct impact on financial statements to the AC and Board.

All Directors are required to objectively discharge their duties and responsibilities in the best interests and benefit of the Company. Directors who are in any way, directly or indirectly, interested in a transaction or proposed transaction, including those identified within the Code and provisions of the Companies Act 1967 of Singapore (the "**Act**") will declare the nature of their interests and not participate in any discussion and decision on the matter.

Each Director is aware of the requirements in respect of his/her disclosure of interests in securities, disclosure of conflicts of interest in transactions involving the Company, prohibition on dealings in the Company's securities and restrictions on the disclosure of price-sensitive information.

Principle 2: Board Composition and Guidance

The Board has an appropriate level of independence and diversity of thought and background in its composition to enable it to make decisions in the best interests of the Company

The Company endeavours to maintain a strong and independent element on the Board. The Board comprises five Directors, of whom three are independent. With more than half of the Board made up of Independent Directors, there is a strong independent element on the Board.

The criteria of independence is based on the definitions in the Catalist Rules and Code. The Independent Directors have confirmed that they and their immediate family members are not employed or have been employed by the Company or any of its related corporations for the current and any of the past three financial years and whose remuneration is determined by the RC. They have also confirmed that they do not have any relationship with the Company, its related companies, its substantial shareholders or its officers that could interfere, or be reasonably perceived to interfere, with the exercise of the Director's independent business judgement with a view to the best interests of the Group.

For FY2022, the NC has reviewed and is satisfied that the Independent Directors are independent and further, that no individual or small group of individuals dominate the Board's decision-making process. There were no Directors who were deemed independent by the Board, notwithstanding the existence of a relationship as stated in the Code that would otherwise deem him/her not to be independent. After review, the NC agreed that all independent directors were independent in accordance with the Code and Catalist Rules.

After Mr. Richard Koh Chye Heng ceased his position as the Executive Chairman & CEO on 6 July 2022, the Board has not appointed a chairman. In the absence of the chairman, the chairmanship at each Board meeting was rotated amongst the Directors. The Company aims to appoint the Chairman in 2023.

Under Provision 2.2 of the Code, the Independent Directors should make up a majority of the Board where the Chairman is not independent. The Board will note the above in its appointment of the chairman. Provisions 2.2 and 2.3 of the Code are met as majority of the Board is made up of Independent Directors. The Board composition also complies with Rule 406(3)(c) of the Catalist Rules which requires Independent Directors to make up at least one-third of the Board.

The NC conducts annual review to assess if the existing attributes and core competencies of the Board are complementary and enhance the efficacy of the Board. This will enable the Board to maintain or enhance balance and diversity of the Board. The Board ensures its composition and that of the Board committees' are of an appropriate mix of members with complementary skills, core competencies and experience for the Group, regardless of gender. Save for Mr. Lo Kim Seng, an Independent Director who was appointed on 15 November 2022 and had not provided his performance evaluation for FY2022, 4 out of 5 directors had completed the annual assessment for FY2022 in February 2023. Mr. Lo is of the view that any assessment of performance based on a one-month period in office will not be meaningful, especially when he has not attended any Board meeting for FY2022. Notwithstanding the above, the Board has reviewed and believes that its current composition achieves a diversity of skills, knowledge, experience and gender, as further described as follows:

	Number of Directors	**Proportion of Board**
Core Competencies		
Accounting or finance	4	80%
Legal or corporate governance	3	60%
Relevant industry knowledge or experience	3	60%
Strategic planning experience	4	80%
Customer based experience or knowledge	4	80%
Gender		
Male	4	80%
Female	1	20%

The Company has adopted a Board Diversity Policy which sets out the approach to achieve diversity of the Board. Pursuant to the Board Diversity Policy, on an annual basis, the NC will review the appropriateness of the current Board size and composition, taking into consideration the changes (if any) in the nature and scope of operations of the Group and, where appropriate, makes recommendations on changes to the Board to complement the Company's corporate strategy and to ensure that there is an appropriate composition of members of the Board in relation to skills, experience, independence and knowledge which the Board requires to function effectively.

Under the Board Diversity Policy, the Board strives to have a member with relevant experience in the Group's businesses or markets; and a member with professional qualification in accounting or other professional background or discipline as may be determined by the Board to be necessary and/or beneficial to the Group. The Board is of the view that gender is an important aspect of diversity and will strive to ensure that female candidates are included for consideration in the selection of potential candidates for appointment to the Board. In this regard, the Board strives to have at least one female Board member.

As shown in the table above, the Board members provide a range of core competencies that would provide effective directive for the Group. Accordingly, the current Board comprises persons that collectively have core competencies necessary to lead and oversee the Company.

The Independent Directors provide, amongst others, strategic guidance to the Company based on their professional knowledge, in particular, assisting to constructively develop proposals on strategy. The Independent Directors also help to review the performance of the Management in meeting goals and objectives and monitor the reporting of performance.

To facilitate a more effective check on the Management, the Independent Directors will arrange for meetings without the presence of the Management as and when required. The Independent Directors, led by the lead independent director, have met once in the absence of the Management during the financial year in review.

Principle 3: Chairman and Chief Executive Officer

There is a clear division of responsibilities between the leadership of the Board and Management, and no one individual has unfettered powers of decision-making.

Pursuant to the Disposal SPA as mentioned in the circular to shareholders dated 20 May 2022 (the "**Circular**"), Mr. Richard Koh Chye Heng, after discussion with the Company, ceased his position as the Executive Chairman & CEO upon the completion of Proposed Disposal which took place on 6 July 2022.

The Board has not appointed the Chairman since. A Chairman is responsible for, amongst other things, ensuring the smooth running of the Board, effectively representing the Board to the shareholders, ensuring that Board meetings are held when necessary, setting the Board meeting agenda in consultation with the Company Secretary, acting as facilitator at Board meetings and maintaining regular dialogue with the Management on all operational matters. At annual general meetings and other shareholders' meetings, the Chairman ensures constructive dialogue between shareholders and the Board and the Management. The Chairman also promotes a culture of openness and debate at the Board, ensuring that the Directors receive complete, adequate and timely information, and facilitates effective contribution of non-executive directors (including Independent Directors) in particular.

The Company aims to appoint the Chairman in 2023.

Mr. Hong Eng Leong, Jeffrey was appointed as the CEO and Executive Director of the Company on 6 July 2022. His responsibilities include the execution of strategic business directions as well as the overseeing of the day-to-day business operations, business development and strategic planning of the Group.

The Board will adopt the recommendation of the Code to have separate persons appointed as Chairman and the CEO. This is to ensure an appropriate balance of power, increased accountability and greater capacity for the Board to exercise independent decision-making. The division of responsibilities between the Chairman and the CEO will be clearly established, set out in writing and agreed by the Board.

The roles of the Chairman and CEO are not separate as the Board is of the view that it is in the best interests of the Company to adopt a single leadership structure to ensure that the decision-making process of the Company would not be unnecessarily impeded as well as to ensure that the Company is able to grasp business opportunities efficiently and promptly.

Although there is no Chairman of the Board presently, the AC, NC and RC are chaired by Independent Directors. In addition, the Board believes that there are sufficient safeguards and checks in place to ensure that the process of decision making by the Board is independent and based on collective decisions, without any individual or group of individuals exercising any considerable concentration of power or influence. All major decisions are made in consultation with the Board as a whole.

As at the date of this Annual Report, Mr. Lawrence Chen Tse Chau is the Lead Independent Director of the Company. He is available to shareholders at 21 Merchant Road, #07-02, Singapore 058267, or email to lawrencechen@primeac.com.sg, should they have concerns and for which contact through the normal channels of communication with the Management is inappropriate or inadequate.

Guided by the Chairman of the respective committees, and with the assistance of the Company Secretary, the Chairman of the Board, which the Board targets to appoint in 2023, is responsible to:

(a) lead the Board to ensure its effectiveness on all aspects of its role;

(b) set the agenda and ensure that adequate time is available for discussion of all agenda items, in particular strategic issues;

(c) promote a culture of openness and debate at the Board;

(d) ensure that the directors receive complete, adequate and timely information;

(e) ensure effective communication with its shareholders;

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

(g) facilitate effective contribution of non-executive directors in particular; and

(h) promote high standards of corporate governance and assist in ensuring compliance of the Company's guidelines on corporate governance.

The Lead Independent Director is responsible for leading the meetings of Independent Directors without presence of the other Directors, as and when required. Feedback will be given to the Chairman after such meetings. The Independent Directors have met without the presence of the other Directors in FY2022.

Principle 4: Board Membership

The Board has a formal and transparent process for the appointment and re-appointment of Directors, taking into account the need for progressive renewal of the Board.

All the NC members are Independent Directors.

Prior to 15 November 2022, the members of the NC were:

Wu Yu Liang	Chairman and Independent Director
Lam Kwong Fai	Lead Independent Director
Lawrence Chen Tse Chau	Independent Director

CORPORATE GOVERNANCE STATEMENT

With effect from 15 November 2022, the members of the NC are:

Lo Kim Seng	Chairman and Independent Director
Lawrence Chen Tse Chau	Lead Independent Director
Tan Yew Heng, Terrence	Independent Director

The NC is established for, inter alia, the purposes of ensuring that there is a formal and transparent process for all Board and Management appointments. It has adopted written terms of reference defining its membership, administration and duties.

The terms of reference of the NC includes:

(a) to determine the criteria for the appointment and re-appointment of Directors (including alternate directors, if any) and Key Management;

(b) to set up a process for the selection of such appointment;

(c) to review nominations for the appointment of Directors to the Board;

(d) to make recommendations to the Board on all Board appointments;

(e) to review and recommend the Board on the re-nomination of incumbent Directors having regard to the Director's contribution and performance;

(f) to determine annually whether or not a Director is independent;

(g) to make recommendation to the Board the performance criteria and appraisal process to be used for the evaluation of the effectiveness of the Board, the Board committees and Directors, which criteria and process shall be subject to Board's approval;

(h) to review the board succession plans for Directors, in particular, the appointment and/or replacement of the Chairman, the Chief Executive officer and Key Management; and

(i) to review of training and professional development programs for the Board and its Directors.

Currently, all the Independent Directors of the Company have other listed company board representations.

As time requirement of each director is subjective, the NC has decided not to fix a maximum limit on the number of listed companies directorships a director can hold. The Board has experienced minimal competing time commitments among its members as Board meetings are planned and scheduled well in advance of the meeting dates. The NC would review the board representations of each Director, from time to time to ensure that the Directors continue to meet the demands of the Group and are able to discharge their duties adequately. 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, and is satisfied that all Directors have adequately discharged their duties adequately for FY2022.

The process for the shortlisting, selection and appointment of new directors is spearheaded by the NC. The NC would first consider the needs of the Board before considering the selection of candidates. In the selection and nomination of new directors, the NC taps on the resources of the Directors' personal contacts for recommendations of potential candidates. External help (for example, Singapore Institute of Directors, search consultants) could be used to source for potential candidates. Interviews are set up with potential candidates so that the NC is able to assess each prospective candidate before a decision is made for recommendation to the Board for final approval.

The Constitution of the Company states that one-third of the Directors have to retire and subject themselves for re-election by the shareholders at each annual general meeting of the Company. In addition, each Director of the Company shall retire from office and submit themselves for re-nomination and re-appointment at least once every three years.

The NC makes recommendations to the Board on the appointment, re-nomination and retirement of Directors. When an existing Director chooses to retire or is required to retire from office by rotation, the NC takes into consideration factors such as attendance, preparedness, participation and candour when evaluating the past performance and contributions of the Director when making its recommendations to the Board.

Mr. Hong Eng Leong, Jeffrey, Mr. Lo Kim Seng, Mr. Tan Yew Heng, Terrence and Mr. Lawrence Chen Tse Chau are subjected to retirement at the forthcoming annual general meeting pursuant to the provisions of the Constitution of the Company and/or Catalist Rules.

Pursuant to Rule 720(5) of the Catalist Rules, the information relating to the retiring Directors as set out in the Appendix 7F of the Catalist Rules of the SGX-ST is disclosed below:

	HONG ENG LEONG, JEFFREY	LO KIM SENG
Date of Appointment	6 July 2022	15 November 2022
Date of last re-appointment	N.A.	N.A.
Age	51	61
Country of principal residence	Singapore	Singapore
The Board's comments on this appointment (including rationale, selection criteria, and the search and nomination process)	The Board has considered, among others, the recommendation of the NC and has reviewed and considered the contribution, performance, attendance, preparedness, participation and suitability of Mr. Hong for the re-election as the Director of the Company and concluded that Mr. Hong possess the experience, expertise knowledge and skills to continue to contribute towards the core competencies of the Board.	The Board has considered, among others, the recommendation of the NC and has reviewed and considered the qualification, working experiences, contribution, performance, attendance, preparedness, participation, candour and suitability of Mr. Lo for re-election as an Independent Director of the Company and concluded that Mr. Lo possesses the experience, expertise, knowledge and skills to continue to contribute towards the core competencies of the Board. The Board considers Mr. Lo to be independent for the purpose of Rule 704(7) of the Catalist Rules.
Whether appointment is executive, and if so, the area of responsibility	Executive To manage the overall business development, management, operations and strategic planning of the Group.	Non-Executive

	HONG ENG LEONG, JEFFREY	LO KIM SENG
Job Title (e.g. Lead ID, AC Chairman, AC Member etc.)	CEO and Executive Director	Independent Director, Chairman of the NC and member of the AC and the RC
Professional qualifications	Master of Science in Global Business and Marketing at City University of New York	Advocate & Solicitor (Singapore) Master of Laws
Any relationship (including immediate family relationships) with any existing director, existing executive officer, the issuer and/or substantial shareholder of the listed issuer or of any of its principal subsidiaries	No	No
Conflict of Interest (including any competing business)	No	No
Working experience and occupation(s) during the past 10 years	October 2021 - Present Sevens Creation Pte Ltd CEO November 2020 - Present NNB Global Development Pte Ltd Executive Director June 2020 - Present 3HB Holdings Pte Ltd Director May 2018 - Present Zenzi Holdings Pte Ltd Director June 2017 - December 2018 ETC Singapore Limited Group Advisor August 2016 - Present Sovereign Group Hotel Co, Ltd CEO/Founder May 2015 - December 2017 HSR International Realtors Pte Ltd Group CEO/Joint-Owner August 2014 - Present Sovereign Realty Pte Ltd Director June 2014 - Present SG Sovereign Real Estate Pte Ltd Director January 2010 - August 2014 GPS Alliance Holdings Limited Founder / Executive Director / Chief Operating Officer	Advocate & Solicitor (Singapore) 2018 - Present Director Bayfront Law LLC 2013 - 2018 Director Morgan Lewis Stamford LLC

	HONG ENG LEONG, JEFFREY	LO KIM SENG
Undertaking (in the format set out in Appendix 7.7) under Rule 720(1) has been submitted to the listed issuer	Yes	Yes
Shareholding interest in the listed issuer and its subsidiaries	No	No
Other Principal Commitments* Including Directorships# **Notes:** *** "Principal Commitments" has the same meaning as defined in the Code** **# These fields are not applicable for announcements of appointments pursuant to Listing Rule 704 (9) or Catalist Rule 704 (8).**		
Past (for the last 5 years) Present	**Past:** None **Present:** NNB Global Development Pte Ltd 3HB Holdings Pte Ltd Zenzi Holdings Pte Ltd Sovereign Realty Pte Ltd S G Sovereign Real Estate Pte Ltd	**Past:** Fragrance Group Ltd CFM Holdings Ltd Ecowise Holdings Ltd Bruxelles Investments Private Limited SGA Kaltim Pte Ltd Morgan Lewis Stamford LLC **Present:** No Signboard Holdings Ltd Bayfront Law LLC AGE Intertrade Singapore Pte Ltd Vidor Services Pte Ltd
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.		
(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

	HONG ENG LEONG, JEFFREY	LO KIM SENG
(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
(c) Whether there is any unsatisfied judgment against him?	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
(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

	HONG ENG LEONG, JEFFREY	LO KIM SENG
(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
(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
(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
(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

	HONG ENG LEONG, JEFFREY	LO KIM SENG
(j) Whether he has ever, to his knowledge, been concerned with the management or conduct, in Singapore or elsewhere, of the affairs of: i. any corporation which has been investigated for a breach of any law or regulatory requirement governing corporations in Singapore or elsewhere; or	No	No
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	No	No
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	No	No
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 in connection with any matter occurring or arising during that period when he was so concerned with the entity or business trust?	No	No
(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?	No	No

	HONG ENG LEONG, JEFFREY	LO KIM SENG
Disclosure applicable to the appointment of Director only		
Any prior experience as a director of a listed company? **If yes, please provide details of prior experience.** **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.** **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).**	N.A. Mr. Hong is proposed to be re-elected as a Director of the Company.	N.A. Mr. Lo is proposed to be re-elected as a Director of the Company.

	LAWRENCE CHEN TSE CHAU	TAN YEW HENG, TERRENCE
Date of Appointment	1 April 2021	15 November 2022
Date of last re-appointment	26 April 2021	N.A.
Age	41	44
Country of principal residence	Singapore	Singapore
The Board's comments on this appointment (including rationale, selection criteria, and the search and nomination process)	The Board has considered, among others, the recommendation of the NC and has reviewed and considered the qualification, working experiences, contribution, performance, attendance, preparedness, participation, candour and suitability of Mr. Chen for re-election as an Independent Director of the Company and concluded that Mr. Chen possesses the experience, expertise, knowledge and skills to continue to contribute towards the core competencies of the Board. The Board considers Mr. Chen to be independent for the purpose of Rule 704(7) of the Catalist Rules.	The Board has considered, among others, the recommendation of the NC and has reviewed and considered the qualification, working experiences, contribution, performance, attendance, preparedness, participation, candour and suitability of Mr. Tan for re-election as an Independent Director of the Company and concluded that Mr. Tan possesses the experience, expertise, knowledge and skills to continue to contribute towards the core competencies of the Board. The Board considers Mr. Tan to be independent for the purpose of Rule 704(7) of the Catalist Rules.

	LAWRENCE CHEN TSE CHAU	TAN YEW HENG, TERRENCE
Whether appointment is executive, and if so, the area of responsibility	Non-Executive	Non-Executive
Job Title (e.g. Lead ID, AC Chairman, AC Member etc.)	Lead Independent Director, Chairman of the AC and member of the NC and the RC	Independent Director, Chairman of the RC and member of the AC and the NC
Professional qualifications	Diploma in Marine Engineering, Singapore Polytechnic Bachelor of Science in Applied Accounting (Upper Second Class Honours), Oxford Brookes University Fellow Member of The Association of Chartered Certified Accountants (ACCA, UK) Chartered Accountant of Singapore, Institute of Singapore Chartered Accountants Member of Singapore Institute of Directors	Bachelor of Engineering, MBA (Finance)
Any relationship (including immediate family relationships) with any existing director, existing executive officer, the issuer and/or substantial shareholder of the listed issuer or of any of its principal subsidiaries	No	No
Conflict of Interest (including any competing business)	No	No

	LAWRENCE CHEN TSE CHAU	TAN YEW HENG, TERRENCE
Working experience and occupation(s) during the past 10 years	September 2020 to present Managing Partner at Prime Accountants LLP (f.k.a Unity Advance LLP) September 2020 to March 2021: Audit Partner at JSL & Associates September 2020 to August 2021: Director at Athel Accounting Pte. Ltd. October 2020 to present: Independent Director at Zixin Group Holdings Limited (f.k.a China Star Food Group Limited) October 2020 to November 2021: Director at Prime Accountants Solutions Pte Ltd (f.k.a. Prime Accountants Public Accounting Corporation) November 2020 to November 2022: Director at Athel Assurance Public Accounting Corporation March 2021 to November 2021: Director at Radiant Management Services Pte. Ltd. September 2020 to September 2021: Public Accountant Employee at SYA Public Accounting Corporation. September 2021 to December 2021: Director at Prime Talent Opportunities Pte Ltd (f.k.a Prime Global Talents Pte Ltd) September 2020 to June 2022: Public Accountant Employee at Acumen Assurance and Acumen Associates LLP. October 2018 to September 2020: Assurance Associate Director at Nexia TS Public Accounting Corporation December 2017 to October 2018: Group Financial Controller at ecoWise Holdings Limited	October 2021- Present - Director of Galactic Advisors Pte Ltd August 2011- October 2021 - Director of Hopeshine Capital Pte Ltd June 2018 - Present - Director of Hopeshine Ventures Pte Ltd July 2021 - Present - Independent Director of China Environment Ltd June 2016 - Present - Director of Lux Entertainment Pte Ltd January 2016 - Present - Director of TSCGroup Pte Ltd April 2018 - October 2019 - Director of Raffles Business Solutions Pte Ltd February 2016 - December 2016 - Director of Bright Education Pte Ltd February 2017 - December 2017 - Partner of Xcell Learning Centre LLP May 2006 - December 2006 - Director of GT Global Pte Ltd

	LAWRENCE CHEN TSE CHAU	TAN YEW HENG, TERRENCE
	August 2016 to December 2017: Assistant Group Financial Controller at ecoWise Holdings Limited January 2013 to June 2016: Audit Senior Manager at RSM Chio Lim LLP May 2012 to December 2012: Audit Senior at Ernst & Young LLP November 2009 to May 2012: Audit Team Leader at RSM Chio Lim LLP	
Undertaking (in the format set out in Appendix 7.7) under Rule 720(1) has been submitted to the listed issuer	Yes	Yes
Shareholding interest in the listed issuer and its subsidiaries	No	No
Other Principal Commitments* Including Directorships# **Notes:** * **"Principal Commitments" has the same meaning as defined in the Code** # **These fields are not applicable for announcements of appointments pursuant to Listing Rule 704 (9) or Catalist Rule 704 (8).**		
Past (for the last 5 years)	**Past:** Acumen Assurance and Acumen Associates LLP. Prime Talent Opportunities Pte Ltd (f.k.a Prime Global Talents Pte Ltd) SYA Public Accounting Corporation Radiant Management Services Pte. Ltd. Athel Assurance Public Accounting Corporation Prime Accountants Solutions Pte Ltd (f.k.a Prime Accountants Public Accounting Corporation) Athel Accounting Pte. Ltd. Nexia TS Public Accounting Corporation ecoWise Holdings Limited RSM Chio Lim LLP SCI E-commerce Group Limited JSL & Associates	**Past:** Raffles Business Solutions Pte Ltd

	LAWRENCE CHEN TSE CHAU	TAN YEW HENG, TERRENCE
Present	**Present:** Zixin Group Holdings Limited (f.k.a China Star Food Group Limited) Prime Accountants LLP (f.k.a Unity Advance LLP)	**Present:** Hopeshine Capital Pte Ltd Hopeshine Ventures Pte Ltd TSCGroup Pte Ltd Galactic Advisors Pte Ltd Lux Entertainment Pte Ltd China Environment Ltd
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.		
(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
(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
(c) Whether there is any unsatisfied judgment against him?	No	No

	LAWRENCE CHEN TSE CHAU	TAN YEW HENG, TERRENCE
(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
(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
(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
(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

	LAWRENCE CHEN TSE CHAU	TAN YEW HENG, TERRENCE
(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
(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
(j) Whether he has ever, to his knowledge, been concerned with the management or conduct, in Singapore or elsewhere, of the affairs of: **i. any corporation which has been investigated for a breach of any law or regulatory requirement governing corporations in Singapore or elsewhere; or**	No	No
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	No	No
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	No	No

	LAWRENCE CHEN TSE CHAU	TAN YEW HENG, TERRENCE
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 **in connection with any matter occurring or arising during that period when he was so concerned with the entity or business trust?**	No	No
(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?	No	No
Disclosure applicable to the appointment of Director only		
Any prior experience as a director of a listed company? **If yes, please provide details of prior experience.** **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.** **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).**	N.A. Mr. Chen is proposed to be re-elected as a Director of the Company.	N.A. Mr. Tan is proposed to be re-elected as a Director of the Company.

The NC has assessed independently on the continued appointments of Mr. Hong Eng Leong, Jeffrey, Mr. Lo Kim Seng, Mr. Tan Yew Heng, Terrence and Mr. Lawrence Chen Tse Chau and recommended their continued appointments to the Board, and the Board has endorsed their re-election by shareholders at the forthcoming annual general meeting. The abovementioned directors have offered themselves for re-election as Directors of the Company

Mr. Hong Eng Leong, Jeffrey will, upon re-election as Director of the Company, remain as CEO and Executive Director of the Company.

Mr. Lo Kim Seng will, upon re-election as Director of the Company, remain as Independent Director of the Company, the Chairman of the NC and a member of the AC and RC. Mr. Lo does not have any relationship including immediate family relationship with other Directors, the Company or its substantial shareholders (as defined in the Code).

Mr. Tan Yew Heng, Terrence will, upon re-election as Director of the Company, remain as Independent Director of the Company, the Chairman of the RC and a member of the AC and NC. Mr. Tan does not have any relationship including immediate family relationship with other Directors, the Company or its substantial shareholders (as defined in the Code).

Mr. Lawrence Chen Tse Chau will, upon re-election as Director of the Company, remain as the Lead Independent Director of the Company, the Chairman of the AC and a member of the NC and RC. Mr. Chen does not have any relationship including immediate family relationship with other Directors, the Company or its substantial shareholders (as defined in the Code).

The key information of the Directors as at the date of this report is set out below:

Name of Directors	Date of Initial Appointment as Director/ Date of Last Re-election / Re-appointment as Director	Directorship in Other Listed Companies		Principal Commitments
		Current	Past 3 Years	
Hong Eng Leong, Jeffrey (CEO and Executive Director)	6 July 2022 / -	–	–	CEO and Executive Director of the Company
Lim Xiu Fang, Vanessa (Executive Director)	8 September 2021 / 25 April 2022	–	–	Executive Director of the Company
Lawrence Chen Tse Chau (Lead Independent Director)	1 April 2021 / 26 April 2021	Zixin Group Holdings Limited (f.k.a China Star Food Group Limited)	–	Prime Accountants LLP
Lo Kim Seng	15 November 2022 / -	No Signboard Holdings Ltd	Fragrance Group Ltd CFM Holdings Ltd Ecowsie Holdings Ltd	Bayfront Law LLC AGE Intertrade Singapore Pte Ltd Vidor Services Pte Ltd
Tan Yew Heng, Terrence	15 November 2022 / -	China Environment Ltd	–	Hopeshine Capital Pte Ltd Hopeshine Ventures Pte Ltd TSCGroup Pte Ltd Galactic Advisors Pte Ltd Lux Entertainment Pte Ltd

None of the Directors of the Company have any relationships including immediate family relationships between himself/herself and the Directors, the Company and its substantial shareholders, that could interfere or to be reasonably perceived to interfere with the exercise of independent judgments.

The NC has ensured that Mr. Hong Eng Leong, Jeffrey, Mr. Lo Kim Seng and Mr. Tan Yew Heng, Terrence, who were appointed on 6 July 2022, 15 November 2022 and 15 November 2022 respectively, are aware of their duties and obligations.

After conducting the annual review, the NC is satisfied that the current Directors have been able to devote adequate time and attention to the affairs of the Company and that they are able to satisfy their duties as Directors of the Company. In addition, as at the date of this Annual Report, the Company does not have any alternate directors. Notwithstanding this, the NC would continue to review from time to time the board representations and directorships in other listed companies and principal commitments of each Director to ensure that the Directors continue to meet the demands of the Group and are able to discharge their duties effectively and adequately. Further information about each Director's listed companies board directorships and principal commitments can be found in the profile of the Board of Directors section of this Annual Report.

Principle 5: Board Performance

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

The NC has established a process for assessing the effectiveness of the Board as a whole, each Board Committee and for assessing the contributions of each individual Director to the effectiveness of the Board.

The NC also decides on how the Board's and individual Directors' performance is to be evaluated and proposes objective performance criteria, subject to the approval of the Board, which addresses how the Board and individual Directors could enhance long-term shareholders value. It focuses on a set of criteria which include Board's conduct of meetings, maintenance of independence, board accountability, communication with Management, etc.

This assessment is conducted by the NC at least once a year by way of a Board evaluation where the Directors complete a questionnaire seeking their views on various aspects of Board performance, such as Board composition, information and process. Each member of the NC (and the Board, as the case may be) shall abstain from voting on any resolutions in respect of the assessment of his/her performance or re-nomination as a Director. The Board will act on the results of the performance evaluation, and in consultation with the NC, propose, where appropriate, that new members be appointed to the Board or seek the resignation of Directors.

To assess the effectiveness of the Board as a whole, the factors evaluated by the NC include but are not limited to:

- the size and composition of the Board;
- the discussion and decision-making processes of the Board (including the conduct of meetings by the Board);
- the Board's access to information;
- the accountability of the Board to the shareholders;

- the observation of risk management and internal control policies by the Board's access to information; and

- the performance of the Board (including the Board's performance in relation to the discharge of its principal responsibilities in term of the quantitative and qualitative performance criteria).

To assess the contribution of each individual Director, the factors evaluated by the NC include but are not limited to:

- his/her participation at the meetings of the Board and Board Committee(s);

- his/her ability to constructively challenge and contribute effectively to the discussion conducted by the Board and Board Committee(s);

- his/her ability to evaluate the Company's strength and weaknesses and make informed business decisions;

- his/her ability to interpret the Company's financial reports and contribute to the formulation of strategies, budgets and business plans that are compatible with the Group's vision and existing business strategy;

- his/her compliance with the policies and procedures of the Group;

- his/her performance of specific tasks delegated to him/her;

- his/her disclosure of any related person transactions or conflicts of interest; and

- for independent Directors, his/her independence from the Group and the Management.

To assess the contribution of each Board Committee, the factors evaluated by the NC are adapted from and in line with the terms of reference of the various Board Committees.

The Board and the NC have reviewed and are satisfied that each member of the Board had been effective during the year having regard to the preparedness, active participation and contribution of each Board member during each Board and Board Committee meeting. The NC is of the view that the Board has met its performance objectives.

All NC members have abstained from the voting or review process of any matters in connection with the assessment of his performance.

No external facilitator has been engaged for the purposes to assess the Board's performance for FY2022.

REMUNERATION MATTERS

Principle 6: Procedures for Developing Remuneration Policies

The Board has a formal and transparent procedure for developing policies on Director and executive remuneration, and for fixing the remuneration packages of Individual Directors and key Management personnel. No Director is involved in deciding his/her own remuneration.

Principle 7: Level of Mix of Remuneration

The level and structure of remuneration of the Board and key Management personnel are appropriate and proportionate to the sustained performance and value creation of the company, taking into account the strategic objectives of the Company.

Prior to 15 November 2022, the members of the RC were:

Wu Yu Liang	Chairman and Independent Director
Lam Kwong Fai	Lead Independent Director
Lawrence Chen Tse Chau	Independent Director

With effect from 15 November 2022, the members of the RC are:

Tan Yew Heng, Terrence	Chairman and Independent Director
Lawrence Chen Tse Chau	Lead Independent Director
Lo Kim Seng	Independent Director

All RC members are Non-Executive and Independent Directors. The RC has access to internal and external experts and/or professional advice on human resource and remuneration of Directors, amongst other matters, whenever there is a need for such consultation.

The RC is established for, inter alia, the purposes of ensuring that there are formal and transparent procedures for fixing the remuneration package of individual Directors. It reviews the remuneration packages of executive directors and Key Management to ensure it is structured so as to incorporate an element of linking rewards to corporate and individual performance. The overriding principle is that no Director should be involved in deciding his/her own remuneration.

The RC has adopted written terms of reference that defines its membership, roles and functions and administration. The terms of reference of the RC includes:

(a) to advise the Board on the framework of remuneration policies for the Directors and Key Management;

(b) to review and recommend to the Board in consultation with Management a framework of remuneration for the Board and Management;

(c) to review and recommend to the Board the specific remuneration packages for each director and Management; and

(d) to recommend to the Board the Management's and other employees' incentive schemes.

The annual review covers all aspects of remuneration including salaries, fees, allowances, bonuses, options and benefits-in-kind, taking into consideration the long-term interests of the Group. The RC also reviews termination terms, to ensure that they are fair. In setting remuneration packages, the RC will take into account the performance of the Group as well as whether the Executive Directors and Key Management align their interests with those of shareholders and linking rewards to corporate and individual performance as well as industry benchmarks. The RC's recommendations are made taking into account feedback from the Executive Directors of the Company, where relevant and submitted for endorsement by the entire Board. The RC subsequently approves the proposed remunerations which are also tabled and approved at Board level. No Director shall participate in decisions on his/her own remuneration. The payment of Directors' fees is subject to the approval of the shareholders.

Remuneration matters of the Directors are the responsibility of the RC who will review and make necessary recommendations to the Board for approval. In respect of remuneration matters relating to Management team, the CEO will make recommendations for the RC's consideration and review. The RC's role also includes the review of Executive Directors and Management's termination clause in contracts, to ensure that the terms of which are fair and reasonable.

There was no remuneration consultant engaged for the financial year in review.

The remuneration of the Independent Directors is in the form of a fixed fee which is fixed after taking into consideration factors such as effort, time spent and responsibilities of such Directors. The fees are subject to shareholders' approval at the annual general meeting.

Annual reviews are carried out by the RC to ensure that Key Management are appropriately rewarded, having due regard to the financial and commercial health and business needs of the Group.

The Company does not have any contractual provisions which allow it to reclaim incentives from the Executive Directors and Management 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 results of its Executive Directors and Management, "claw-back" provisions in the service agreements may not be relevant or appropriate.

Principle 8: Disclosure on Remuneration

Every Company should provide clear disclosure of its remuneration policies, level and mix of remuneration, and the procedures for setting remuneration, in the Company's Annual Report. It should provide disclosure in relation to its remuneration policies to enable investors to understand the link between remuneration paid to Directors and Key Management personnel, and performance.

The Group adopts a remuneration policy for staff comprising both fixed and variable components. The fixed component is in the form of a base salary and the variable component is in the form of a variable bonus that is linked to the Company's and individual's performance. Certain employees are also entitled to other benefits. The Management moderates and allocates the variable bonus based on the individual performance of employees and their contributions towards the achievement of the Company's performance targets.

The remuneration package of Executive Directors and Management consists of:

(1) Fixed salary / Director's Fee - Fixed salary is determined based on the complexity of the required responsibilities and tasks, along with data on market and sector comparatives.

(2) Bonus and Incentives - Variable salaries which comprise sales incentives (as applicable) and variable bonus.

(3) Other Benefits - Other benefits comprise transport allowances, country club memberships, and benefits-in-kind.

The Non-Executive Directors (including Independent Directors) are entitled to Director's fees. The level of fees is reviewed for reasonableness, taking into account the size of the Company as well as the additional duties and responsibilities, effort and time spent by the Non-Executive Directors (including Independent Directors).

The breakdown of remuneration (in %) of the Director (including the CEO) of the Company for FY2022 is set out below:

Name	Salary (%)	Director's Fee (%)	Bonus and Incentives (%)	Total (%)
Executive Directors				
Richard Koh Chye Heng[1]	100	–	–	100
Hong Eng Leong, Jeffrey[2]	69	–	31	100
Lim Xiu Fang, Vanessa[3]	–	–	–	100
Independent Directors				
Lam Kwong Fai[4]	–	100	–	100
Wu Yu Liang[4]	–	100	–	100
Lawrence Chen Tse Chau	–	100	–	100
Lo Kim Seng[5]	–	100	–	100
Tan Yew Heng, Terrence[5]	–	100	–	100

Notes:

1. Mr. Richard Koh Chye Heng resigned as the Executive Chairman and CEO on 4 July 2022.
2. Mr. Hong Eng Leong, Jeffrey was appointed as the CEO and Executive Director on 6 July 2022.
3. Ms. Lim Xiu Fang, Vanessa, was engaged on 8 September 2021 as the Executive Director. Her duties and responsibilities are to seek, evaluate and propose new business to the Company. As the Design & Build businesses which she introduced to the Company has been loss-making in FY2022, Ms Lim volunteered to forfeit her ED salary until such time the businesses turn profitable.
4. Mr. Lam Kwong Fai and Mr. Wu Yu Liang resigned as Independent Directors on 15 November 2022.
5. Mr. Lo Kim Seng and Mr. Tan Yew Heng, Terrence were appointed as Independent Directors on 15 November 2022.

The breakdown for the remuneration (in %) of the Company's Management Team (who are not Directors or the CEO) for FY2022 is set out below:

Name	Salary (%)	Bonus and Incentives (%)	Total (%)
Remuneration Band up to $250,000			
Management Team			
Stanny Chai[1]	67	33	100
Irene Kiew[2]	100	–	100
Tang Yaozhi[3]	67	33	100
Tang Yujie[4]	100	–	100

Notes:

1. Stanny Chai is the Head of Construction for the building and construction business that the Group acquired on 14 June 2022.
2. Irene Kiew is the Head of Renovation and Interior Design for the renovation and interior design business that the Group acquired on 14 June 2022.
3. Mr. Tang Yaozhi is the Head of Business Development Director that the Group acquired on 14 June 2022.
4. Mr. Tang Yujie was appointed as the Group Financial Controller on 11 March 2022 and resigned on 24 June 2022.

The performance conditions used to determine the entitlement of the Executive Directors and top six Management comprise qualitative and quantitative conditions. Examples of quantitative conditions are target sales, target profit, sales growth and years of service. Examples of qualitative conditions are on the job performance, leadership, teamwork, etc. The performance conditions of the Directors are set by the RC. The RC has reviewed and is satisfied that the performance conditions of the Directors and Management were met for FY2022.

For FY2022, there was no termination, retirement or post-employment benefits granted to the Directors and Management.

Given the highly competitive industry conditions, the Company is of the view that it is not in the best interests of the Company to fully disclose the details of each of individual Director's remuneration as well as the aggregate remuneration paid to the Management of the Group.

There is no other employee related to a Director or the CEO or a substantial shareholder of the Company whose remuneration exceeds $100,000 in the Company's employment for FY2022.

The Company does not have an employee share option scheme for the financial year in review.

Principle 9: Risk Management and Internal Controls

The Board is responsible for the governance of risk and ensures that management maintains a sound system of risk management and internal controls, to safeguard the interests of the Company and its Shareholders.

The Board is responsible for the overall risk governance, risk management and internal control framework of the Group and is fully aware of the need to put in place a system of internal controls within the Group to safeguard shareholders' interests and the Group's assets and to manage risks. With the assistance of the AC, the Board reviews the risk management processes and framework, oversees the formulation, update and maintenance of an adequate and effective risk management and internal control systems annually. In view of the fact that the size of the current Board is relatively small and the operations of the Group is not complex, the Board decided that AC will assist the Board to identify significant risks of the Group and a separate risk committee is not required.

The Board acknowledges that no system of internal controls can provide absolute assurance against the occurrence of human and system errors, poor judgment in decision-making, losses, fraud or other irregularities.

Based on the internal controls established by the Group, its assessment of work performed by the external auditor and internal auditor, as well as the Assurances (as defined herein) obtained, the Board, with the concurrence of the AC, is of the view that the Group's internal controls in addressing the financial, operational, compliance and information technology risks and the risk management systems were effective and adequate for FY2022.

The system provides reasonable assurance against material financial misstatements or loss and includes the safeguarding of assets, the maintenance of proper accounting records, the reliability of financial information, compliance with appropriate legislation, regulation and best practices and the identification and management of business risks.

The Board has received assurance from the CEO and Executive Director and the Finance Manager that the financial records for FY2022 have been properly maintained and the financial statements for the financial year under review give a true and fair view of the Company's operations and finances and the Company's risk management and internal control systems were adequate and effective as at 31 December 2022. The Company has also received assurance from the internal auditors that the Company's risk management and internal control systems are effective (the "**Assurances**").

Principle 10: Audit Committee

The Board has an Audit Committee which discharges its duties objectively.

The AC comprises three members, all of whom are Non-Executive and independent. None of the AC members were previous partners or directors of the Company's external audit firm within the last two years and none of the AC members hold any financial interest in the external audit firm.

Prior to 15 November 2022, the members of the AC were:

Lam Kwong Fai	Chairman and Lead Independent Director
Wu Yu Liang	Independent Director
Lawrence Chen Tse Chau	Independent Director

With effect from 15 November 2022, the members of the AC are:

Lawrence Chen Tse Chau	Chairman and Lead Independent Director
Lo Kim Seng	Independent Director
Tan Yew Heng, Terrence	Independent Director

The role of the AC is to, inter alia, assist the Board in discharging its responsibilities to safeguard the Company's assets, maintain adequate accounting records, develop and maintain effective systems of internal controls. The Board is of the opinion that the members of the AC have sufficient accounting and financial management expertise and experience in discharging their duties and responsibilities. The Board considers Mr. Lam and subsequently Mr. Chen, who have extensive and practical accounting and financial management knowledge and experience, well qualified to chair the AC.

The Company confirms its compliance with the Catalist Rules 712 and 715.

The functions and responsibilities of the AC include the following:

(a) to review adequacy and effectiveness of the Company's material internal controls, including financial, operational, compliance and information technology controls and risk management via reviews and evaluation carried out by the internal auditor and external auditor and the assistance given to them by the Company's Management at least annually;

(b) to review the financial statements of the Company and the half-yearly and full year financial results and the respective results announcements before submission to the Board;

(c) to review significant financial reporting issues and judgments so as to ensure the integrity of the financial statements of the Company and any announcements relating to the Company's financial performance;

(d) to review the assurance from the Executive Director and the Finance Manager on the financial records and financial statements;

(e) to review the policy and arrangements for concerns about possible improprieties in financial reporting or other matters to be safely raised, independently investigated and appropriately followed up on. The Company publicly discloses, and clearly communicates to employees, the existence of a whistle-blowing policy and procedures for raising such concerns.

(f) to review and approve interested person transactions;

(g) making recommendations to the Board on (1) proposals to shareholders on the appointment and removal of external auditors; and (2) the remuneration and terms of engagement of the external auditors as well as to review the adequacy, independence, effectiveness, scope of audit plan and results of the internal auditor and external auditor of the Company;

(h) to review the nature and extent of non-audit services provided by the external auditor; and

(i) to meet with the external auditor, other Board committees, and Management in separate executive sessions to discuss any matters that these groups believe should be discussed privately with the AC.

In discharging the above duties, the AC confirms that it has full access to and co-operation from Management and is given full discretion to invite any Director or Management and staff to attend its meetings. In addition, the AC has also been given reasonable resources to enable it to perform its functions properly.

During FY2022, the AC has met once with the external auditor and internal auditor, without the presence of Management.

The AC also reviews all non-audit services provided by the external auditor to ensure that the provision of these services does not affect the independence of the auditors. For FY2022, RSM Chio Lim LLP ("**RSM**") provided tax compliance services to the Company other than audit services. The amount of fees paid to auditors, RSM, in respect of audit and non-audit services for the year under review are S$201,000 and S$6,500, respectively. The AC has reviewed the non-audit services provided by RSM and is satisfied that the nature and extent of such services would not prejudice the independence and objectivity of the external auditor.

The Company has put in place a whistle-blowing process and has implemented a whistle-blowing policy for the Group, where it will ensure that the identity of the whistle-blower is kept confidential. The Company is committed to ensure protection of the whistle-blower against detrimental or unfair treatment and the AC is responsible for oversight and monitoring of whistle-blowing. The whistle-blowing policy is endorsed by the AC, where employees and other stakeholders of the Company may, in confidence, raise concerns about possible corporate improprieties in matters of financial reporting or other matters. The whistle-blowing policy of the Company is made available to the employees of the Company, for their information. The AC, upon receipt of complaints or allegations from any employee or stakeholder, determines if an investigation is necessary. If an investigation should be carried out, it will direct an independent investigation to be conducted by an independent function on the complaint received. The AC will receive a report on that complaint and findings of investigation as well as a follow-up report on actions taken.

The AC is kept abreast by the Management, Company Secretary and/or the external auditor of changes to accounting standards, the Catalist Rules and other regulations which could have an impact on the Group's business and financial statements.

The Company has not put in place a Risk Management Committee. However, the Management regularly reviews the Company's business and operational activities to identify areas of significant business risks as well as appropriate measure to control and mitigate these risks. Management reviews all significant control policies and procedures and highlights all significant matters to the Board and AC.

The AC has deliberated on the key audit matters identified by the external auditor, i.e. impairment allowances on other receivable and going concerns. Full details of the key audit matters for FY2022 are provided in the Independent Auditors' Report in the Annual Report.

The AC is responsible for the appointment and assessment of the performance of the internal auditor. The Company has engaged Tricor Axcelasia (SG) Pte Ltd ("**IA**" or "**Tricor Axcelasia**") as its internal auditors in 2022, to assist the AC to independently evaluate and improve the effectiveness of the system of internal controls using a risk-based approach. The IA have also performed the internal review on the Company's sustainability reporting process.

The number of staff deployed for the internal audit assessment ranges from 3 to 4 staff per visit, including the Engagement Partner, Ms Ong Su Faye. Tricor Axcelasia is led by Mr Ranjit Singh a/l Taram Singh ("**Mr Singh**"). Mr Singh has been a Chartered Member of the Institute of Internal Auditors ("**IIA**") Malaysia since 2004 and was the President of the IIA Malaysia for the term 2013/2014. He was a member of the Board of Directors of Global IIA for the term 2017 to 2011. Mr. Singh was a member of the Audit Committee of Global IIA for the term 2017 to 2019, a member of the IIA's International Internal Audit Standards Board for the term 2016 to 2019 and the President of Asian Confederation of the Institute of Internal Auditors ("**ACIIA**") for the term 2016/2017. He obtained a Master of Business Administration from Heriot-Watt University, Edinburgh, UK and was awarded a Certified Internal Auditor (United States) in December 2013 and a Certification in Risk Management Assurance (United States) in April 2012.

The role of the outsourced internal audit function is to provide independent and objective reports on the organisation's key internal controls to the AC. The outsourced internal auditor performed its work in accordance with the International Professional Practices Framework, an internationally recognised framework. The outsourced internal auditor reports directly to the AC on a regular basis during the AC meeting.

Internal audits include evaluation of controls relating to significant risks. Such audits also ensure that instituted controls are appropriate, effectively applied and achieve acceptable risk exposures consistent with the Company's risk management and internal control framework. The outsourced internal auditor would advise Management on areas for improvement and would subsequently carry out follow-up review on the status to which its recommendations have been implemented. The internal audit reports which contained the relevant audit finding and recommendations are submitted to the AC for deliberation. The AC meets with the outsourced internal auditor at least once a year to review the outsourced internal audit function and to assure itself on the soundness of internal control system.

The internal auditor's primary line of reporting is to the Chairman of the AC. On an annual basis, the internal auditor prepares and executes a risk-based audit plan, so as to review the adequacy and effectiveness of the system of internal controls of the Group. Key audit findings are presented to the AC and the results of the findings are also shared with the external auditor. In addition, the AC meets with the internal auditor separately, at least once a year, without the presence of Management.

The IA prepares the internal audit plan taking into consideration the risks identified as approved by the AC, on an annual basis.

During FY2022, the AC reviewed the reports submitted by the IA relating to the audits conducted to assess the adequacy and the effectiveness of the Group's risk management and the internal control systems put in place, including financial, operational, compliance and information technology controls. Any material non-compliance or lapses in internal controls together with recommendation for improvement are reported to the AC. A copy of the report is also issued to the relevant department for its follow-up action. The timely and proper implementation of all required corrective, preventive or improvement measures are closely monitored.

The Board, with the concurrence of the AC, is of the opinion that the Company's internal controls (including financial, operational, compliance and information technology controls) and risk management systems were adequate and effective in FY2022.

SHAREHOLDER RIGHTS AND RESPONSIBILITIES

Principle 11: Shareholder Rights and Conduct of General Meetings

The Company treats all Shareholders fairly and equitably in order to enable them to exercise Shareholders' rights and have the opportunity to communicate their views on matters affecting the Company. The Company gives its Shareholders a balanced and understandable assessment of its performance, position and prospects.

The Company encourages shareholders' participation at the Company's annual general meetings. The general meeting is the principal forum for dialogue with shareholders.

At the annual general meeting and an extraordinary general meeting held in 2022 via electronic means, the Chairman of the meetings was appointed as proxy by some shareholders to vote on their behalf. The voting results of each of the resolutions tabled are announced on the same day after the meetings. The total numbers of votes cast for or against the resolutions are also announced after the meetings via SGXNet.

The Company's forthcoming annual general meeting for the financial year ended 31 December 2022 will also be held through electronic means. The shareholders will be able to ask questions during the live webcast at the meetings via text, the Company also encourages shareholders to register and submit their questions in advance of the meeting. Shareholders will be given at least 7 calendar days from the date of the notice to submit their questions and they may raise questions or share their views regarding the proposed resolutions as well as the Company's businesses and affairs with the Company prior to the meeting and at the meeting. The Chairman of the meeting and Chairman of the Board Committees as well as the Company's auditor, will provide answers to shareholders' queries received by the Company prior to the proxy form submission cute-off date, and will provide responses to subsequent questions at the meeting.

At the forthcoming annual general meeting ("**AGM**"), the shareholders will not be able to attend the meeting in person. Instead, alternative arrangements have been put in place to allow shareholders to participate in the forthcoming AGM by:

(a) observing the proceedings of the AGM via a "live" webcast ("**LIVE WEBCAST**") or listening to these proceedings through a "live" audio feed ("**AUDIO ONLY MEANS**");

(b) submitting questions relating to the resolutions to be tabled at the AGM in advance of the AGM;

(c) submitting text-based questions during the LIVE WEBCAST of the AGM;

(d) appointing a proxy or proxies, including the Chairman of the meeting, to attend and vote on their behalf at the AGM; and

(e) participating in the live voting during the LIVE WEBCAST of the AGM.

All shareholders have the opportunity to participate effectively in, speak and vote at general meetings.

The Company ensures that sufficient explanations of all resolutions are included in the notice of the annual general meeting. Separate resolutions on each distinct issue are tabled at general meetings. "Bundling" of resolutions are kept to a minimum and executed only where the resolutions are interdependent as to form one significant proposal and only where there are reasons and material implications involved and explained to shareholders accordingly.

Under item 11.1 of the checklist issued by Accounting and Corporate Regulatory Authority, the Monetary Authority of Singapore and Singapore Exchange Regulation on 13 April 2020 which provides guidance to the listed and non-listed entities on the conduct of general meetings during the period when safe management measures are in place, issuers must publish minutes within one month after the general meeting on SGXNet and, if available, the issuer's corporate website.

Accordingly, the Company will publish the minutes of the forthcoming general meeting via SGXNet and corporate website of the Company within one month from the date of meeting. The minutes will record substantial and relevant comments or queries from shareholders relating to the agenda of the general meetings, and responses from the Board and Management.

The Board does not implement absentia-voting methods by mail, e-mail or fax, until issues on security and integrity are satisfactorily resolved.

The Company does not have a fixed dividend policy. Nonetheless, Management will review, inter alia, the Group's performance in the relevant financial period, projected capital needs and working capital requirements and make appropriate recommendations to the Board on dividend declaration.

Principle 12: Engagement with Shareholders

The company communicates regularly with its shareholders and facilitates the participation of shareholders during general meetings and other dialogues to allow shareholders to communicate their views on various matters affecting the company.

The Company endeavours to communicate regularly, effectively and fairly with its shareholders. In line with the continuous disclosure obligations under the relevant rules, the Board ensures that shareholders are promptly informed of all major developments that may have a material impact on the Group in a timely manner. Information is released to shareholders and investors on a timely basis, through SGXNet as well as the Company's corporate website (http://www.sevensatelier.com).

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.

Principle 13: Engagement with Stakeholders

The Board adopts an inclusive approach by considering and balancing the needs and interests of material Stakeholders, as part of its overall responsibility to ensure that the best interests of the Company are served.

The stakeholders have been identified as those who are impacted by the Group's business and operations and those who are similarly able to impact the Group's business and operations. The identified key stakeholders of the Group include suppliers, customers, employees, community, investors and regulators.

The Company regularly engages its stakeholders through various channels to ensure that the business interests are aligned with its stakeholders. Stakeholders of the Company will be able to communicate with the Company through the contact information provided in its corporate website.

The Company currently does not have an investor relations policy but considers advice from its continuing sponsor, 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.

RISK MANAGEMENT

The Company regularly reviews and improves its business and operational activities to identify areas of significant business risks as well as take appropriate measures to control and mitigate these risks. All significant control policies and procedures are reviewed by Management and all significant matters are tabled to the AC and Board for review and deliberation.

DEALINGS IN SECURITIES

The Company has set out guidelines to the Directors, officers and staff of the Group in relation to dealings in the Company's securities. These guidelines prohibit the Company, its Directors and officers from dealing in the listed securities of the Group while in possession of material or price sensitive information and during the period one month before the announcement of the Company's half-year and full-year financial results and ending on the date of announcement of the relevant financial results. The Company, its Directors and officers of the Group are also advised not to deal in the Company's securities on short-term considerations.

The Company, Directors and officers and staff of the Group are also advised to observe insider trading laws at all times even when dealing in the Company's securities within the permitted trading period.

All Directors are also provided with proper guidance on disclosure of interests in securities, restrictions on disclosure of price sensitive information and disclosure of interests relating to the Group's businesses.

CORPORATE
GOVERNANCE STATEMENT

INTERESTED PERSON TRANSACTIONS POLICY

The Company has adopted an internal policy in respect of any transactions with interested persons and has set out the procedures for review and approval. The AC has reviewed the interested person transactions for FY2022 conducted in accordance with Chapter 9 of the Catalist Rules and is satisfied that the transactions were on normal commercial terms.

The aggregate value of interested person transactions entered into during FY2022 pursuant to Rule 920 of the Catalist Rules is as follows:

Name of Interested

Name of Interested Persons and Details of Transactions	Nature of relationship	Aggregate value of all interested person transactions during the financial year under review (excluding transactions conducted under shareholders' mandate pursuant to Rule 920)	Aggregate value of all interested person transactions conducted under shareholders' mandate pursuant to Rule 920 (excluding transactions less than $100,000)
		S$'000	S$'000
Payments made by the Group to Xu Jia Zu Holding Pte Ltd ("XJZ")			
Rental of a factory in Wuhu by Duvalco Valves and Fitting Pte Ltd to XJZ from 1 January to 30 June 2022	A	137.5	–
Total		137.5	–

Notes:

A. Mr. Richard Koh Chye Heng, the immediate former Executive Chairman and Chief Executive Officer of the Company who resigned on 4 July 2022, is deemed to have an interest in XJZ in view of his more than 20% holdings in the total issued shares of XJZ.

Save for the above, there was no other interested party transaction that is S$100,000 and above for FY2022. The Company does not have an existing general mandate pursuant to Rule 920 of the Catalist Rules.

MATERIAL CONTRACTS

Save for the service agreement entered into between the Company and the Executive Director, and the CEO, and the Sales and Purchase Agreement in relation to the disposal of the old business, there are no material contracts entered into by the Group involving the interest of any Director or controlling shareholder, which are either still subsisting at the end of FY2022 or if not then subsisting, entered into since the end of the previous financial year.

CATALIST SPONSOR

No non-sponsor fees were paid to the Company's sponsor, PrimePartners Corporate Finance Pte. Ltd. during FY2022.

STATEMENT BY DIRECTORS

The directors of the Company are pleased to present the accompanying financial statements of the Company and of the Group for the reporting year ended 31 December 2022.

Before 14 June 2022 the Company was known as Pan Asian Holdings Limited, which was changed to its present name.

1. Opinion of the directors

In the opinion of the directors,

(a) the accompanying financial statements and the consolidated financial statements are drawn up so as to give a true and fair view of the financial position and performance of the Company and, of the financial position and performance of the Group for the reporting year covered by the financial statements or consolidated financial statements; and

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

The board of directors approved and authorised these financial statements for issue.

2. Directors

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

Hong Eng Leong, Jeffrey	(Appointed on 4 July 2022)
Lawrence Chen Tse Chau	
Lo Kim Seng	(Appointed on 15 November 2022)
Lim Xiu Fang, Vanessa	
Tan Yew Heng, Terrence	(Appointed on 15 November 2022)

3. Directors' interests in shares and debentures

The directors of the Company holding office at the end of the reporting year had no interest in shares or in debentures of the Company or other related body corporate as recorded in the register of directors' shareholdings kept by the Company under section 164 of the Companies Act 1967 ("the Act").

The directors' interest as at 21 January 2023 were the same as those at the end of the reporting year.

4. Arrangements to enable directors to acquire benefits by means of the acquisition of shares and debentures

Neither at the end of the reporting year nor at any time during the reporting year did there subsist arrangements to which the Company is a party, being arrangements whose objects are, or one of whose objects is, to enable directors of the Company to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

5. Options

During the reporting year, no option to take up unissued shares of the Company or other body corporate in the Group was granted.

During the reporting year, there were no shares issued by virtue of the exercise of an option to take up unissued shares.

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

6. Report of Audit Committee

The members of the Audit Committee at the date of this statement are as follows:

Lawrence Chen Tse Chau	(Lead independent director and Chairman of Audit Committee)
Lo Kim Seng	(Independent director and Chairman of Nominating Committee)
Terrence Tan Yew Heng	(Independent director and Chairman of Remuneration Committee)

The Audit Committee performs the functions specified by section 201B(5) of the Act. Among other functions, it performed the following:

- Reviewed with the independent external auditor their audit plan.
- Reviewed with the independent external auditor their evaluation of the Company's internal accounting controls relevant to their statutory audit, and their report on the financial statements and the assistance given by management to them.
- Reviewed with the internal auditor the scope and results of the internal audit procedures (including those relating to financial, operational and compliance controls and risk management) and the assistance given by the management to the internal auditor.
- Reviewed the financial statements of the Group and the Company prior to their submission to the directors of the Company for adoption.
- Reviewed the interested person transactions (as defined in Chapter 9 of the Singapore Exchange Securities Trading Limited's Listing Manual).

Other functions performed by the Audit Committee are described in the report on corporate governance included in the annual report of the Company. It also includes an explanation of how the independent auditor's objectivity and independence is safeguarded where the independent auditor provides non-audit services.

7. Directors' opinion on the adequacy of the internal controls

Based on the internal controls established and maintained by the Company, work performed by the internal auditor and independent external auditor, and reviews performed by management, other committees of the board and the board, the audit committee and the board are of the opinion that the Company's internal controls, addressing financial, operational, compliance and information technology controls and risk management systems are adequate as at the end of the reporting year 31 December 2022.

8. Subsequent developments

There are no significant developments subsequent to the release of the Group's and the Company's preliminary financial statements, as announced on 2 March 2023, which would materially affect the Group's and the Company's operating and financial performance as of the date of this report.

On behalf of the directors

Hong Eng Leong, Jeffrey Director	Lim Xiu Fang, Vanessa Director

12 April 2023

INDEPENDENT
AUDITOR'S REPORT

To the Members of Sevens Atelier Limited

Report on audit of the financial statements

Qualified opinion

We have audited the accompanying financial statements of Sevens Atelier Limited (the "Company") and its subsidiaries (the "Group"), which comprise the consolidated statement of financial position of the Group and the statement of financial position of the Company as at 31 December 2022, and the consolidated statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows of the Group, and statement of changes in equity of the Company for the reporting year then ended, and notes to the financial statements, including the significant accounting policies.

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

Basis for Qualified Opinion

As disclosed in Note 11 to the financial statements, the Group completed the disposal of certain subsidiaries and assets on 14 June 2022. The total consideration for the disposal was $12,000,000.

The divestment resulted in a loss on disposal of approximately $2,941,000 and the results from discontinued operations up to the completion date of the disposal on 14 June 2022 is a net profit of $540,000. We have however not been provided access to the accounting records and documents of the discontinued operations for the period from 1 January 2022 to 14 June 2022 to perform the necessary audit procedures. Accordingly, we are unable to determine if there are any misstatements on the results from discontinued operations included in the financial statements for the reporting year ended 31 December 2022. Any misstatements will have an effect on the loss on disposal and a corresponding change to the results from discontinued operations in the financial statements for the reporting year ended 31 December 2022.

Material uncertainty relating to going concern

We draw attention to Note 1 of the financial statements. The Group incurred losses from continuing operations, net of tax of $1,188,000, for the reporting year ended 31 December 2022 and as at that date, the Group's and the Company's net current liabilities are $1,975,000 and $427,000 respectively. The ability of the Group and Company to continue as going concerns are dependent on the satisfactory conclusion of the matters disclosed in Note 1.

The above-mentioned events and conditions indicate the existence of material uncertainties that may cast significant doubt about the Group's and Company's abilities to continue as going concerns. If the going concern assumption is inappropriate, adjustments may have to be made to reflect the situation that assets may need to be realised other than in the normal course of business and at amounts which could differ significantly from the amounts at which they are currently recorded in the statements of financial position. In addition, the Group and Company may have to provide for further liabilities that may arise. Our opinion is not further modified in respect of this matter.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current reporting 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. In addition to the matter described in the Basis for Qualifed Opinion section, we have determined the matters described below to be the key audit matters to be communicated in our report.

- Accounting for construction and renovation contracts

  Refer to Note 2 for the relevant accounting policy, Note 2C on critical judgements, assumptions and estimation uncertainties and Note 5 on revenue.

  For the reporting year ended 31 December 2022, construction and renovation contracts recognised on a percentage of completion ("POC") method amounted to $6,792,000 as disclosed in Note 5 to the financial statements and represented 100% of the Group's total revenue.

  Construction and renovation contracts are recognised over time by reference to the Group's progress towards completing the contracts. The measurement of progress is determined based on the proportion of contract costs incurred to date to the estimated total contract costs for the contracts.

  Significant management's judgement is required to determine the estimated costs to completion for the construction and renovation contracts, based on their industry knowledge, past experiences on similar projects and current knowledge on the contracts. The determination of the estimated costs of completion is important as it in turn affects the percentage of completion computed for each contract, as well as the revenue and gross profit margin recognised for each contract.

  Accordingly, we have assessed the accounting for construction and renovation contracts as a key audit matter.

  We have performed the following audit procedures on a sample of significant projects to address the key audit matter:

  In relation to total contract revenue for each project, our audit procedures include the following:

  a) We verified total contract sums to contracts and variation orders entered into by the Group and its customers;

  b) We recomputed the measure of progress of the construction contracts which is determined based on the proportion of contract costs incurred to date to the estimated total contract costs; and

  c) We assessed the reasonableness of the revenue recognised through discussions with the project teams and obtaining corroborating evidence such as relevant correspondences with the Group's customers.

Key audit matters (cont'd)

- Accounting for construction and renovation contracts (cont'd)

  In relation to contract costs for each project, our audit procedures include the following:

  a) We reviewed the actual costs incurred by verifying to supplier invoices or main-contractors progress billings; and

  b) We reviewed management's estimates of total construction costs and costs to complete the projects by substantiating estimates to contracts entered with sub-contractors for sub-contracting costs and reviewing the estimation of materials, labour and other construction costs with reference to the progress of the project.

  We recomputed the cumulative contract revenue and the contract revenue for the current reporting year for these projects, which were agreed to the accounting records.

- Assessment of impairment of trade receivables

  Refer to Note 2 for the relevant accounting policy, Note 2C on critical judgements, assumptions and estimation uncertainties and Note 23 on trade and other receivables.

  As at 31 December 2022, the Group had trade receivables of $1,610,000 as disclosed in Note 23 to the financial statements which accounted for approximately 9% of the total assets of the Group. Approximately 62% of the net trade receivables were due from three customers. Management has performed an impairment review based on the expected credit loss ("ECL") model and based on the review, no allowance for impairment is considered necessary.

  The estimated credit loss allowance is based on the historical and forward looking trends of the receivables from these customers, which includes an analysis of the age of these receivables, credit worthiness of the customers and future collectability.

  We identified this as a key audit matter as the assessment of the determination of ECL requires management to exercise significant judgement and estimation. In determining the credit quality and whether any significant increase in credit risk occurs, both forward-looking and historical information need to be considered.

  We have performed the following audit procedures to address the key audit matter:

  a) We obtained an understanding of the Group's policies and procedures in assessing impairment of trade receivables;

  b) We evaluated the impairment assessment performed by management through the following:

     I. We discussed with management on the basis adopted by management in assessing the recoverability of the outstanding trade receivables for the Group's major customers, including enquiring of management the respective customers' financial standing. We also obtained confirmations from the major customers for the outstanding trade receivable balances at the end of the reporting year;

     II. We assessed the credit risks of the customers by analysing the payment history and receipts subsequent to reporting year end of selected customers and considered events or indicators which resulted in increase in credit risk of those customers; and

     III. We evaluated the adequacy of disclosures in the financial statements.

Key audit matters (cont'd)

- Assessment of impairment of provisional goodwill

  Refer to Note 2 for the relevant accounting policy, Note 2C on critical judgements, assumptions and estimation uncertainties and Note 16 on goodwill as at the reporting year end.

  On 14 June 2022, the Group completed the acquisition of 100% equity interest in Sevens Creation Pte. Ltd. and its wholly-owned subsidiaries, namely Sevens Build Pte. Ltd. and Sevens Design Pte. Ltd., for a consideration of S$12,000,000. As at the reporting year ended 31 December 2022, the Group recorded a provisional goodwill of $10,983,000, which represents approximately 60% of the Group's total assets.

  Accordingly, we have assessed the impairment assessment of goodwill as a key audit matter.

  Goodwill is assessed annually for impairment. Management used the value-in-use method to determine the recoverable amount of goodwill. The value-in-use calculation requires management of the entity to estimate the future cash flows expected to arise from the cash-generating unit ("CGU") as well as a suitable discount rate in order to calculate present value. In estimating the future cash flows of the cash-generating unit, management forecasted the revenue, growth rates, margins based on presently available information.

  We have performed the following audit procedures to address the key audit matter:

  a) We engaged our internal valuation specialists to assist in the review of management's estimates;

  b) We discussed with management the basis adopted by management for the discounted future cash flows used to determine the value-in-use of the CGU;

  c) We challenged management's estimates used in the discounted future cash flows through our knowledge of the CGU's operations and its past performance and performed sensitivity analysis on the outcome of the value-in-use of the CGU;

  d) We assessed and tested the key assumptions which the outcome of the impairment assessment is most sensitive to; and

  e) We assessed the adequacy of the disclosures made in the financial statements.

- Business combination

  Refer to Note 2 for the relevant accounting policy; Note 2C on critical judgements, assumptions and estimation uncertainties and Note 33 for the details of the acquistion.

  As mentioned above, the Group acquired 100% equity interest in Sevens Creation Pte. Ltd. and its wholly-owned subsidiaries, namely Sevens Build Pte. Ltd. and Sevens Design Pte. Ltd. during the reporting year. Accounting for the business combination resulted in the recognition of provisional goodwill of $10,983,000 and intangible assets of S$1,365,000. Management engaged an external valuer to assist with the purchase price allocation ("PPA") for the acquisition. The PPA report has not been finalised as of the date of this report.

  Significant judgements and estimates were used in the valuation of the assets identified and liabilities assumed from the acquisition.

Key audit matters (cont'd)

- Business combination (cont'd)

  Accordingly, we have assessed business combination as a key audit matter.

  We have performed the following audit procedures to address the key audit matter:

  a) We assessed the governance process over the determination of the appropriate accounting treatment to be adopted for the acquisition;

  b) We compared management's preliminary valuation methodologies and key assumptions used in deriving these provisional fair values to generally accepted market practices and market data, and tested the integrity of the inputs in the preliminary valuation; and

  c) We examined the relevant legal and contractual documents to determine if the classification of the acquisition as subsidiaries was appropriate.

- Transactions with and amount due from entities controlled by ex-shareholder of acquired subsidiaries

  Refer to Note 6, 7 and 23 which contain details on transactions with and amount due from entities controlled by ex-shareholder of acquired subsidiaries.

  The Group has significant transactions with and amount due from entities that are controlled by the ex-shareholder of Sevens Creation Pte. Ltd. and its subsidiaries. Given the number and amounts of such transactions and balance, we have focused our attention on this area.

  We have performed the following audit procedures to address the key audit matter:

  a) We obtained a list of transactions and balances with entities controlled by ex-shareholder of the acquired subsidiaries from the Group's management;

  b) We held discussions with management to understand the nature of the transactions and balances;

  c) We reviewed relevant agreements, if any, to determine that transactions were recorded in accordance with the substance of these agreements;

  d) We performed extended searches on the Group's major shareholders and directors and the ex-shareholder of acquired subsidiaries; and

  e) We evaluated management's assessment and conclusion that the entities controlled by ex-shareholder of acquired subsidiaries are not related parties of the Group in accordance with the requirements of SFRS (I) 1-24 Related Party Disclosures.

Other information

Management is responsible for the other information. The other information comprises information included in the statement by directors and 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.

Other information (cont'd)

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 the financial reporting standards, 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:

a) 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.

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

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

Auditor's responsibilities for the audit of the financial statements (cont'd)

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

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

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

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

From the matters communicated with 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 Chua Ling Ling.

RSM Chio Lim LLP
Public Accountants and
Chartered Accountants
Singapore

12 April 2023

CONSOLIDATED STATEMENT OF PROFIT OR LOSS
AND OTHER COMPREHENSIVE INCOME

Year ended 31 December 2022

		Group	
			Re-presented*
	Notes	2022	2021
		$'000	$'000
Revenue	5	6,792	–
Cost of sales		(5,440)	–
Gross profit		1,352	–
Interest income		–	–
Other income and gains	6	101	–
Marketing and distribution costs		(112)	–
Administrative expenses	7	(2,576)	(851)
Finance costs	9	(23)	–
Other losses	6	(30)	–
Loss before tax from continuing operations		(1,288)	(851)
Income tax income	10	100	–
Loss from continuing operations for the year		(1,188)	(851)
(Loss) / profit from discontinued operations, net of tax	11	(2,941)	377
Loss for the year		(4,129)	(474)
Other comprehensive income:			
Items that may be reclassified subsequently to profit or loss:			
Currency translation differences arising from consolidation			
– Gain		–	109
Other comprehensive income for the year, net of tax		–	109
Total comprehensive loss		(4,129)	(365)
Loss attributable to owners of the parent, net of tax		(4,129)	(474)
Loss attributable to non-controlling interests, net of tax		–	–
Loss net of tax		(4,129)	(474)
Total comprehensive loss attributable to owners of the parent		(4,129)	(365)
Total comprehensive loss attributable to non-controlling interests		–	–
Total comprehensive loss		(4,129)	(365)
Loss per share		**Cents**	**Cents**
Basic and diluted	12	(2.00)	(0.22)

*See notes 4 and 11. The comparative information has been re-presented due to discontinued operations.

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

STATEMENTS OF FINANCIAL POSITION

As at 31 December 2022

	Notes	Group 2022 $'000	Group 2021 $'000	Company 2022 $'000	Company 2021 $'000
ASSETS					
Non-current assets					
Property, plant and equipment	13	791	10,032	–	3,855
Right-of-use assets	15	882	539	–	–
Provisional goodwill	16A	10,983	–	–	–
Intangible assets	16B	910	–	–	–
Investments in subsidiaries	17	–	–	12,000	3,236
Investments in associate	18	–	206	–	–
Investments in joint ventures	19	–	62	–	–
Other assets	20	–	342	–	241
Total non-current assets		13,566	11,181	12,000	7,332
Current assets					
Asset held for sale	14	–	30	–	–
Other assets	20	153	2,776	3	42
Contract assets	21	240	1,448	–	–
Inventories	22	10	920	–	–
Trade and other receivables	23	1,755	9,346	123	4,692
Cash and cash equivalents	24	2,402	3,669	122	653
Total current assets		4,560	18,189	248	5,387
Total assets		18,126	29,370	12,248	12,719
EQUITY AND LIABILITIES					
Equity attributable to owners of the parent					
Share capital	25	15,300	15,300	15,300	15,300
Other reserves	26	–	(61)	–	–
Accumulated losses		(4,475)	(346)	(3,727)	(3,620)
Equity, attributable to owners of the parent		10,825	14,893	11,573	11,680
Non-current liabilities					
Deferred tax liabilities	10	202	–	–	–
Other financial liabilities	28	117	2,912	–	–
Lease liabilities	29	447	496	–	74
Total non-current liabilities		766	3,408	–	74
Current liabilities					
Liabilities associated with assets held for sale	14	–	18	–	–
Income tax payable	10	–	22	–	–
Provisions	27	97	–	–	–
Other financial liabilities	28	50	2,446	–	–
Contract liabilities	21	3,416	275	–	–
Lease liabilities	29	189	243	–	35
Trade and other payables	30	2,783	8,065	675	930
Total current liabilities		6,535	11,069	675	965
Total liabilities		7,301	14,477	675	1,039
Total equity and liabilities		18,126	29,370	12,248	12,719

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

STATEMENTS OF CHANGES IN EQUITY

Year ended 31 December 2022

Group:	Total equity $'000	Share capital $'000	(Accumulated Losses) / retained earnings $'000	Other reserves $'000
Current year:				
Opening balance at 1 January 2022	14,893	15,300	(346)	(61)
Changes in equity:				
Total comprehensive loss for the year	(4,129)	–	(4,129)	–
Disposal of subsidiaries – discontinued operations	61	–	–	61
Closing balance at 31 December 2022	10,825	15,300	(4,475)	–
Previous year:				
Opening balance at 1 January 2021	15,258	15,300	128	(170)
Changes in equity:				
Total comprehensive (loss) / income for the year	(365)	–	(474)	109
Closing balance at 31 December 2021	14,893	15,300	(346)	(61)

Company:	Total equity $'000	Share capital $'000	Accumulated losses $'000
Current year:			
Opening balance at 1 January 2022	11,680	15,300	(3,620)
Changes in equity:			
Total comprehensive loss for the year	(107)	–	(107)
Closing balance at 31 December 2022	11,573	15,300	(3,727)
Previous year:			
Opening balance at 1 January 2021	13,160	15,300	(2,140)
Changes in equity:			
Total comprehensive loss for the year	(1,480)	–	(1,480)
Closing balance at 31 December 2021	11,680	15,300	(3,620)

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

CONSOLIDATED STATEMENT OF CASH FLOWS

Year ended 31 December 2022

	Group 2022 $'000	Group 2021 $'000
Cash flows from operating activities		
Loss before tax from continuing operations	(1,288)	(851)
(Loss) / profit before tax from discontinued operations	(2,941)	596
Adjustments for:		
Allowance for impairment on property, plant and equipment	–	63
Amortisation of intangible assets	455	–
Depreciation of property, plant and equipment	409	681
Depreciation of right-of-use assets	341	360
Interest income	(11)	(50)
Interest expense	93	165
Gains on disposal of property, plant and equipment, net	–	(23)
Loss on disposal of discontinued operations	3,481	–
Impairment loss on other receivables	30	–
Share of loss / (profit) from equity-accounted associate	24	(16)
Share of loss from equity-accounted joint ventures	52	256
Operating cash flow before changes in working capital	645	1,181
Trade and other receivables	(3,850)	(787)
Contract assets	120	(483)
Contract liabilities	36	(476)
Other assets	3,014	(1,770)
Inventories	(362)	235
Trade and other payables	3,074	992
Net cash flows from / (used in) operations	2,677	(1,108)
Income taxes paid	(230)	(237)
Net cash flows from / (used in) operating activities	2,447	(1,345)
Cash flows from investing activities		
Disposal of subsidiaries (net of cash disposed) (Note 11)	7,586	–
Acquisition of subsidiaries (Note 33)	(9,885)	–
Increase of investment in joint venture	–	(260)
Interest received	11	8
Proceeds from disposal of property, plant and equipment	–	73
Purchase of property, plant and equipment	(23)	(315)
Net cash flows used in investing activities	(2,311)	(494)
Cash flows from financing activities		
Increase in borrowings	–	1,469
Interest paid	(91)	(122)
Lease liability – principal and interest portion paid	(405)	(221)
Loans and borrowings paid	(934)	(955)
Net cash flows (used in) / from financing activities	(1,430)	171
Net decrease in cash and cash equivalents	(1,294)	(1,668)
Effect of exchange rate changes on cash and cash equivalents	–	(30)
Cash and cash equivalents, statement of cash flows, beginning balance	3,696	5,394
Cash and cash equivalents, statement of cash flows, ending balance (Note 24A)	2,402	3,696

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

1. General

The Company is incorporated in Singapore with limited liability. The financial statements are presented in Singapore dollars and they cover the Company (referred to as "parent"), its subsidiaries and the Group's interest in associates and joint ventures (the "Group").

All financial information have been rounded to the nearest thousand ($'000), except when otherwise indicated.

The board of directors approved and authorised these financial statements for issue on the date of the statement of directors. The directors have the power to amend and reissue the financial statements.

The Company's principal activities are those of an investment holding company and provision of management services to its subsidiaries.

The Company is listed on Catalist which is a shares market on the Singapore Exchange Securities Trading Limited.

The principal activities of the subsidiaries are described in Note 17 below.

The registered office is 60 Paya Lebar Road, #10-14 Paya Lebar Square, Singapore 409051. The Company is situated in Singapore.

Acquistion and disposal of business

The Group had on 28 April 2022 entered into a conditional sale and purchase agreement with a purchaser in relation to the proposed disposal of all of the Company's existing businesses of general trading and supply of piping systems and related accessories; valves manufacturing, sales and distribution; engineering solutions for use in water and wastewater infrastructure development and food and beverage. Richard Koh Chye Heng, the ex-Executive Chairman of the Company, was the sole shareholder and director of the purchaser at the date of the sale and purchase agreement.

Richard Koh Chye Heng also holds one golden share in Xu Jia Zu Holdings Pte. Ltd. (former ultimate parent company) at the beginning of the reporting year. By virtue of Xu Jia Zu Holdings Pte. Ltd.'s Constitution, he has, or is deemed to have, the ability to exercise dominant influence over the former ultimate parent company as well as the Company. Xu Jia Zu Holdings Pte. Ltd. has disposed all its shareholdings in the Company to five new shareholders on 14 June 2022.

On 14 June 2022, the Group completed the disposal of 100% equity interest in the following entities for a total consideration of $12,000,000:-

i. Duvalco Valves & Fittings Pte. Ltd.;
ii. Pan Asian Flow Technology Pte. Ltd.;
iii. Pan Asian Water Solutions (HK) Limited;
iv. Wuhu Duvalco Valves & Fittings Co., Ltd;
v. PA Water Solutions (Shanghai) Limited;
vi. Sacha Inchi Pte. Ltd.;
vii. PA Flow Technology (HK) Limited; and
viii. PT. Pan Asian Water Solutions

1. General (cont'd)

Acquistion and disposal of business (cont'd)

Along with the above, the Company also sold its existing assets and liabilities including properties, equipment, contracts receivables and payables in relation to the disposal group businesses. On this date, control of above mentioned disposal group was passed to the acquirer.

On 14 June 2022 the Group acquired 100% of the share capital in Sevens Creation Pte. Ltd. and its subsidiaries, Sevens Build Pte Ltd and Sevens Design Pte Ltd, for a total consideration of $12,000,000, and from that date the Group gained control of these entities.

Material uncertainty relating to going concern

The Group incurred a loss from continuing operations, net of tax of S$1,188,000 for the reporting year ended 31 December 2022. As at the end of the reporting year, the Group's and Company's current liabilities exceeded their current assets by $1,975,000 and $427,000 respectively. These factors indicate a material uncertainty about the Group's and Company's abilities to continue as going concerns. Management is however of the opinion that the use of going concern basis in the preparation of these financial statements is appropriate based on the following considerations:

- The Group has cash and cash equivalents amounting to $2,402,000 as at the reporting year ended 31 December 2022; and

- The Group expects contracts secured to-date and potential new contracts to be secured will generate sufficient cash flows to support its operating expenses in the next 12 months from reporting year ended 31 December 2022, taking into account the improvement of the construction industry in Singapore.

If the Group and Company are unable to continue in operational existence for the foreseeable future, the Group or the Company may be unable to discharge its liabilities in the normal course of business and adjustments may have to be made to reflect the situation that assets may need to be realised other than in the normal course of business and at amounts which could differ significantly from the amounts at which they are now recorded in the statements of financial position. In addition, the reporting entities may have to provide for further liabilities that may arise and to reclassify non-current assets and non-current liabilities as current assets and current liabilities respectively. No such adjustments have been made to these financial statements.

Basis of presentation

Statement of compliance with financial reporting standards

These financial statements have been prepared in accordance with the Singapore Financial Reporting Standards (International) ("SFRS(I)s") and the related Interpretations to SFRS(I) ("SFRS(I) INT") as issued by the Singapore Accounting Standards Council. They are in compliance with the provisions of the Companies Act 1967 (the "Act") and with the International Financial Reporting Standards issued by the International Accounting Standards Board.

1. General (cont'd)

Accounting convention

The financial statements are prepared on a going concern basis under the historical cost convention except where a financial reporting standard requires an alternative treatment (such as fair values) as disclosed where appropriate in these financial statements. The accounting policies in the financial reporting standards may not be applied when the effect of applying them is not material. The disclosures required by financial reporting standards may not be provided if the information resulting from that disclosure is not material.

Basis of preparation of the financial statements

The preparation of financial statements in conformity with generally accepted accounting principles requires the management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting year. Actual results could differ from those estimates. The estimates and assumptions are reviewed on an ongoing basis. Apart from those involving estimations, management has made judgements in the process of applying the entity's accounting policies. The areas requiring management's most difficult, subjective or complex judgements, or areas where assumptions and estimates are significant to the financial statements, are disclosed at the end of this footnote, where applicable.

The consolidated financial statements include the financial statements made up to the end of the reporting year of the Company and all of its subsidiaries. The consolidated financial statements are the financial statements of the Group (the parent and its subsidiaries) presented as those of a single economic entity and are prepared using uniform accounting policies for like transactions and other events in similar circumstances. All significant intragroup balances and transactions are eliminated on consolidation. Subsidiaries are consolidated from the date the reporting entity obtains control of the investee and cease when the reporting entity loses control of the investee.

Changes in the Group's ownership interest in a subsidiary that do not result in the loss of control are accounted for within equity as transactions with owners in their capacity as owners. The carrying amounts of the Group's and non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiary. When the Group loses control of a subsidiary it derecognises the assets and liabilities and related equity components of the former subsidiary. Any gain or loss is recognised in profit or loss. Any investment retained in the former subsidiary is measured at fair value at the date when control is lost and is subsequently accounted as available-for-sale financial assets in accordance with the financial reporting standard on financial instruments.

The Company's separate financial statements have been prepared on the same basis, and as permitted by the Companies Act 1967, the Company's separate statement of profit or loss and other comprehensive income is not presented.

2. Significant accounting policies and other explanatory information

2A. Significant accounting policies

Revenue and income recognition

The financial reporting standard on revenue from contracts with customers establishes a five-step model to account for revenue arising from contracts with customers. Revenue is recognised at an amount that reflects the consideration to which the entity expects to be entitled in exchange for transferring goods or services to a customer (which excludes estimates of variable consideration that are subject to constraints, such as right of return exists, and modifications), net of any related taxes and excluding any amounts collected on behalf of third parties. An asset (goods or services) is transferred when or as the customer obtains control of that asset. As a practical expedient the effects of any significant financing component is not adjusted if the payment for the good or service will be within one year.

Sale of goods – Revenue is recognised at a point in time when the performance obligation is satisfied by transferring a promised good to the customer. Control of the goods is transferred to the customer, generally on delivery of the goods (in this respect, incoterms are considered).

Services – Revenue from service orders and term projects is recognised when the entity satisfies the performance obligation at a point in time generally when the significant acts have been completed and when transfer of control occurs. For services that are not material transactions revenue is recognised as the services are provided.

Distinct goods or services created over time – For construction and renovation contracts and projects for constructing, manufacturing or developing an asset the customer value is created over time during the contract period and it is accounted for as a single performance obligation that is satisfied over time. This is because the customer simultaneously receives and consumes the benefits of the entity's performance in processing each transaction as and when each transaction is processed; the performance creates or enhances an asset (for example, work in progress) that the customer controls as the asset is created or enhanced; or the performance does not create an asset with an alternative use to the entity and the entity has an enforceable right to payment for performance completed to date. The revenue is recognised over time by using the input method. For the input method the revenue is recognised based on the efforts or inputs to the satisfaction of a performance obligation such as costs incurred relative to the total expected inputs to the satisfaction of that performance obligation.

Provisions for losses on contracts – When the current estimates of the total amount of consideration expected to be received in exchange for transferring promised goods or services to the customer, and contract cost indicate a loss, a provision for the entire loss on the contract is made as soon as the loss becomes evident. An adjustment is also made to reflect the effects of the customer's credit risk. The loss on a contract including both the incremental costs of fulfilling that contract and an allocation of other costs that relate directly to fulfilling that contract is reported as an additional contract cost (an operating expense), and not as a reduction of revenue or a non-operating expense.

Rental income from operating leases is recognised in profit or loss on a straight-line basis over the term of the relevant lease unless another systematic basis is representative of the time pattern of the user's benefit, even if the payments are not on that basis. Interest income is recognised using the effective interest method. Dividend income from equity instruments is recognised only when the entity's right to receive payment of the dividend is established; it is probable that the economic benefits associated with the dividend will flow to the entity; and the amount of the dividend can be measured reliably.

2. Significant accounting policies and other explanatory information (cont'd)

2A. Significant accounting policies (cont'd)

Government grants

Government grants are recognised at fair value when there is reasonable assurance that the conditions attaching to them will be complied with and that the grants will be received. Grants in recognition of specific expenses are recognised in profit or loss on a systematic basis over the periods necessary to match them with the related costs that they are intended to compensate. The grant related to assets is deducted in calculating the carrying amount of the asset and therefore the grant is recognised in profit or loss over the life of a depreciable asset as a reduced depreciation expense.

Employee benefits

Contributions to defined contribution retirement benefit plans are recorded as an expense as they fall due. The entity's legal or constructive obligation is limited to the amount that it is obligated to contribute to an independently administered fund (such as the Central Provident Fund in Singapore, a government managed defined contribution retirement benefit plan). Certain subsidiaries overseas have defined contribution retirement benefit plans in which employees are entitled to join upon fulfilling certain conditions. The assets of the fund may or may not be held separately from those of the entity in an independently administered fund. The entity contributes an amount equal to a fixed percentage of the salary of each participating employee. For employee leave entitlement the expected cost of short-term employee benefits in the form of compensated absences is recognised in the case of accumulating compensated absences, when the employees render service that increases their entitlement to future compensated absences; and in the case of non-accumulating compensated absences, when the absences occur. A liability for bonuses is recognised where the entity is contractually obliged or where there is constructive obligation based on past practice.

Borrowing costs

Borrowing costs are interest and other costs incurred in connection with the borrowings. Interest expense is calculated using the effective interest rate method. Borrowing costs are recognised as an expense in the period in which they are incurred except that borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset that necessarily take a substantial period of time to get ready for their intended use or sale are capitalised as part of the cost of that asset until substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are complete.

Foreign currency transactions

The functional currency is the Singapore dollar as it reflects the primary economic environment in which the entity operates. Transactions in foreign currencies are recorded in the functional currency at the rates ruling at the dates of the transactions. At each end of the reporting year, recorded monetary balances and balances measured at fair value that are denominated in non-functional currencies are reported at the rates ruling at the end of the reporting year and fair value measurement dates respectively. All realised and unrealised exchange adjustment gains and losses are dealt with in profit or loss except when a gain or loss on a non-monetary item is recognised in other comprehensive income, any exchange component of that gain or loss is recognised in other comprehensive income. The presentation is in the functional currency.

2. Significant accounting policies and other explanatory information (cont'd)

2A. Significant accounting policies (cont'd)

Translation of financial statements of other entities

Each entity in the Group determines the appropriate functional currency as it reflects the primary economic environment in which the relevant reporting entity operates. In translating the financial statements of such an entity for incorporation in the combined financial statements in the presentation currency the assets and liabilities denominated in other currencies are translated at end of the reporting year rates of exchange and income and expense items for each statement presenting other comprehensive income are translated at average rates of exchange for the reporting year. The resulting translation adjustments (if any) are recognised in other comprehensive income and accumulated in a separate component of equity until the disposal of that relevant reporting entity.

Income tax

The income taxes are accounted using the asset and liability method that requires the recognition of taxes payable or refundable for the current year and deferred tax liabilities and assets for the future tax consequence of events that have been recognised in the financial statements or tax returns. The measurements of current and deferred tax liabilities and assets are based on provisions of the enacted or substantially enacted tax laws; the effects of future changes in tax laws or rates are not anticipated. Tax expense (tax income) is the aggregate amount included in the determination of profit or loss for the reporting year in respect of current tax and deferred tax. Current and deferred income taxes are recognised as income or as an expense in profit or loss unless the tax relates to items that are recognised in the same or a different period outside profit or loss. For such items recognised outside profit or loss the current tax and deferred tax are recognised (a) in other comprehensive income if the tax is related to an item recognised in other comprehensive income and (b) directly in equity if the tax is related to an item recognised directly in equity. Deferred tax assets and liabilities are offset when they relate to income taxes levied by the same income tax authority. The carrying amount of deferred tax assets is reviewed at each end of the reporting year and is reduced, if necessary, by the amount of any tax benefits that, based on available evidence, are not expected to be realised. A deferred tax amount is recognised for all temporary differences, unless the deferred tax amount arises from the initial recognition of an asset or liability in a transaction which (i) is not a business combination; and (ii) at the time of the transaction, affects neither accounting profit nor taxable profit (tax loss). A deferred tax liability or asset is recognised for all taxable temporary differences associated with investments in subsidiaries, branches and associates, and joint arrangements except where the reporting entity is able to control the timing of the reversal of the taxable temporary difference and it is probable that the taxable temporary difference will not reverse in the foreseeable future or for deductible temporary differences, they will not reverse in the foreseeable future and they cannot be utilised against taxable profits.

2. Significant accounting policies and other explanatory information (cont'd)

2A. Significant accounting policies (cont'd)

Property, plant and equipment

Property, plant and equipment are carried at cost on initial recognition and after initial recognition at cost less any accumulated depreciation and any accumulated impairment losses. Depreciation is provided on a straight-line basis to allocate the gross carrying amounts of the assets less their residual values over their estimated useful lives of each part of an item of these assets. The annual rates of depreciation are as follows:

Construction in process	–	Not depreciated until the asset is ready for intended use
Leasehold land and properties	–	Over the terms of lease that are approximately 2%
Plant and equipment	–	10% to 33.33%
Renovation	–	16.67%

An asset is depreciated when it is available for use until it is derecognised even if during that period the item is idle. Fully depreciated assets still in use are retained in the financial statements.

The gain or loss arising from the derecognition of an item of property, plant and equipment is recognised in profit or loss. The residual value and the useful life of an asset is reviewed at least at each end of the reporting year and, if expectations differ significantly from previous estimates, the changes are accounted for as a change in an accounting estimate, and the depreciation charge for the current and future periods are adjusted.

Cost also includes acquisition cost, borrowing cost capitalised and any cost directly attributable to bringing the asset or component to the location and condition necessary for it to be capable of operating in the manner intended by management. Subsequent costs are recognised as an asset only when it is probable that future economic benefits associated with the item will flow to the entity and the cost of the item can be measured reliably. All other repairs and maintenance are charged to profit or loss when they are incurred.

Rights-of-use assets

The right-of-use assets are accounted and presented as if they were owned such as property plant and equipment. The annual rates of depreciation are as follows:

Factory and warehouse space	–	Over the terms of lease that are approximately 33.33%
Office space	–	Over the terms of lease that are approximately 16.67% to 50%
Motor vehicle	–	100%
Office equipment	–	33.33%

2. Significant accounting policies and other explanatory information (cont'd)

2A. Significant accounting policies (cont'd)

Leases of lessee

A lease conveys the right to use an asset (the underlying asset) for a period of time in exchange for consideration. Where a lease arrangement is identified, a liability to the lessor is recognised as a lease obligation calculated at the present value of minimum lease payments. A corresponding right-of-use asset is recorded (or included in property, plant and equipment). Lease payments are apportioned between finance costs and reduction of the lease liability so as to reflect the interest on the remaining balance of the liability. Finance charges are recorded as an finance cost. Right-of-use assets are depreciated over the shorter of the estimated useful life of the asset and the lease term. Leases with a term of 12 months or less and leases for low value are not recorded as a liability and lease payments are recognised as an expense in profit or loss on a straight-line basis over the lease term.

Subsidiaries

A subsidiary is an entity including unincorporated and special purpose entity that is controlled by the reporting entity and the reporting entity 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. The existence and effect of substantive potential voting rights that the reporting entity has the practical ability to exercise (that is, substantive rights) are considered when assessing whether the reporting entity controls another entity.

In the reporting entity's separate financial statements, an investment in a subsidiary is accounted for at cost less any allowance for impairment in value. Impairment loss recognised in profit or loss for a subsidiary 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. The carrying value and the net book value of the investment in a subsidiary are not necessarily indicative of the amount that would be realised in a current market exchange.

Associates

An associate is an entity including an unincorporated entity in which the reporting entity has a significant influence and that is neither a subsidiary nor a joint arrangement of the reporting entity. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies. An investment in an associate includes goodwill on acquisition, which is accounted for in accordance with the financial reporting standard on business combinations. However the entire carrying amount of the investment is tested under the financial reporting standard on impairment, by comparing its recoverable amount (higher of value in use and fair value) with its carrying amount, whenever application of the requirements in the financial reporting standard on financial instruments indicates that the investment may be impaired.

In the consolidated financial statements, the accounting for investments in an associate is on the equity method. Under the equity method the investment is initially recognised at cost and adjusted thereafter for the post-acquisition change in the investor's share of the investee's net assets. The carrying value and the net book value of the investment in the associate are not necessarily indicative of the amounts that would be realised in a current market exchange.

2. Significant accounting policies and other explanatory information (cont'd)

2A. Significant accounting policies (cont'd)

Associates (cont'd)

The investor's profit or loss includes its share of the investee's profit or loss and the investor's other comprehensive income includes its share of the investee's other comprehensive income. Losses of an associate in excess of the reporting entity's interest in the relevant associate are not recognised except to the extent that the reporting entity has an obligation. Profits and losses resulting from transactions between the reporting entity and an associate are recognised in the financial statements only to the extent of unrelated reporting entity's interests in the associate. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates are changed where necessary to ensure consistency with the policies adopted by the reporting entity. The reporting entity discontinues the use of the equity method from the date that when its investment ceases to be an associate and accounts for the investment in accordance with the financial reporting standard on financial instruments from that date. Any gain or loss is recognised in profit or loss. Any investment retained in the former associate is measured at fair value at the date that it ceases to be an associate.

In the Company's separate financial statements, an investment in an associate is accounted for at cost less any allowance for impairment in value. Impairment loss recognised in profit or loss for an associate 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. The carrying value and the net book value of an investment in the associate are not necessarily indicative of the amounts that would be realised in a current market exchange.

Joint arrangements – joint venture

A joint arrangement (that is, either a joint operation or a joint venture, depending on the rights and obligations of the jointly controlling parties to the arrangement), is one in which the reporting entity is party to an arrangement of which two or more parties have joint control, which is the contractually agreed sharing of control of the arrangement; it exists only when decisions about the relevant activities (that is, activities that significantly affect the returns of the arrangement) require the unanimous consent of the parties sharing control. In a joint venture, the parties with joint control have rights to the net assets of the arrangement. The reporting interests in joint ventures are recognised using the equity method in accordance with the financial reporting standard on Investments in associates and joint ventures (as described above for associates).

In the Company's separate financial statements, an investment in a joint venture is accounted for at cost less any allowance for impairment in value. Impairment loss recognised in profit or loss for a joint venture 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. The carrying value and the net book value of an investment in the joint venture are not necessarily indicative of the amounts that would be realised in a current market exchange.

2. Significant accounting policies and other explanatory information (cont'd)

2A. Significant accounting policies (cont'd)

Business combinations

A business combination is a transaction or other event which requires that the assets acquired and liabilities assumed constitute a business. It is accounted for by applying the acquisition method of accounting. The cost of a business combination includes the fair values, at the date of exchange, of assets given, liabilities incurred or assumed, and equity instruments issued by the acquirer, in exchange for control of the acquiree. The acquisition-related costs are expensed in the periods in which the costs are incurred and the services are received except for any costs to issue debt or equity securities are recognised in accordance with the financial reporting standard on financial instruments. As of the acquisition date, the acquirer recognises, separately from goodwill, the identifiable assets acquired, the liabilities assumed and any non-controlling interest in the acquiree measured at acquisition-date fair values as defined in and that meet the conditions for recognition under the financial reporting standard on business combinations. If there is gain on bargain purchase, for the gain on bargain purchase a reassessment is made of the identification and measurement of the acquiree's identifiable assets, liabilities and contingent liabilities and the measurement of the cost of the business combination and any excess remaining after this reassessment is recognised immediately in profit or loss.

Business combinations are initially accounted for on a provisional basis until they are finalised within one year from the acquisition date. The fair value of assets acquired, liabilities and contingent liabilities assumed are initially estimated by management by taking into consideration all available information at the reporting date. Fair value adjustments on the finalisation of the business combination accounting is retrospective to the period the combination occurred and may have an impact on the assets and liabilities, depreciation and amortisation reported.

Goodwill

Goodwill is an asset representing the future economic benefits arising from other assets acquired in a business combination that are not individually identified and separately recognised. Goodwill is recognised as of the acquisition date measured as the excess of (a) over (b); (a) being the aggregate of: (i) the consideration transferred which generally requires acquisition-date fair value; (ii) the amount of any non-controlling interest in the acquiree measured in accordance with the financial reporting standard on business combinations (measured either at fair value or as the non-controlling interest's proportionate share of the acquiree's net identifiable assets); and (iii) in a business combination achieved in stages, the acquisition-date fair value of the acquirer's previously held equity interest in the acquiree; and (b) being the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed measured in accordance with the financial reporting standard on business combinations.

For the purpose of impairment testing and since the acquisition date of the business combination, goodwill is allocated to each cash-generating unit, or groups of cash-generating units that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the acquiree were assigned to those units or groups of units. Each unit or group of units to which the goodwill is so allocated represents the lowest level within the entity at which the goodwill is monitored for internal management purposes and is not larger than a segment.

2. Significant accounting policies and other explanatory information (cont'd)

2A. Significant accounting policies (cont'd)

Intangible assets

An identifiable non-monetary asset without physical substance is recognised as an intangible asset at acquisition cost if it is probable that the expected future economic benefits that are attributable to the asset will flow to the entity and the cost of the asset can be measured reliably. After initial recognition, an intangible asset with finite useful life is carried at cost less any accumulated amortisation and any accumulated impairment losses. An intangible asset with an indefinite useful life is not amortised. An intangible asset is regarded as having an indefinite useful life when, based on an analysis of all of the relevant factors, there is no foreseeable limit to the period over which the asset is expected to generate net cash inflows for the entity.

The amortisable amount of an intangible asset with finite useful life is allocated on a systematic basis over the best estimate of its useful life from the point at which the asset is ready for use. The useful lives are as follows:

Order backlog	–	2 years

Identifiable intangible assets acquired as part of a business combination are initially recognised separately from goodwill if the asset's fair value can be measured reliably, irrespective of whether the asset had been recognised by the acquiree before the business combination. An intangible asset is considered identifiable only if it is separable or if it arises from contractual or other legal rights, regardless of whether those rights are transferable or separable from the entity or from other rights and obligations.

Inventories

Inventories are measured at the lower of cost (weighted average method) and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale. Cost includes all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition. In the case of manufactured inventories and work in progress, cost includes an appropriate share of overheads based on normal operating capacity.

Carrying amounts of non-financial assets

Irrespective of whether there is any indication of impairment, an annual impairment test is performed at the same time every year on an intangible asset with an indefinite useful life or an intangible asset not yet available for use. The carrying amount of other non-financial assets is reviewed at each end of the reporting year for indications of impairment and where an asset is impaired, it is written down through profit or loss to its estimated recoverable amount. The impairment loss is the excess of the carrying amount over the recoverable amount and is recognised in profit or loss. The recoverable amount of an asset or a cash-generating unit is the higher of its fair value less costs of disposal and its value in use. When the fair value less costs of disposal method is used, any available recent market transactions are taken into consideration. When the value in use method is adopted, in assessing the value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). At each end of the reporting year non-financial assets other than goodwill with impairment loss recognised in prior periods are assessed for possible reversal of the impairment. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been measured, net of depreciation or amortisation, if no impairment loss had been recognised.

2. Significant accounting policies and other explanatory information (cont'd)

2A. Significant accounting policies (cont'd)

Financial instruments

Recognition and derecognition of financial instruments:

A financial asset or a financial liability is recognised when, and only when, the entity becomes party to the contractual provisions of the instrument. All other financial instruments (including regular-way purchases and sales of financial assets) are recognised and derecognised, as applicable, using trade date accounting or settlement date accounting. A financial asset is derecognised when the contractual rights to the cash flows from the financial asset expire or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the entity neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset. A financial liability is removed from the statement of financial position when, and only when, it is extinguished, that is, when the obligation specified in the contract is discharged or cancelled or expires.

At initial recognition the financial asset or financial liability is measured at its fair value plus or minus, in the case of a financial asset or financial liability not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability.

Classification and measurement of financial assets:

Financial assets are classified into (1) Financial asset classified as measured at amortised cost; (2) Financial asset that is an equity investment measured at fair value through other comprehensive income (FVTOCI); (3) Financial asset that is a debt asset instrument classified as measured at fair value through other comprehensive income (FVTOCI); and (4) Financial asset classified as measured at fair value through profit or loss (FVTPL). At the end of the reporting year, the reporting entity had the following financial assets:

- Financial asset classified as measured at amortised cost: A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at fair value through profit or loss (FVTPL), that is (a) the asset is held within a business model whose objective is to hold assets to collect contractual cash flows; and (b) the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. Typically trade and other receivables, bank and cash balances are classified in this category.

Classification and measurement of financial liabilities:

Financial liabilities are classified as at fair value through profit or loss (FVTPL) in either of the following circumstances: (1) the liabilities are managed, evaluated and reported internally on a fair value basis; or (2) the designation eliminates or significantly reduces an accounting mismatch that would otherwise arise. All other financial liabilities are carried at amortised cost using the effective interest method. Reclassification of any financial liability is not permitted.

2. Significant accounting policies and other explanatory information (cont'd)

2A. Significant accounting policies (cont'd)

Cash and cash equivalents

For the statement of cash flows, cash and cash equivalents includes cash and cash equivalents less cash subject to restriction and bank overdrafts payable on demand that form an integral part of cash management. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

Fair value measurement

The fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. When measuring the fair value of an asset or a liability, market observable data to the extent possible is used. If the fair value of an asset or a liability is not directly observable, an estimate is made using valuation techniques that maximise the use of relevant observable inputs and minimise the use of unobservable inputs (eg by use of the market comparable approach that reflects recent transaction prices for similar items, discounted cash flow analysis, or option pricing models refined to reflect the issuer's specific circumstances). Inputs used are consistent with the characteristics of the asset / liability that market participants would take into account. The entity's intention to hold an asset or to settle or otherwise fulfil a liability is not taken into account as relevant when measuring fair value.

Fair values are categorised into different levels in a fair value hierarchy based on the degree to which the inputs to the measurement are observable and the significance of the inputs to the fair value measurement in its entirety: Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities. Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (ie as prices) or indirectly (ie derived from prices). Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs). Transfers between levels of the fair value hierarchy are recognised at the end of the reporting period during which the change occurred.

The carrying values of current financial instruments approximate their fair values due to the short-term maturity of these instruments and the disclosures of fair value are not made when the carrying amount of current financial instruments is a reasonable approximation of the fair value. The fair values of non-current financial instruments may not be disclosed separately unless there are significant differences at the end of the reporting year and in the event the fair values are disclosed in the relevant notes to the financial statements.

2. Significant accounting policies and other explanatory information (cont'd)

2B. Other explanatory information

Provisions

A liability or provision is recognised when there is a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. A provision is made using best estimates of the amount required in settlement and where the effect of the time value of money is material, the amount recognised is the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense. Changes in estimates are reflected in profit or loss in the reporting year they occur.

Segment reporting

The reporting entity discloses financial and descriptive information about its consolidated reportable segments. Reportable segments are operating segments or aggregations of operating segments that meet specified criteria. Operating segments are components about which separate financial information is available that is evaluated regularly by the chief operating decision maker in deciding how to allocate resources and in assessing the performance. Generally, financial information is reported on the same basis as is used internally for evaluating operating segment performance and deciding how to allocate resources to operating segments.

Assets classified as held for sale

Identifiable assets and liabilities and any disposal groups are classified as held for sale if their carrying amount is to be recovered principally through a sale transaction rather than through continuing use. The sale is expected to qualify for recognition as a completed sale within one year from the date of classification, except as permitted by the financial reporting standard on non-current assets held for sale and discontinued operations in certain circumstances. It can include a subsidiary acquired exclusively with a view to resale. Assets that meet the criteria to be classified as held for sale are measured at the lower of carrying amount and fair value less costs of disposal and are presented separately on the face of the statement of financial position. Once an asset is classified as held for sale or included in a group of assets held for sale no further depreciation or amortisation is recorded. Impairment losses on initial classification of the balances as held for sale are included in profit or loss, even when there is a revaluation. The same applies to gains and losses on subsequent remeasurement.

In addition, the results of discontinued operations are presented separately in profit or loss. A discontinued operation is a component of the business that represents a separate major line of business or geographical area of operations that has been sold, or classified as held for sale or has been abandoned. They are shown separately in profit or loss and comparative figures are restated to reclassify them from continuing to discontinued operations.

2. Significant accounting policies and other explanatory information (cont'd)

2C. Critical judgements, assumptions and estimation uncertainties

The critical judgements made in the process of applying the accounting policies that have the most significant effect on the amounts recognised in the financial statements and the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting year, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities currently or within the next reporting year are discussed below. These estimates and assumptions are periodically monitored to ensure they incorporate all relevant information available at the date when financial statements are prepared. However, this does not prevent actual figures differing from estimates.

Assessment of impairment of provisional goodwill:
The amount of goodwill is tested annually for impairment. This annual impairment test is significant and the process is complex and highly judgmental and is based on assumptions that are affected by expected future market or economic conditions. As a result, judgement is required in evaluating the assumptions and methodologies used by management, in particular those relating to the forecasted revenue growth and profit margins. The disclosures about provisional goodwill are included in Note 16A. Actual outcomes could vary from these estimates.

Accounting for business combination:
The accounting for a business combination requires an estimation of the fair value of identifiable assets acquired and liabilities assumed as at the date of acquisition. The purchase price allocation process, requires significant judgement and estimation on key assumptions, such as future market conditions, growth rates and discount rates. The fair values determined for the identifiable assets and liabilities are disclosed in Note 33.

Assessing the impairment loss on subsidiaries:
Where an investee is in net equity deficit and or has suffered losses a test is made whether the investment in the investee has suffered any impairment loss. This measurement requires significant judgement. An estimate is made of the future profitability of the investee, and the financial health of and near-term business outlook for the investee, including factors such as industry and sector performance, and operational and financing cash flow. It is impracticable to disclose the extent of the possible effects. It is reasonably possible, based on existing knowledge, that outcomes within the next reporting year that are different from assumptions could require a material adjustment to the carrying amount of the asset or liability affected. The carrying amount of the specific asset or liability (or class of assets or liabilities) at the end of the reporting year affected by the assumption is disclosed in Note 17.

Estimating of useful lives of plant and equipment:
The estimates for the useful lives and related depreciation charges for plant and equipment is based on commercial and production factors which could change significantly as a result of innovations and competitor actions in response to market conditions. The depreciation charge is increased where useful lives are less than previously estimated lives, or the carrying amounts written off or written down for technically obsolete items or assets that have been abandoned. It is impracticable to disclose the extent of the possible effects. It is reasonably possible, based on existing knowledge, that outcomes within the next reporting year that are different from assumptions could require a material adjustment to the carrying amount of the balances affected. The carrying amounts of the specific asset or class of assets at the end of the reporting year affected by the assumption is disclosed in Note 13.

2. Significant accounting policies and other explanatory information (cont'd)

2C. Critical judgements, assumptions and estimation uncertainties (cont'd)

Revenue recognised over time:
The entity has revenue where the performance obligation is satisfied over time. Revenue is recognised over time by measuring the progress toward complete satisfaction of that performance obligation. A single method is applied consistently for measuring progress for each performance obligation satisfied over time. Judgment is required when selecting a method (output or input methods) for measuring progress toward complete satisfaction of a performance obligation. Assessing the satisfaction of performance obligations over time requires judgment and the consideration of a few criteria that should be met to qualify such as whether the customer presently is obligated to pay for an asset, whether the customer has legal title, whether the entity has transferred physical possession of the asset, whether the customer has assumed the significant risks and rewards of ownership of the asset, and whether the customer has accepted the asset. Events and circumstances frequently do not occur as expected.

Even if the events anticipated under the assumptions occur, actual results are still likely to be different from the estimates since other anticipated events frequently do not occur as expected and the variation may be material. The related account balances at the end of the reporting year are disclosed in the Notes 5 and 21 on revenues and contract assets and contract liabilities.

Contract modifications:
A contract with a customer is accounted for as a separate contract if (1) the scope of the contract increases because of the addition of promised goods or services that are distinct and (2) the price of the contract increases by an amount of consideration that reflects the entity's stand-alone selling prices of the additional promised goods or services. In order to faithfully depict the entity's rights and obligations arising from a modified contract, the modifications may be accounted for some prospectively and others on a cumulative catch-up basis. The accounting for the modification depends on whether the additional promised goods or services are distinct. The accounting for contract modification requires judgement. In addition, if the entity has not yet determined the price, management has to estimate the change to the transaction price arising from the contract modification using the variable consideration guidance in the financial reporting standard. Contract modifications may have a significant impact on the entity's ability to record revenue. The related account balances at the end of the reporting year are disclosed in the Notes 5 and 21 on revenues and contract assets and liabilities.

Allowance for trade and other receivables and contract assets:
The allowance for expected credit losses assessment requires a degree of estimation and judgement. It is based on the lifetime expected credit losses. Trade receivables that are assessed not to be impaired individually are also assessed for impairment on a collective basis. In measuring the expected credit losses, the management considers all reasonable and supportable information such as the reporting entity's past experience at collecting receipts, any increase in the number of delayed receipts in the portfolio past the average credit period, and forward looking information such as forecasts of future economic decisions.

The carrying amounts might change materially within the next reporting year but these changes may not arise from assumptions or other sources of estimation uncertainty at the end of the reporting year. The carrying amounts of the specific asset or class of assets at the end of the reporting year affected by the assumption are disclosed in the Notes 21 and 23 on trade receivables and contract assets.

2. Significant accounting policies and other explanatory information (cont'd)

2C. Critical judgements, assumptions and estimation uncertainties (cont'd)

Allowance for trade and other receivables and contract assets: (cont'd)

Included in trade and other receivables are amounts of $1,817,000 and $268,000 owing by third parties and related parties respectively. As at end of the reporting year, the total allowance for impairment loss made in respect of these balances amounted to $330,000. Included in the above is an amount of $300,000 where management is of the view that impairment is required for an other receivable due from an entity that is controlled by an ex-shareholder of the acquired subsidiaries. Whether any impairment is required involves significant judgement. Management analyses the future profitability, the financial health of and near-term business outlook of the third parties and related parties in assessing the recoverability of these receivables. It is reasonably possible, based on existing knowledge, that outcomes within the next reporting year that are different from assumptions could require a material adjustment to the carrying amount of the assets affected.

3. Related party relationships and transactions

The financial reporting standard on related party disclosures requires the reporting entity to disclose: (a) related party relationships, transactions and outstanding balances, including commitments, including (b) relationships between parents and subsidiaries irrespective of whether there have been transactions between those related parties. A party is related to a party if the party controls, or is controlled by, or can significantly influence or is significantly influenced by the other party.

3A. Related party transactions:

There are transactions and arrangements between the reporting entity and related parties and the effects of these on the basis determined between the parties are reflected in these financial statements. The related party balances and transfer of resources, services or obligations if any are unsecured, without fixed repayment terms and interest or charge unless stated otherwise.

Intragroup transactions and balances that have been eliminated in these consolidated financial statements are not disclosed as related party transactions and balances.

3. Related party relationships and transactions (cont'd)

3B. Key management compensation:

	Group 2022 $'000	Group 2021 $'000
Salaries and other short-term employee benefits	456	592

The above amounts are included under employee benefits expense. Included in the above amounts are the following items:

	Group 2022 $'000	Group 2021 $'000
Remuneration of directors of the Company	205	498
Fees to directors of the Company	115	94

Further information about the remuneration of individual directors is provided in the report on corporate governance.

Key management personnel are directors and those persons having authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly. The above amounts for key management compensation are for all the directors and other key management personnel.

3C. Other receivables from and other payables to related parties:

The trade transactions and the trade receivables and payables balances arising from sales and purchases of goods and services are disclosed elsewhere in the notes to the financial statements.

The movements in other receivables from and other payables to related parties are as follows:

	Former ultimate parent company*			
	Group		Company	
	2022 $'000	2021 $'000	2022 $'000	2021 $'000
Other payables:				
Balance at beginning of the year	(795)	(470)	(445)	(470)
Transfer upon disposal – discontinued operations (Note 11)	795	–	445	–
Amounts paid in and settlement of liabilities on behalf of the company	–	(325)	–	–
Amounts paid out and settlement of liabilities on behalf of ultimate parent company	–	–	–	25
Balance at end of the year (Note 30)	–	(795)	–	(445)

* See Note 1 on acquisition and disposal of businesses.

3. **Related party relationships and transactions** (cont'd)

3C. **Other receivables from and other payables to related parties:** (cont'd)

The movements in other receivables from and other payables to related parties are as follows:

	Subsidiaries	
	Company	
	2022 $'000	2021 $'000
Other receivables (payables):		
Balance at beginning of the year – net debit	8,020	7,587
Transfer upon disposal – discontinued operations (Note 11)	(8,020)	–
Amounts paid in and settlement of liabilities on behalf of the Company	(237)	–
Amounts paid out and settlement of liabilities on behalf of subsidiaries	–	433
Balance at end of the year – net (credit) debit	(237)	8,020
Presented in the statement of financial position as follows:		
Other receivables (Note 23)	–	8,108
Other payables (Note 30)	(237)	(88)
Net	(237)	8,020

	Related parties			
	Group		Company	
	2022 $'000	2021 $'000	2022 $'000	2021 $'000
Other receivables (payables):				
Balance at beginning of the year – net debit	1,961	1,986	30	27
Transfer upon disposal – discontinued operations (Note 11)	(1,961)	–	(30)	–
Amounts paid in and settlement of liabilities on behalf of the company	–	(25)	–	–
Amounts paid out and settlement of liabilities on behalf of the related parties	–	–	–	3
Balance at end of the year – net debit	–	1,961	–	30
Presented in the statement of financial position as follows:				
Other receivables (Note 23)	–	2,124	–	30
Other payables (Note 30)	–	(163)	–	–
Net	–	1,961	–	30

4. Financial Information by operating segment

4A. Information about reportable segment profit or loss, assets and liabilities

Disclosure of information about operating segments, products and services, the geographical areas, and the major customers are made as required by the financial reporting standard Operating Segments. This disclosure standard has no impact on the reported financial performance or financial position of the reporting entity.

In 2021, the Group is organised into the following major strategic operating segments that offer different products and services:

(1) General trading ("GT") – Trading of water piping materials and related accessories;

(2) Engineering solutions ("ES") – Provision of specialised products to water infrastructure products;

(3) Valves ("VA") – Valves for municipal and industrial applications; and

(4) Others – Supply of parts and accessories in Oil & Gas industry and other non–water related products.

On 14 June 2022, the Group completed the disposal of 100% equity interest in the entities as disclosed in Note 1.

On 14 June 2022, the Group completed the acquisition of 100% equity interest in Sevens Creation Pte Ltd. and its wholly-owned subsidiaries, namely Sevens Build Pte. Ltd. and Sevens Design Pte. Ltd. (see Notes 1 and 33).

After the acquisition, the Group is re-organised into two primary strategic operating segments – (1) building, construction and design and (2) renovation and interior design. The results of all other activities, mainly investment holding and provision of management services to its subsidiaries are included in the "other" segment. Such a structural organisation is determined by the nature of risks and returns associated with each business segment and it defines the management structure as well as the internal reporting system. It represents the basis on which the management reports the primary segment information that is available and that is evaluated regularly by the chief operating decision maker in deciding how to allocate resources and in assessing the performance. They are managed separately because each business requires different strategies.

Inter-segment sales are measured on the basis that the entity actually used to price the transfers. Internal transfer pricing policies of the Group are as far as practicable based on market prices. The accounting policies of the operating segments are the same as those described in the summary of significant accounting policies.

The management reporting system evaluates performances based on a number of factors. However, the primary profitability measurement to evaluate a segment's operating results is gross profit.

The following tables illustrate the information about the reportable segment profit or loss, assets and liabilities.

4. Financial Information by operating segment (cont'd)

4B. Profit or loss from continuing operations and reconciliations

	Building construction and design		Renovation and interior design		Others		Unallocated		Group	
	2022	**2021**	**2022**	**2021**	**2022**	**2021**	**2022**	**2021**	**2022**	**2021**
	$'000	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**
Continuing operations										
Revenue by segment										
External revenue	5,197	–	1,595	–	–	–	–	–	6,792	–
Segment results :–										
Gross profit	943	–	409	–	–	–	–	–	1,352	–
Finance costs	(18)	–	(2)	–	(3)	–	–	–	(23)	–
Amortisation of intangible assets	(455)	–	–	–	–	–	–	–	(455)	–
Depreciation of plant and equipment	(104)	–	–	–	–	–	–	–	(104)	–
Depreciation of right-of-use assets	(156)	–	–	–	(34)	–	–	–	(190)	–
Employee benefits expenses	(330)	–	(220)	–	(308)	–	–	–	(858)	–
Unallocated corporate expenses	–	–	–	–	–	–	(1,081)	(851)	(1,081)	(851)
Other income and gains	–	–	–	–	–	–	71	–	71	–
Loss before tax from continuing operations									(1,288)	(851)
Income tax income							53	–	100	–
Loss from continuing operations									(1,188)	(851)

4. Financial information by operating segment (cont'd)

4B. Profit or loss from discontinued operations and reconciliations (cont'd)

	GT		ES		VA		Others		Unallocated		Group	
	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Discontinued operations												
Revenue by segment												
External revenue	4,482	11,937	–	7,664	988	2,578	13	61	(21)	–	5,462	22,240
Segment results :–												
Gross profit	1,711	4,141	–	2,114	267	285	3	31	(9)	–	1,972	6,571
Interest income	–	–	–	–	–	–	–	–	11	50	11	50
Finance costs	–	–	–	–	–	–	–	–	(70)	(165)	(70)	(165)
Depreciation of property, plant and equipment	–	–	–	–	–	–	–	–	(305)	(681)	(305)	(681)
Depreciation of right-of-use assets	–	–	–	–	–	–	–	–	(151)	(360)	(151)	(360)
Employee benefits expenses	–	–	–	–	–	–	–	–	(1,350)	(3,668)	(1,350)	(3,668)
Unallocated corporate expenses	–	–	–	–	–	–	–	–	(288)	(1,190)	(288)	(1,190)
Other gains (loss)	–	–	–	–	–	–	–	–	797	(572)	797	(572)
Share of (loss) profit from equity-accounted associate	–	–	–	–	–	–	–	–	(24)	16	(24)	16
Share of loss from equity-accounted joint ventures	–	–	–	–	–	–	–	–	(52)	(256)	(52)	(256)
Profit (loss) before tax											540	(255)
Income tax expenses											–	(219)
Profit (loss) net of tax											540	(474)

4. Financial Information by operating segment (cont'd)

4C. Assets, liabilities and reconciliations

	Building construction and design 2022 $'000	Renovation and interior design 2022 $'000	Others 2022 $'000	Unallocated 2022 $'000	Group 2022 $'000
Continuing operations business segments					
Reportable segment assets					
Property, plant and equipment	791	–	–	–	791
Right-of-use assets	804	–	78	–	882
Intangible assets	910	–	–	–	910
Provisional goodwill	–	–	–	10,983	10,983
Inventories	10	–	–	–	10
Trade and other receivables	1,541	90	124	–	1,755
Contract assets	227	13	–	–	240
Other assets	111	33	9	–	153
Cash and cash equivalents	1,567	702	133	–	2,402
Total assets					18,126
Reportable segment liabilities					
Deferred tax liabilities	202	–	–	–	202
Other financial liabilities	–	167	–	–	167
Lease liabilities	556	–	80	–	636
Provisions	97	–	–	–	97
Contract liabilities	3,148	313	–	(45)	3,416
Trade and other payables	1,657	477	650	–	2,783
Total liabilities					7,301

4. Financial Information by operating segment (cont'd)

4C. Assets, liabilities and reconciliations (cont'd)

	GT 2021 $'000	ES 2021 $'000	VA 2021 $'000	Others 2021 $'000	Unallocated 2021 $'000	Group 2021 $'000
Discontinued operations business segments						
Reportable segment assets						
Property, plant and equipment	–	–	–	–	10,032	10,032
Right-of-use assets	–	–	–	–	539	539
Trade and other receivables	3,592	2,602	810	2,342	–	9,346
Contract assets	266	1,182	–	–	–	1,448
Cash and cash equivalents	–	–	–	–	3,669	3,669
Asset held for sale	–	–	–	–	30	30
Other assets	–	–	–	–	3,118	3,118
Others	–	–	–	–	1,188	1,188
Total assets						29,370
Reportable segment liabilities						
Trade and other payables	–	–	–	–	8,065	8,065
Other financial liabilities	–	–	–	–	5,358	5,358
Lease liabilities	–	–	–	–	739	739
Liabilities associated with assets held for sale	–	–	–	–	18	18
Others	–	–	–	–	297	297
Total liabilities						14,477
Capital expenditure	–	–	–	–	315	315

4D. Geographical information

The Group only operates in Singapore in the reporting year.

4E. Information about major customers

Revenue from major customers, which are individually amounting to 10% or more of the Group's revenue, is derived from the building, construction and design segment in 2022 and from the GT segment in 2021.

4. Financial Information by operating segment (cont'd)

4E. Information about major customers (cont'd)

	2022 $'000	Re-presented* 2021 $'000
Top 1 customer	833	1,178
Top 2 customers	1,652	–
Top 3 customers	2,332	–
Top 4 customers	3,008	–

5. Revenue

#A. Revenue from contracts with customers

	Group 2022 $'000	Group Re-presented* 2021 $'000
Revenue from construction contracts	5,197	–
Revenue from renovation contracts	1,595	–
Total revenue	6,792	–

#B. Revenue classified by duration of contract:

	Group 2022 $'000	Group Re-presented* 2021 $'000
Long-term contracts – over 12 months	5,197	–
Short-term contracts – less than 12 months	1,595	–
Total revenue	6,792	–

#C. Revenue classified by timing of revenue recognition:

	Group 2022 $'000	Group Re-presented* 2021 $'000
Over time	6,792	–

* See Note 11.

The long-term contracts varies between 1 to 2 years and are recognised over time by using the input method.

6. Other income and gains and (other losses)

	Group	
		Re-presented*
	2022	2021
	$'000	$'000
Allowance for impairment on other receivables – loss (Note 23)	(30)	–
Rental income [a]	51	–
Sundry income	50	–
Net	71	–
Presented in profit or loss as:		
Other income and gains	101	–
Other losses	(30)	–
Net	71	–

(a) Transaction with entities that are controlled by ex-shareholder of acquired subsidiaries.

* See Note 11.

7. Administrative expenses

The major components include the following:

	Group	
		Re-presented*
	2022	2021
	$'000	$'000
Administrative expenses		
Employee benefits expense (Note 8)	858	592
Amortisation of intangible assets (Note 16B)	455	–
Audit fees expense	217	–
Support services expense[a]	151	–
Referral fees expenses[a]	30	–

(a) Transaction with entities that are controlled by ex-shareholder of acquired subsidiaries.

* See Note 11.

8. Employee benefits expense

	Group	
		Re-presented*
	2022	2021
	$'000	$'000
Employee benefits expense	663	580
Contributions to defined contribution plan	157	12
Other benefits	38	–
Total employee benefits expense	858	592

* See Note 11.

The employee benefits expense is charged under administrative expenses.

9. Finance costs

	Group	
		Re-presented*
	2022	2021
	$'000	$'000
Interest expense	2	–
Interest on lease liabilities	18	–
Provisions – discount unwinding (Note 27A)	3	–
Total finance costs	23	–

* See Note 11.

10. Income tax

10A. Components of tax income recognised in profit or loss include:

	Group	
		Re-presented*
	2022	2021
	$'000	$'000
Current tax expenses:		
Current tax expense	1	–
Subtotal	1	–
Deferred tax income:		
Deferred tax income	(101)	–
Subtotal	(101)	–
Total income tax income	(100)	–

10. Income tax (cont'd)

10A. Components of tax income recognised in profit or loss include: (cont'd)

The income tax in profit or loss varied from the amount of income tax amount determined by applying the Singapore income tax rate of 17% (2021: 17%) to profit or loss before income tax as a result of the following differences:

	Group	
		Re-presented*
	2022	2021
	$'000	$'000
Loss before tax	(1,288)	(851)
Income tax income at the above rate	(219)	(145)
Expenses not deductible for tax purpose	105	145
Income not subject to tax	(77)	–
Deferred tax assets not recognised	92	–
Other minor items	(1)	–
Total income tax income	(100)	–

* See Note 11.

There are no income tax consequences of individuals to owners of the Company.

10B. Deferred tax balance recognised in profit or loss includes:

	Group	
		Re-presented*
	2022	2021
	$'000	$'000
Amortisation of intangible assets – order backlog and fair value adjustment arising from acquisition of subsidiaries	(101)	–
Total deferred tax income recognised in profit or loss	(101)	–

10. Income tax (cont'd)

10C. Deferred tax balance in the statement of financial position:

Deferred tax balances recognised in the balance sheet are as follows:

	Group	
	2022	**2021**
	$'000	**$'000**
Deferred tax liabilities:		
Excess of net book value of plant and equipment over tax values	(113)	–
Intangible assets-order backlog and fair value adjustments arising from acquisition of subsidiaries	(202)	–
Net deferred tax liabilities	(315)	–
Deferred tax assets:		
Excess of tax values over book value of property, plant and equipment	–	31
Tax loss carryforwards	188	1,327
Provisions	17	600
Deferred tax assets not recognised	(92)	(1,958)
Total deferred tax assets	113	–
Balance	(202)	–

	Company	
	2022	**2021**
	$'000	**$'000**
Deferred tax assets:		
Excess of tax values over book value of property, plant and equipment	–	36
Tax loss carryforwards	–	922
Provisions	–	588
Deferred tax assets not recognised	–	(1,546)
Balance	–	–

* See Note 11.

It is impracticable to estimate the amount expected to be settled or used within one year.

The above deferred tax assets for the tax losses that have not been recognised in respect of the remaining balance, as the future profit streams are not probable against which the deductible temporary difference can be utilised. The realisation of the future income tax benefits from tax loss carryforwards and temporary differences from capital allowances is available for an unlimited future period subject to the conditions imposed by law including the retention of majority shareholders as defined.

11. Discontinued operations

The Group had on 28 April 2022 entered into a conditional sale and purchase agreement with a purchaser in relation to the proposed disposal of all of the Company's existing businesses of general trading and supply of piping systems and related accessories; valves manufacturing, sales and distribution; engineering solutions for use in water and wastewater infrastructure development and food and beverage.

On 14 June 2022, the Group completed the disposal of 100% equity interest in the following entities for a consideration of $12,000,000:-

i. Duvalco Valves & Fittings Pte. Ltd.;
ii. Pan Asian Flow Technology Pte. Ltd.;
iii. Pan Asian Water Solutions (HK) Limited;
iv. Wuhu Duvalco Valves & Fittings Co., Ltd;
v. PA Water Solutions (Shanghai) Limited;
vi. Sacha Inchi Pte. Ltd.;
vii. PA Flow Technology (HK) Limited; and
viii. PT. Pan Asian Water Solutions

Along with the above, the Company also sold its existing assets and liabilities including properties, equipment, contracts receivables and payables in relation to the disposal group businesses. On this date, control of above mentioned disposal group was passed to the acquirer.

The results for the reporting year from the discontinued operations for the period from the beginning of the reporting year to 14 June 2022, which have been included in the consolidated financial statements, were as follows:

	Group	
	Period ended 14/06/2022 $'000	Year ended 31/12/2021 $'000
Revenue	5,462	22,240
Cost of sales	(3,490)	(15,669)
Gross profit	1,972	6,571
Interest income	11	50
Other income and gains	797	502
Marketing and distribution costs	(506)	(1,467)
Administrative expenses	(1,588)	(3,581)
Finance costs	(70)	(165)
Other losses	–	(1,074)
Share of (loss) profit from equity-accounted associate	(24)	16
Share of loss from equity-accounted joint ventures	(52)	(256)
Profit before tax before disposal loss	540	596
Income tax expense	–	(219)
Profit after tax before disposal loss	540	377
Loss on disposal	(3,481)	–
Total profit on discontinued operations, net of tax	(2,941)	377

No tax charge or credit arose from the transaction.

11. Discontinued operations (cont'd)

The following table is a summary of the carrying amounts of the assets and liabilities of the discontinued operations that were disposed on 14 June 2022:

	Group	
	At date of disposal in 2022	At end of 2021
	$'000	$'000
Property, plant and equipment	9,689	10,032
Right-of-use-assets	388	539
Investments in associate	182	206
Investments in joint ventures	10	62
Other assets	241	3,118
Asset held for sale	30	30
Inventories	1,282	920
Trade and other receivables	12,674	9,346
Income tax receivables	97	–
Contract assets	1,058	1,448
Cash and cash equivalents	4,414	3,669
Total assets	30,065	29,370
Liabilities associated with asset held for sale	(18)	(18)
Other financial liabilities	(4,443)	(5,358)
Lease liabilities	(405)	(739)
Income tax payable	–	(22)
Trade and other payables	(9,779)	(8,065)
Contract liabilities	–	(275)
Total liabilities	(14,645)	(14,477)
Net assets disposed	15,420	
Other adjustment	61	
Loss on disposal	(3,481)	
Total consideration	12,000	
Satisfied by:		
Cash proceeds	12,000	
Net cash inflow on disposal:		
Cash consideration	12,000	
Cash balance disposed of	(4,414)	
Net cash inflow	7,586	

12. Losses per share

The following table illustrates the numerators and denominators used to calculate basic and diluted losses per share of no par value:

		2022 $'000	Re-presented* 2021 $'000
A.	Numerator: loss attributable to equity:		
	Continuing operations: attributable to equity holders	(1,188)	(851)
	Discontinued operations: (Loss) / profit for the year	(2,941)	377
	Total basic loss	(4,129)	(474)
		No. of shares '000	**No. of shares '000**
B.	Denominator: weighted average number of equity shares		
	Basic and diluted	214,202	214,202

* See Note 11.

The weighted average number of equity shares refers to shares in circulation during the reporting year.

The basic amount per share ratio is based on the weighted average number of ordinary shares outstanding during each reporting year. There is no difference between the basic and diluted weighted average number of shares.

13. Property, plant and equipment

Group	Construction in-progress $'000	Leasehold land and properties $'000	Plant and equipment $'000	Renovation $'000	Total $'000
Cost:					
At 1 January 2021	17	10,090	2,826	–	12,933
Additions	–	–	315	–	315
Reclassified to right-of-use assets	–	–	(47)	–	(47)
Disposals	–	–	(657)	–	(657)
Foreign exchange adjustments	(1)	–	35	–	34
At 31 December 2021	16	10,090	2,472	–	12,578
Additions	–	–	23	–	23
Disposals	–	–	(55)	–	(55)
Disposal – discontinued operations (Note 11)	(15)	(10,089)	(2,437)	–	(12,541)
Arising from acquisition of subsidiaries (Note 33)	–	–	264	813	1,077
Foreign exchange adjustments	(1)	(1)	2	–	–
At 31 December 2022	–	–	269	813	1,082
Accumulated depreciation and impairment loss:					
At 1 January 2021	–	1,031	922	–	1,953
Depreciation for the year	–	386	295	–	681
Impairment loss for the year	–	–	63	–	63
Reclassified to right-of-use assets	–	–	(45)	–	(45)
Disposals	–	–	(110)	–	(110)
Foreign exchange adjustments	–	–	4	–	4
At 31 December 2021	–	1,417	1,129	–	2,546
Depreciation for the year	–	188	153	68	409
Disposals	–	–	(1)	–	(1)
Disposal – discontinued operations (Note 11)	–	(1,605)	(1,247)	–	(2,852)
Arising from acquisition of subsidiaries (Note 33)	–	–	74	113	187
Foreign exchange adjustments	–	–	2	–	2
At 31 December 2022	–	–	110	181	291
Net book value:					
At 1 January 2021	17	9,059	1,904	–	10,980
At 31 December 2021	16	8,673	1,343	–	10,032
At 31 December 2022	–	–	159	632	791

13. Property, plant and equipment (cont'd)

Allocation of the depreciation expense and impairment loss are as follows:

	Group 2022 $'000	Group 2021 $'000
Continuing operations:		
Administrative expenses	104	–
Discontinued operations:		
Administrative expenses	305	574
Cost of sales	–	48
Marketing expenses	–	59
Other gains and (other losses)	–	63
Total	409	744

Assets held in trust

In 2021, leasehold properties of $3,372,000 classified under property, plant and equipment are held in trust for the Group and the Company by the former ultimate parent company, Xu Jia Zu Holdings Pte. Ltd. The assets have been disposed in the current reporting year (see Note 11).

In 2021, leasehold properties of $114,000 classified under property, plant and equipment are held in trust for the Group by the external parties. The assets have been disposed in the current reporting year (see Note 11).

Assets held under bank loans and finance leases

In 2021, the Group's leasehold properties with net carrying amount of $5,184,000 are mortgaged for bank facilities (Note 28B). The assets have been disposed in the current reporting year (see Note 11).

Company	Leasehold properties $'000	Plant and equipment $'000	Total $'000
Cost:			
At 1 January 2021	3,720	1,098	4,818
Additions	–	38	38
At 31 December 2021	3,720	1,136	4,856
Disposal – discontinued operations	(3,720)	(1,136)	(4,856)
At 31 December 2022	–	–	–

13. Property, plant and equipment (cont'd)

Assets held under bank loans and finance leases (cont'd)

Company	Leasehold properties $'000	Plant and equipment $'000	Total $'000
Accumulated depreciation:			
At 1 January 2021	284	530	814
Depreciation for the year	64	123	187
At 31 December 2021	348	653	1,001
Depreciation for the year	27	54	81
Disposal – discontinued operations	(375)	(707)	(1,082)
At 31 December 2022	–	–	–
Net book value:			
At 1 January 2021	3,436	568	4,004
At 31 December 2021	3,372	483	3,855
At 31 December 2022	–	–	–

14. Assets held for sale

	Group 2022 $'000	Group 2021 $'000
Assets held for sale:		
Investment held for sale [(a)]	–	30
	–	30
Liabilities associated with assets held for sale:		
Investment held for sale [(a)]	–	18

(a) In 2020, following realignment with the Group's operation strategy, the Group commenced liquidation of PA Water Solutions (Shanghai) Limited ("PASH") and Duvalco Valves & Fittings (Wuxi) Co., Ltd ("DVF Wuxi"). Accordingly, the net carrying amount of PASH's and DVF Wuxi cost of investment of the Company and the carrying amount of PASH's and DVF Wuxi's assets and liabilities of the Group was reclassified to assets held for sale and liabilities associated with assets held for sale respectively during the reporting year ended 31 December 2020. Along with the disposal of subsidiaries and discontinued operations (Note 11), the assets held for sale and associated liabilities were disposed in the current reporting year.

15. Right-of-use assets

The right-to-use assets have been included in statement of financial position. The details are as follows:

	Factory and warehouse space $'000	Office space $'000	Office equipment $'000	Motor vehicle $'000	Total $'000
Group					
Cost:					
At 1 January 2021	919	125	–	–	1,044
Additions	62	94	–	–	156
Reclassified from property, plant and equipment	–	–	–	47	47
Foreign exchange adjustments	1	2	–	1	4
At 31 December 2021	982	221	–	48	1,251
Disposal – discontinued operations (Note 11)	(982)	(221)	–	(48)	(1,251)
Arising from acquisition of subsidiaries (Note 33)	–	1,245	11	–	1,256
At 31 December 2022	–	1,245	11	–	1,256
Accumulated depreciation:					
At 31 January 2021	198	107	–	–	305
Depreciation for the year	308	51	–	1	360
Reclassified from property, plant and equipment	–	–	–	45	45
Foreign exchange adjustments	1	1	–	–	2
At 31 December 2021	507	159	–	46	712
Depreciation for the year	129	208	2	2	341
Disposal – discontinued operations (Note 11)	(636)	(179)	–	(48)	(863)
Arising from acquisition of subsidiaries (Note 33)	–	181	3	–	184
At 31 December 2022	–	369	5	–	374
Carrying value:					
At 1 January 2021	721	18	–	–	739
At 31 December 2021	475	62	–	2	539
At 31 December 2022	–	876	6	–	882

15. Right-of-use assets (cont'd)

Allocation of the depreciation expense are as follows:

	Group	
	2022	**2021**
	$'000	**$'000**
Continuing operations:		
Administrative expenses	190	–
Discontinued operations:		
Administrative expenses	151	360
Total	341	360

For the underlying assets, expected useful lives are determined by reference to comparable owned assets or the lease term, if shorter. Material residual value estimates and estimates of useful life are updated as required annually.

16A. Provisional goodwill

	Group	
	2022	**2021**
	$'000	**$'000**
Cost:		
At beginning of the year	–	–
Arising from acquisition of subsidiaries (Note 33)	10,983	–
At end of the year	10,983	–

The goodwill was tested for impairment at the end of the reporting year. No impairment allowance was required because the carrying amounts of the cash-generating unit ("CGU") was lower than their estimated recoverable amounts. The recoverable amounts of CGU has been measured based on the value in use method.

The value in use was measured by management. The value in use is a recurring fair value measurement (Level 3).

16A. Provisional goodwill (cont'd)

The quantitative information about the value in use measurement using significant unobservable inputs for the CGU are consistent with those used for the measurement last performed. The key assumptions for the value in use calculations are as follows:-

	Group 2022
Valuation technique and unobservable inputs Discounted cash flow method:	
Estimated discount rates using pre-tax rates that reflect current market assessments at the risks specific to the CGUs.	12.46%
Growth rates based on industry growth forecasts for revenue and not exceeding the average long-term growth rate for the relevant markets.	6% to 7%
Cash flow forecasts derived from the most recent financial budgets and plans approved by management.	5 years
Terminal growth rate	0%

Management believes that any reasonably possible change in the key assumptions on which this segment's recoverable amount is based would not cause the carrying amount to exceed its recoverable amount. The value in use is a recurring fair value measurement (Level 3). The quantitative information about the value in use measurement using significant unobservable inputs for the cash generating unit are consistent with those used for the measurement last performed.

Actual outcomes could vary from these estimates. (i) If the revised estimated revenue had been 10% less favourable than management's estimates, (ii) if the revised estimated gross margin had been 10% less favourable than management's estimates or (iii) if the revised estimated pre-tax discount rate applied to the discounted cash flows had been 1 percent point higher than management's estimates, there would not be a need to impair the carrying amount of provisional goodwill as the recoverable amount will still be higher than the carrying amount of the provisional goodwill.

16B. Intangible assets

Group:	Order backlog $'000
Cost:	
At 1 January 2021 and 1 January 2022	–
Arising from acquisition of subsidiaries (Note 33)	1,365
At 31 December 2022	1,365
Accumulated amortisation	
At 1 January 2021 and 1 January 2022	–
Amortisation for the year	455
At 31 December 2022	455
Net book value	
At 1 January 2021 and 1 January 2022	–
At 31 December 2022	910

The amortisation is included in administrative expenses.

17. Investments in subsidiaries

	Company	
	2022 $'000	2021 $'000
Movement during the year. At cost:		
Balance at beginning of the year	3,236	6,387
Disposal of subsidiaries – discontinued operations (Note 11)	(3,236)	–
Arising from acquisition of subsidiaries (Note 33)	12,000	–
	12,000	6,387
Allowance for impairment	–	(3,151)
Balance at the end of the year	12,000	3,236
Movements in allowance for impairment:		
Balance at beginning of the year	3,151	3,151
Disposal of subsidiaries – discontinued operations (Note 11)	(3,151)	–
Balance at end of the year	–	3,151
Net book value of subsidiaries	(394)	2,091

The subsidiaries are wholly owned by the Group.

17. Investments in subsidiaries (cont'd)

The listing of and information on the subsidiaries are given below:

Name of subsidiaries, country of incorporation, place of operations and principal activities (and independent auditor)	Cost in books of Company	
	2022	2021
	$'000	$'000
Pan Asian Flow Technology Pte. Ltd. (1) Singapore Supply of piping systems and related accessories for use in water and wastewater infrastructure developments	–	2,000
Duvalco Valves & Fittings Pte. Ltd. (1) Singapore General importers and exporters of valves and investment holding	–	3,000
Sacha Inchi Pte. Ltd. (1) Singapore General importers and exporters for teas	–	–
Pan Asian Water Solutions (HK) Limited (1) Hong Kong Supply of piping systems and related accessories for use in water and wastewater infrastructure developments	–	586
PA Flow Technology (HK) Limited (1) Hong Kong Dormant	–	–
PA Water Solutions (Shanghai) Limited (1) People's Republic of China General importers and exporters of pipes and valves	–	–
PT. Pan Asian Water Solutions (1) Indonesia Exporting and importing of products of water treatment	–	151
Wuhu Duvalco Valves & Fittings Co., Ltd (1) People's Republic of China Manufacturing of valves and fittings	–	650
Sevens Creation Pte. Ltd. (2)(3) Singapore Management service	12,000	–
	12,000	6,387

17. Investments in subsidiaries (cont'd)

The listing of and information on the subsidiaries are given below: (cont'd)

Name of subsidiaries, country of incorporation, place of operations and principal activities (and independent auditor)	Cost in books of Company	
	2022	2021
	$'000	$'000
<u>Held by Pan Asian Flow Technology Pte. Ltd.</u>		
Pan Asian Flow Technology Sdn. Bhd. (1) Malaysia Wholesale of a variety of goods and engineering services	–	–
<u>Held by Duvalco Valves and Fittings Pte. Ltd.</u>		
Duvalco B.V. (1) Netherlands Manufacturing of valves and fittings	–	–
Duvalco Valves & Fittings (Wuxi) Co., Ltd (1) People's Republic of China Manufacturing of valves and fittings	–	–
<u>Held by Sacha Inchi Pte. Ltd.</u>		
Sacha Inchi (Thailand) Co., Ltd. (1) Thailand General trading	–	–
<u>Held by Sevens Creation Pte. Ltd.</u>		
Sevens Build Pte. Ltd. (2)(3) Singapore Building construction and interior design service	–	–
Sevens Design Pte. Ltd. (2)(3) Singapore Renovation and interior design service	–	–
Sevens Meta Pte. Ltd. (4) Singapore Interior design service and development of software and application	–	–

(1) Disposed during the year (Note 11).

(2) Acquired during the year (Note 33).

(3) Audited by RSM Chio Lim LLP.

(4) Incoporated on 6 October 2022. Not audited, as it is immaterial. The unaudited management financial statements as at 31 December 2022 have been used for consolidation purposes.

18. Investments in associate

	Group 2022 $'000	Group 2021 $'000
Movements in carrying value:		
Balance at beginning of the year	206	190
Share of (loss) profits for the year (Note 11)	(24)	16
Disposal of subsidiaries – discontinued operations (Note 11)	(182)	–
Balance at end of year	–	206
Share of net book value of associate	–	206

Name of associate, country of incorporation, place of operation and principal activities (and independent auditor)	Cost in books of Group		Effective percentage of equity held by Group	
	2022 $'000	2021 $'000	2022 $'000	2021 $'000
Held by Pan Asian Flow Technology Pte. Ltd.				
SPJV Integrated LLP [(1), (2)]	–	40	–	10
Singapore				
Building construction				

(1) Disposed during the year (Note 11).

(2) Although the Group does not own, directly or indirectly through its subsidiaries, 20 percent or more of the voting or potential voting power of the investee, the investee is regarded as an associate because the Company is able to exercise significant influence by virtue of an agreement with the other shareholder of the investee.

There are associates that are considered not material to the reporting entity. The summarised financial information of all the non-material associates and the aggregate amounts (and not the reporting entity's share of those amounts) based on the financial statements of the associates are as follows. These are adjusted to reflect adjustments made by the reporting entity when using the equity method.

	Group 2022 $'000	Group 2021 $'000
Aggregate for all non-material associates:		
(Loss) profit for the year	(239)	156
Total comprehensive (loss) income	(239)	156
Net assets of the associate	–	2,056

There are no significant restrictions on the ability of the major associates to transfer funds to the reporting entity in the form of cash dividends.

19. Investments in joint ventures

	Group 2022 $'000	Group 2021 $'000
Movements in carrying value:		
Balance at beginning of year	62	58
Additions	–	260
Share of loss for the year (Note 11)	(52)	(256)
Disposal of subsidiaries – discontinued operations (Note 11)	(10)	–
Balance at end of year	–	62
Carrying value:		
Unquoted equity share at cost	–	350
Share of post-acquisition losses (Note 11)	–	(288)
	–	62
Share of net book value of joint ventures	–	120

Name of joint ventures, country of incorporation, place of operations and principal activities (and independent auditor)	Effective percentage of equity held by the Group 2022 %	Effective percentage of equity held by the Group 2021 %
Held by Pan Asian Flow Technology Pte. Ltd.		
Muhr Asia Pte. Ltd. [1]	–	50
Singapore		
Manufacture and repair of water / waste water treatment equipment		
Held by Duvalco Valves & Fittings Pte. Ltd.		
Duvalco UK Limited [1]	–	50
United Kingdom		
Selling valves and pipes within United Kingdom		
Held by MUHR Asia Pte. Ltd.		
Wuhu MUHR Manufacturing Co Ltd [1]	–	50
People's Republic of China		
Manufacture and sales of flood control related products		

(1) Disposed during the year (Note 11).

There are joint ventures that are considered not material to the reporting entity. The summarised financial information of all the non-material joint ventures and the aggregate amounts (and not the reporting entity's share of those amounts) based on the financial statements of the joint venture are as follows. These are adjusted to reflect adjustments made by the reporting entity when using the equity method.

19. Investments in joint ventures (cont'd)

	Group 2022 $'000	Group 2021 $'000
Aggregate for all non-material joint ventures:		
Assets	–	4,092
Liabilities	–	3,851
Revenue	400	811
Loss for the year	(329)	(771)

There are no significant restrictions on the ability of the joint ventures to transfer funds to the Group in the form of cash dividends.

20. Other assets

	Group		Company	
	2022 $'000	2021 $'000	2022 $'000	2021 $'000
Non-current:				
Club memberships at cost	–	268	–	268
Prepayments	–	101	–	–
Less allowance for impairment	–	(27)	–	(27)
Subtotal	–	342	–	241
Current:				
Prepayments	44	141	3	11
Deposits to secure services	109	2,635	–	31
Subtotal	153	2,776	3	42
Total	153	3,118	3	283
Movements in above allowance:				
Balance at beginning of the year	27	27	27	27
Transfer upon disposal – discontinued operations (Note 11)	(27)	–	(27)	–
Balance at end of the year	–	27	–	27

21. Contract assets and contract liabilities

	Group 2022 $'000	Group 2021 $'000
Contract assets	240	1,182
Contract liabilities	(3,416)	(275)
Others	–	266
At end of the year	(3,176)	1,173

The contract assets are for: entity's rights to consideration for work completed but not billed at the reporting date on the contracts; costs incurred to obtain or fulfil a contract with a customer; costs to obtain contracts with customers; pre-contract costs and setup costs; and the amount of amortisation and any impairment losses recognised in the reporting year. The contract assets are transferred to the receivables when the rights become unconditional.

The contract liabilities primarily relate to the advance consideration received from customers. The entity recognises revenue for each respective performance obligation when control of the product or service transfers to the customer.

The movement in contract assets (liabilities) are as follows:

	Group 2022 $'000	Group 2021 $'000
At beginning of the year	1,173	214
Consideration received or receivable	(10,113)	(991)
Transfer upon disposal – discontinued operations (Note 11)	(1,058)	–
Performance obligation satisfied – revenue recognised	6,792	1,467
Fair value adjustments arising from acquisition of subsidiaries (Note 33)	45	–
Amortisation of fair value adjustment	(15)	–
Cost incurred during the year on uncompleted contracts	–	483
At the end of the year	(3,176)	1,173

Transaction price allocated to the remaining performance obligations (over time method): Management expects that the aggregate amount of transaction price allocated to the unsatisfied (or partially unsatisfied) performance obligations as at 31 December 2022 is S$18,228,000 (2021: $1,173,000). This will be recognised as revenue by reference to percentage of completion, which is expected to complete over the next 1 to 2 years. The amount disclosed above does not include any amounts of variable consideration that are constrained.

Contract assets shown above are subject to the expected credit loss model under the financial reporting standard on financial instruments. No loss allowance is necessary.

22. Inventories

	Group 2022 $'000	Group 2021 $'000	Company 2022 $'000	Company 2021 $'000
Finished goods and goods for resale	10	920	–	–
Inventories are stated after allowance.				
Movements in allowance:				
Balance at beginning of the year	450	587	–	175
Used	–	(251)	–	(251)
Charged to profit or loss included in other losses - discontinued operations	–	114	–	76
Transfer upon disposal – discontinued operations (Note 11)	(450)	–	–	–
Balance at end of the year	–	450	–	–

In 2021, certain inventories are pledged as security for trust receipts (see Note 28A). The inventories have been disposed in the current reporting year (see Note 11).

23. Trade and other receivables

	Group 2022 $'000	Group 2021 $'000	Company 2022 $'000	Company 2021 $'000
Trade receivables:				
Outside parties [(a)]	1,342	7,408	–	4
Less allowance for impairment	–	(797)	–	–
Shareholders	268	–	–	–
Subsidiaries	–	–	–	762
Less allowance for impairment	–	–	–	(206)
Related parties	–	578	–	120
Trade receivables – subtotal	1,610	7,189	–	680
Other receivables:				
Related parties (Note 3C)	–	2,124	–	30
Subsidiaries (Note 3C)	–	–	–	8,108
Less allowance for impairment	–	–	–	(4,126)
Outside parties [(a)]	475	38	153	5
Less allowance for impairment	(330)	(5)	(30)	(5)
Other receivables – subtotal	145	2,157	123	4,012
Total trade and other receivables	1,755	9,346	123	4,692

(a) Included in the above are trade receivables of $466,000 and other receivable of $300,000 due from an entity that is controlled by an ex-shareholder of the acquired subsidiaries. As at end of the reporting year, allowance for impairment loss was made in respect of the other receivable of $300,000. While management seek to recover this amount, due to the uncertainty in recovery, management has made full impairment allowance on the outstanding other receivable amount at the date of acquisition of the subsidiaries on 14 June 2022 (Note 33). In relation to the trade receivables of $466,000, Company has entered into a settlement agreement dated 27 December 2022 with the owing entity for a full settlement of the amount outstanding over monthly instalment payments till October 2025.

23. Trade and other receivables (cont'd)

	Group		Company	
	2022	2021	2022	2021
	$'000	$'000	$'000	$'000
Movements in above allowance:				
Balance at beginning of the year	802	644	4,337	3,113
Used	–	(638)	–	(41)
Transfer upon disposal – discontinued operations (Note 11)	(802)	–	(4,337)	–
Arising from acquisition of subsidiaries (Note 33)	300	–	–	–
Allowance for impairment on trade receivables to profit or loss included in other losses (Note 6 / Note 11):				
– Continuing operations	30	–	30	–
– Discontinued operations	–	796	–	1,265
Balance at end of the year	330	802	30	4,337

There are no collaterals held as security and other credit enhancements for the trade receivables.

The amounts are written off when there are indications that there is no reasonable expectation of recovery or the failure of a debtor to make contractual payments over an extended period.

The expected credit losses (ECL) on the trade receivables are based on the simplified approach to measuring expected credit losses (ECL) which uses a lifetime ECL allowance approach for all trade receivables recognised from initial recognition of these assets. The reporting entity has only a few customers and which can be credit risk graded individually and these are recorded at inception net of expected lifetime ECL. For the few customers with large balances the credit risk is graded individually. For these large balances, at the end of the reporting year a loss allowance is recognised if there has been a significant increase in credit risk since initial recognition. A loss allowance balances of $ NIL (2021: $797,000) is recognised. At every reporting date the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

Concentration of trade receivable customers as at the end of the reporting year:

- 62% (2021: 35%) of the Group's trade receivables were due from three (2021: two) major customers.

- NIL% (2021: 91%) of the Company's trade receivables were due from two major customers.

The non-trade amounts due from subsidiaries are unsecured, interest-free and repayable on demand.

For any significant increase or decrease in credit risk an adjustment is made to the loss allowance for the material balances. The credit risk grade assessed is based on predictive nature of the risk of loss (such as the use of internal and external ratings, audited financial statements, management accounts and cash flow projections and available published information about customers) and applying experienced credit judgement.

23. Trade and other receivables (cont'd)

As part of the process of setting customer credit limits, different credit terms are used. The average credit period generally granted to trade receivable customers is about 7 to 30 days (2021: 60 to 90 days), but some customers take a longer period to settle the amounts.

(a) Ageing analysis of all trade receivables balances as at the end of reporting year:

	Group		Company	
	2022	**2021**	**2022**	**2021**
	$'000	**$'000**	**$'000**	**$'000**
Trade receivables:				
Current	420	5,860	–	195
1 to 30 days	120	–	–	–
31 to 60 days	–	929	–	–
61 to 90 days	–	528	–	–
91 to 120 days	997	43	–	26
Over 120 days	73	626	–	665
Total	1,610	7,986	–	886

(b) Ageing analysis of trade receivables balances that are impaired as at the end of reporting year:

	Group		Company	
	2022	**2021**	**2022**	**2021**
	$'000	**$'000**	**$'000**	**$'000**
Trade receivables:				
Over 120 days	–	797	–	206

The allowance which is disclosed in the note on trade receivables is based on individual accounts that are determined to be impaired at the end of the reporting year. These are not secured.

Other receivables:

The other receivables shown above are subject to the expected credit loss (ECL) allowance assessment under the financial reporting standard on financial instruments. The other receivables can be graded for credit risk individually. At inception they are recorded net of any expected 12 month expected credit losses. At the end of the reporting year a loss allowance is recognised if there has been a significant increase in credit risk since initial recognition. For any significant increase or decrease in credit risk an adjustment is made to the loss allowance. The credit risk grade assessed is based on predictive nature of the risk of loss (such as the use of internal and external ratings, audited financial statements, management accounts and cash flow projections and available published information about debtors that is available without undue cost or effort) and applying experienced credit judgement. A loss allowance balance of $330,000 (2021: $5,000) is recognised.

Other receivables are normally with no fixed terms and therefore there is no maturity. Related company other receivables are regarded as of low credit risk if they are guaranteed by the parent or a related company with the ability to settle the amount. Other receivables are regarded as of low credit risk if they have a low risk of default and the debtor has a strong capacity to meet its contractual cash flow obligations in the near term. The methodology applied for impairment loss depends on whether there has been a significant increase in credit risk.

24. Cash and cash equivalents

	Group		Company	
	2022 $'000	2021 $'000	2022 $'000	2021 $'000
Not restricted in use	2,402	3,669	122	653

The interest earning balances are not significant.

24A. Cash and cash equivalents in the consolidated statement of cash flows:

	Group	
	2022 $'000	2021 $'000
Amount as shown above	2,402	3,669
Add: Cash transferred to asset held for sale	–	27
Cash and cash equivalents at end of the year	2,402	3,696

24B. Non-cash transactions:

	Group	
	2022 $'000	2021 $'000
Acquisitions of certain assets under right-of-use assets under lease contracts	1,072	156
	1,072	156

24C. Reconciliation of liabilities arising from financing activities:

	2021 $'000	Cash flows $'000	Non-cash changes $'000	2022 $'000
At 31 December 2022:				
Other financial liabilities	5,358	(405)	(4,786) [a]	167
Lease liabilities	739	(934)	831	636

	2020 $'000	Cash flows $'000	Non-cash changes $'000	2021 $'000
At 31 December 2021:				
Other financial liabilities	4,844	514	–	5,358
Lease liabilities	1,031	(221)	(71)	739

[a] Transfer upon disposal of subsidiaries.

25. Share capital

	Group and Company	
	Number of shares issued $'000	Share capital $'000
Ordinary shares of no par value:		
Balance at 1 January 2021, 31 December 2021 and 31 December 2022	214,202	15,300

The ordinary shares of no par value which are fully paid carry no right to fixed income. The Company is not subject to any externally imposed capital requirements.

Capital management:

The objectives when managing capital are: to safeguard the reporting entity's ability to continue as a going concern, so that it can continue to provide returns for owners and benefits for other stakeholders, and to provide an adequate return to owners by pricing the sales commensurately with the level of risk. The management sets the amount of capital to meet its requirements and the risk taken. There were no changes in the approach to capital management during the reporting year. The management manages the capital structure and makes adjustments to it where necessary or possible in the light of changes in conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the management may adjust the amount of dividends paid to owners, return capital to owners, issue new shares, or sell assets to reduce debt. Adjusted capital comprises all components of equity (that is, share capital and reserves).

In order to maintain its listing on the Singapore Stock Exchange it has to have share capital with at least a free float of at least 10% of the shares. The Company met the capital requirement on its initial listing and the rules limiting treasury share purchases mean it will continue to satisfy that requirement, as it did throughout the reporting year.

Management receives a report from the share registrars frequently on substantial share interests showing the non-free float to ensure continuing compliance with the 10% limit throughout the reporting year. The management monitors the capital on the basis of the debt-to-adjusted capital ratio. This ratio is calculated as net debt / adjusted capital (as shown below). Net debt is calculated as total borrowings less cash and cash equivalents.

25. Share capital (cont'd)

	Group	
	2022	**2021**
	$'000	**$'000**
Net debt:		
All current and non-current borrowings including leases	803	6,097
Less: cash and cash equivalents	(2,402)	(3,669)
Net (cash) / debt	(1,599)	2,428
Adjusted capital:		
Total equity	10,825	14,893
Adjusted capital	10,825	14,893
Debt-to-adjusted capital ratio	N.M	**16.3**%

N.M.: Not meaningful

26. Other reserves

	Group	
	2022	**2021**
	$'000	**$'000**
Foreign currency translation reserve (Note 26A)	–	(277)
Statutory reserves (Note 26B)	–	216
Total at the end of the year	–	(61)

The movements in the reserves are disclosed in the statement of changes in equity.

All reserves classified on the face of the statement of financial position as retained earnings represents past accumulated earnings and are distributable as cash dividends. The other reserves are not available for cash dividends unless realised.

26A. Foreign currency translation reserve

	Group	
	2022	**2021**
	$'000	**$'000**
Balance at beginning of the year	(277)	(386)
Exchange differences on translating foreign operations	–	109
Transfer upon disposal – discontinued operations (Note 11)	277	–
Balance at end of the year	–	(277)

The currency translation reserve accumulates all foreign exchange differences on translating foreign operations.

26. Other reserves (cont'd)

26B. Statutory reserves

	Group 2022 $'000	Group 2021 $'000
Balance at beginning of the year	216	216
Transfer upon disposal – discontinued operations (Note 11)	(216)	–
Balance at end of the year	–	216

A subsidiary incorporated in People's Republic of China ("PRC") is required by the relevant Chinese regulations and the Articles of Association to appropriate, where applicable, certain percentage of profit after taxation (after offsetting all recognised tax losses carried forward from previous financial years) arrived at in accordance with the Company Law of PRC and Company's Articles of Association each year to statutory reserves. The appropriation to statutory reserves must be made before distribution of dividends to shareholders. Subject to certain restrictions, part of the reserve may be converted to increase share capital or be used to make up losses. These statutory reserves are not distributable in the form of cash dividends.

27. Provisions

	Group 2022 $'000	Group 2021 $'000
Provision for dismantling and removing (Note 27A)	97	–

27A. Provision for dismantling and removing

	2022 $'000	2021 $'000
Provision for dismantling and removing the item and restoring the site relating to property, plant and equipment:		
Movements in above provision:		
At beginning of the year	–	–
Arising from acquisition of subsidiaries (Note 33)	94	–
Unwinding of discount (Note 9)	3	–
At end of the year	97	–

The provision is based on the present value of costs to be incurred to remove the leasehold improvements from leased property. The estimate is based on quotations from a subsidiary. The unexpired terms range is 6 years.

28. Other financial liabilities

	Group 2022 $'000	Group 2021 $'000
Non-current:		
Financial instruments with fixed interest rates:		
Bank loans A (Note 28B)	–	2,912
Bank loan B (Note 28C)	117	–
Total non-current portion	117	2,912
Current:		
Financial instruments with floating interest rates:		
Trust receipts for purchase of inventories (Note 28A)	–	1,469
Financial instruments with fixed interest rates:		
Bank loans A (Note 28B)	–	977
Bank loan B (Note 28C)	50	–
Total current portion	50	2,446
Total non-current and current	167	5,358
The non-current portion is repayable as follows:		
Due within two to five years	117	2,912
Total non-current portion	117	2,912

The range of floating interest rates paid were as follows:

	Group 2022 %	Group 2021 %
Trust receipts for purchase of inventories	–	1.99 to 2.47

In 2021, the exposure of the borrowings to interest rate changes and the contractual repricing dates at the end of the reporting years are below three months.

The floating rate debt instruments are with interest rates that are re-set regularly at short intervals.

The range of fixed interest rates paid were as follows:

	Group 2022 %	Group 2021 %
Bank loans	2.5	2.5

28A. Trust receipts for purchase of inventories

The trust receipts are covered by a first legal charge on certain inventories. The trust receipts belong to a subsidiary that was disposed during the reporting year.

28. Other financial liabilities (cont'd)

28B. Bank loans A and short term borrowings

The bank loans are repayable by equal monthly instalments over 5 years from November 2020.

The bank loans are secured and covered by:

(a) First legal mortgage over the land of the Group (located at Tuas South Link 3 Plot 24) (Note 13) and the proposed development to be erected thereon into an industrial building;

(b) Legal assignment of all rights, title and interests in the construction contract, insurance policies, performance bonds, tenancy agreement and sales and purchase agreement of the proposed development; and

(c) Corporate guarantee from the Company.

The facility agreements include covenants that require the maintenance of certain financial ratios. Any non-compliance with these covenants will result in these loans or other credit facilities becoming repayable immediately upon service of a notice of default by the lenders. The bank loans have been transferred upon disposal of subsidiaries on 14 June 2022 (see Note 11).

28C. Bank loan B

Bank loan is repayable by equal monthly instalments over 5 years from March 2021.

The bank loan is covered by:

(a) Personal guarantee (unlimited) by an ex-shareholder of an acquired subsidiary who is currently an employee of the acquired subsidiary.

29. Lease liabilities

Lease liabilities are presented in the statement of financial position as follows:

	Group		Company	
	2022	**2021**	**2022**	**2021**
	$'000	**$'000**	**$'000**	**$'000**
Lease liabilities, current	189	243	–	35
Lease liabilities, non-current	447	496	–	74
	636	739	–	109

A summary of the maturity analysis of lease liabilities is disclosed in Note 34E. Total cash outflows from leases are shown in the statement of cash flows. The right-to-use assets are disclosed in Note 15.

The weighted average incremental borrowing rate applies to the lease liabilities recognised are between 4.15% to 5.25% (2021: 4.15% to 4.58%) per year.

29. Lease liabilities (cont'd)

Leases for right-to-use assets – In 2021, the Group has a few leases relating to the factory and warehouse space, office space and motor vehicle. In the current reporting year, the Group has a few leases relating to the office space and office equipment. Other information about the leasing activities are summarised as follows - The leases prohibit the lessee from selling or pledging the underlying leased assets as security unless permitted by the owners. There are no variable payments linked to an index. The leases do not provide options to purchase the underlying leased assets outright. Certain of the leases provide options to extend the leases for a further term.

The lease liabilities above does not include the short-term leases of less than 12 months and leases of low-value underlying assets. Variable lease payments which do not depend on an index or a rate or based on a percentage of revenue are not included from the initial measurement of the lease liability and the right-to-use assets.

Lease liabilities under operating leases are secured by the right-of-use assets because these will revert to the lessor in the event of default.

Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability.

Subsequent to initial measurement, the liability will be reduced for payments made and increased for interest. It is re-measured to reflect any reassessment or modification, or if there are changes to in-substance fixed payments. When the lease liability is re-measured, the corresponding adjustment is reflected in the right-of-use asset, or profit and loss if the right-of-use asset is already reduced to zero.

30. Trade and other payables

	Group		Company	
	2022 $'000	2021 $'000	2022 $'000	2021 $'000
Trade payables:				
Outside parties and accrued liabilities	2,783	2,754	422	–
Related parties	–	564	–	–
Subsidiaries	–	–	16	25
Trade payables – subtotal	2,783	3,318	438	25
Other payables:				
Outside parties	–	2,016	–	257
Ultimate parent company (Note 3C)	–	795	–	445
Related parties (Note 3C)	–	163	–	–
Subsidiaries (Note 3C)	–	–	237	88
Advances received from customers	–	1,773	–	115
Other payables – subtotal	–	4,747	237	905
Total trade and other payables	2,783	8,065	675	930

31. Contingent liabilities

	2022 $'000	2021 $'000
Undertaking to support subsidiaries with deficits (a)	462	5,179

(a) Undertaking to support subsidiaries with deficits – The Company has undertaken to provide continued financial support to certain of its subsidiaries which had net capital deficit at the end of the reporting year.

32. Capital commitments

Estimated amounts committed at the end of the reporting year for future capital expenditure but not recognised in the financial statements are as follows:

	Group	
	2022 $'000	2021 $'000
Commitments to purchase of plant and equipment	–	83

33. Acquisition of subsidiaries

(a) Acquisition of subsidiaries

On 14 June 2022 the Group acquired 100% of the share capital in Sevens Creation Pte. Ltd. and its subsidiaries ("SCPL") and from that date the Group gained control (see Note 1 for details).

The above transactions were accounted for by the acquisition method of accounting.

33. Acquisition of subsidiaries (cont'd)

(a) Acquisition of subsidiaries (cont'd)

The fair values of identifiable assets acquired and liabilities assumed are set out below. An external valuer was engaged to assist in the purchase price allocation ("PPA") for the SCPL acquisition. The PPA exercise has not been finalised as at the date of this report.

	Pre-acquisition book value under SFRS(I) $'000	**Provisional fair value $'000**
2022: Sevens Creation Pte. Ltd. and its subsidiaries		
Intangible assets – order backlog	–	1,365
Intangible assets – phone number	4	–
Plant and equipment	886	886
Right-of-use assets	704	1,072
Inventories	10	10
Trade and other receivables	981	981
Contract assets	252	252
Other assets	290	290
Cash and cash equivalents	2,115	2,115
Trade and other payables	(1,464)	(1,464)
Contract liabilities	(3,150)	(3,105)
Lease liabilities	(707)	(707)
Loans and borrowings	(186)	(186)
Income tax payable	(107)	(107)
Deferred tax liabilities	–	(291)
Provisions	(94)	(94)
Net (liabilities)/assets	(466)	1,017

The provisional goodwill arising on acquisition is as follows:	
Consideration transferred	12,000
Fair value of identifiable net assets acquired	(1,017)
Provisional goodwill arising on acquisition	10,983

The contributions from the acquired subsidiaries for the period between the date of acquisition and the end of the reporting year were as follows:

	From date of acquisition in 2022 $'000	**For the reporting year 2022 $'000**
Revenue	6,792	9,962
Loss before income tax	(1,288)	(2,226)

34. Financial instruments: information on financial risks

34A. Categories of financial assets and liabilities

The following table categorises the carrying amount of financial assets and liabilities recorded at the end of the reporting year:

	Group		Company	
	2022	2021	2022	2021
	$'000	$'000	$'000	$'000
Financial assets:				
Financial assets at amortised cost	4,157	13,015	245	5,345
Financial liabilities:				
Financial liabilities at amortised cost	3,586	14,162	675	1,039

Further quantitative disclosures are included throughout these financial statements.

34B. Financial risk management

The main purpose for holding or issuing financial instruments is to raise and manage the finances for the entity's operating, investing and financing activities. There are exposures to the financial risks on the financial instruments such as credit risk, liquidity risk and market risk comprising interest rate, currency risk and price risk exposures. Management has certain practices for the management of financial risks. The guidelines set up the short and long term objectives and action to be taken in order to manage the financial risks.

The guidelines include the following:

1. Minimise interest rate, currency, credit and market risk for all kinds of transactions.

2. Maximise the use of "natural hedge": favouring as much as possible the natural off-setting of sales and costs and payables and receivables denominated in the same currency and therefore put in place hedging strategies only for the excess balance (if necessary). The same strategy is pursued with regard to interest rate risk.

3. All financial risk management activities are carried out and monitored by senior management staff.

4. All financial risk management activities are carried out following acceptable market practices.

5. When appropriate consideration is given to entering into derivatives or any other similar instruments solely for hedging purposes.

There have been no changes to the exposures to risk; the objectives, policies and processes for managing the risk and the methods used to measure the risk.

34. Financial instruments: information on financial risks (cont'd)

34C. Fair values of financial instruments

The analyses of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 are disclosed in the relevant notes to the financial statements. These include the significant financial instruments stated at amortised cost and at fair value in the statement of financial position. The carrying values of current financial instruments approximate their fair values due to the short-term maturity of these instruments and the disclosures of fair value are not made when the carrying amount of current financial instruments is a reasonable approximation of the fair value.

34D. Credit risk on financial assets

Financial assets are principally from cash balances with banks, cash equivalents, receivables and other financial assets at amortised cost. They are potentially subject to credit risk due to failures by counterparties to discharge their obligations in full or in a timely manner. The maximum exposure to credit risk is the total of the fair value of the financial assets at the end of the reporting year. Credit risk on cash balances and any other financial instruments with banks and other financial institutions is limited because the counter-parties are entities with acceptable credit ratings. For expected credit losses (ECL) on financial assets, the general approach (three-stage approach) in the financial reporting standard on financial instruments is applied to measure the ECL allowance. Under this general approach the financial assets move through the three stages as their credit quality change. On initial recognition, a day-1 loss is recorded equal to the 12 month ECL unless the assets are considered credit impaired. However, for trade receivables that do not contain a significant financing component or when the reporting entity applies the practical expedient of not adjusting the effect of a significant financing component, the reporting entity applies the simplified approach in calculating ECL as is permitted by the financial reporting standard on financial instruments. Under the simplified approach, the reporting entity does not track changes in credit risk, but instead recognises the loss allowance at an amount equal to lifetime ECL at initial recognition and throughout its life at each reporting date. For the credit risk on the financial assets an ongoing credit evaluation is performed on the financial condition of the debtors and any loss is recognised in profit or loss. Reviews and assessments of credit exposures in excess of designated limits are made. Renewals and reviews of credits limits are subject to the same review process.

Note 24 discloses the maturity of cash and cash equivalent balances. Cash and cash equivalents are also subject to the impairment requirements of the standard on financial instruments. There was no identified impairment loss.

Other receivables are normally with no fixed terms and therefore there is no maturity.

34. Financial instruments: information on financial risks (cont'd)

34E. Liquidity risk – financial liabilities maturity analysis

The following table analyses the non-derivative financial liabilities by remaining contractual maturity (contractual and undiscounted cash flows):

Group	**Less than one year $'000**	**Two to five years $'000**	**Total $'000**
31 December 2022:			
Other financial liabilities	53	120	173
Gross lease liabilities	212	494	706
Trade and other payables	2,783	–	2,783
At end of the year	3,048	614	3,662
31 December 2021:			
Other financial liabilities	2,543	3,022	5,565
Gross lease liabilities	448	323	771
Trade and other payables	6,292	–	6,292
At end of the year	9,283	3,345	12,628

Company	**Less than one year $'000**	**Two to five years $'000**	**Total $'000**
31 December 2022:			
Trade and other payables	675	–	675
At end of the year	675	–	675
31 December 2021:			
Gross lease liabilities	39	77	116
Trade and other payables	815	–	815
At end of the year	854	77	931

The undiscounted amounts on the borrowings with fixed and floating interest rates are determined by reference to the conditions existing at the reporting date.

For financial guarantee contracts – For financial guarantee contracts the maximum earliest period in which the guarantee could be called is used. At the end of the reporting year no claims on the financial guarantees are expected (see Note 31).

The liquidity risk refers to the difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset. It is expected that all the liabilities will be paid at their contractual maturity. The average credit period taken to settle trade payables is about 60 days (2021: 60 days). The other payables are with short-term durations. The classification of the financial assets is shown in the statement of financial position as they may be available to meet liquidity needs and no further analysis is deemed necessary.

34. Financial instruments: information on financial risks (cont'd)

34F. Interest rate risk

Interest rate risk arises on interest-bearing financial instruments. The interest from financial assets is not material. Interest rate risk arises on interest-bearing financial instruments. The following table analyses the breakdown of the significant financial instruments by type of interest rate:

	Group		Company	
	2022	**2021**	**2022**	**2021**
	$'000	**$'000**	**$'000**	**$'000**
Financial liabilities with interest:				
Fixed rate	803	4,628	–	109
Floating rate	–	1,469	–	–
Total at end of the year	803	6,097	–	109

The floating rate debt asset instruments are with interest rates that are re-set regular intervals. The interest rates are disclosed in the respective notes.

Sensitivity analysis: The effect on pre-tax profit is not significant.

34G. Foreign currency risks

Foreign exchange risk arises on financial instruments that are denominated in a foreign currency, ie in a currency other than the functional currency in which they are measured. For the purpose of this financial reporting standard on financial instruments: disclosures, currency risk does not arise from financial instruments that are non-monetary items or from financial instruments denominated in the functional currency.

There is no significant exposure to foreign currency risk in the current reporting year.

34. Financial instruments: information on financial risks (cont'd)

34G. Foreign currency risks

Analysis of amounts denominated in non-functional currencies as at 31 December 2021:

Group	US Dollars $'000	Sterling Pound $'000	Euro $'000	Japanese Yen $'000	Chinese Renminbi $'000	Total $'000
As at 31 December 2021:						
Financial assets:						
Cash	735	305	47	30	–	1,117
Trade and other receivables	1,792	378	364	–	–	2,534
Total financial assets	2,527	683	411	30	–	3,651
Financial liabilities:						
Borrowings	1,006	–	–	–	–	1,006
Trade and other payables	1,150	401	2,261	2	3	3,817
Total financial liabilities	2,156	401	2,261	2	3	4,823
Net financial assets (liabilities) at end of the year	371	282	(1,850)	28	(3)	(1,172)
Company						
As at 31 December 2021:						
Financial assets:						
Cash	81	11	16	30	–	138
Trade and other receivables	23	–	–	–	–	23
Total financial assets	104	11	16	30	–	161
Net financial assets at end of the year	104	11	16	30	–	161

Sensitivity analysis:

	Group 2022 $'000	Group 2021 $'000	Company 2022 $'000	Company 2021 $'000
A hypothetical 10% strengthening in the exchange rate of the functional currency $ against the following currencies with all other variables held constant would have a favourable / (adverse) effect on pre-tax profit of:				
● US Dollars	–	(37)	–	(10)
● Sterling Pound	–	(28)	–	(1)
● Euro	–	185	–	(2)
● Japanese Yen	–	(3)	–	(3)

34. Financial instruments: information on financial risks (cont'd)

34G. Foreign currency risks (cont'd)

The above table shows sensitivity to a hypothetical 10% variation in the functional currency against the relevant foreign currencies. The sensitivity rate used is the reasonably possible change in foreign exchange rates. For similar rate weakening of the functional currency against the relevant foreign currencies, there would be comparable impacts in the opposite direction on the profit or loss.

In management's opinion, the above sensitivity analysis is unrepresentative of the foreign currency risks as the historical exposure does not reflect the exposure in future.

The hypothetical changes in exchange rates are not based on observable market data (unobservable inputs). The sensitivity analysis is disclosed for each currency to which the entity has significant exposure at end of reporting year. The analysis above has been carried out on the basis that there are no hedged transactions.

35. Changes and adoption of financial reporting standards

For the current reporting year the Singapore Accounting Standards Council issued new or revised financial reporting standards. These applicable new or revised standards did not require any material modification of the measurement methods or the presentation in the financial statements. Those applicable to the reporting entity are listed below.

SFRS (I) No.	Title
SFRS (I) 1-16	Property, Plant and Equipment: Proceeds before Intended Use – Amendments to
SFRS (I) 1-37	Onerous Contracts – Costs of Fulfilling a Contract – Amendments to
SFRS (I) 3	Definition of a Business - Reference to the Conceptual Framework – Amendments to
SFRS (I) 9	Financial Instruments – Fees in the "10 per cent" test for derecognition of financial liabilities (Annual Improvement Project)
Various	Annual Improvements to SFRS (I)s 2018-2020 - Amendments to SFRS(I) 1 First-time Adoption of SFRS(I) and IFRS 9 Financial Instruments; SFRS(I) 16 Leases,

36. New or amended standards in issue but not yet effective

For the future reporting years the Singapore Accounting Standards Council issued certain new or revised financial reporting standards. The transfer to the applicable new or revised standards from the effective dates is not expected to result in any material modification of the measurement methods or the presentation in the financial statements for the following reporting year from the known or reasonably estimable information relevant to assessing the possible impact that application of the new or revised standards may have on the entity's financial statements in the period of initial application. Those applicable to the reporting entity for future reporting years are listed below.

SFRS (I) No.	Title	Effective date for periods beginning on or after
SFRS (I) 1-1	Presentation of Financial Statements- amendment relating to Classification of Liabilities as Current or Non-current	1 January 2024
SFRS (I) 1-1	Disclosure of Accounting Policies - Amendments to SFRS (I) 1-1 and SFRS (I) Practice Statement 2 Making Materiality Judgements	1 January 2023
SFRS (I) 1-8	Definition of Accounting Estimates - Amendments to	1 January 2023
SFRS(I) 1-12 SFRS(I) 1	Deferred Tax related to Assets and Liabilities arising from a Single Transaction – Amendments to	1 January 2023

STATISTIC OF SHAREHOLDINGS

As at 17 March 2023

NUMBER OF SHARES	:	214,202,036
CLASS OF SHARES	:	ORDINARY SHARES
VOTING RIGHTS	:	ONE VOTE FOR EACH ORDINARY SHARE
NUMBER OF TREASURY SHARES AND SUBSIDIARY HOLDINGS HELD	:	NIL

SIZE OF SHAREHOLDINGS	NO. OF SHAREHOLDERS	%	NO. OF SHARES	%
1 - 99	13	1.42	250	0.00
100 - 1,000	341	37.14	332,468	0.16
1,001 - 10,000	345	37.58	1,716,436	0.80
10,001 - 1,000,000	207	22.55	17,008,343	7.94
1,000,001 & ABOVE	12	1.31	195,144,539	91.10
TOTAL	918	100.00	214,202,036	100.00

TOP TWENTY SHAREHOLDERS AS AT 17 MARCH 2023	NO. OF SHARES	%
LIM WEI ZHI SYLVESTER	56,000,000	26.14
LEE TECK	31,818,000	14.85
WONG ZHI WEI (HUANG ZHI WEI)	29,391,500	13.72
LIM MUI LENG	27,273,000	12.73
PONG CHOON KWANG	14,053,000	6.56
CEDRIC YAP KUN HAO	10,596,000	4.95
TANG LENA (CHEN LENA)	8,772,800	4.10
TAN SOO KIA	6,602,000	3.08
PHILLIP SECURITIES PTE LTD	4,794,100	2.24
DBS NOMINEES PTE LTD	2,715,839	1.27
MAYBANK SECURITIES PTE. LTD.	1,708,300	0.80
GOH SZE YONG (WU SIRONG)	1,420,000	0.66
LIM HOCK CHAU	979,000	0.46
BNP PARIBAS NOMINEES SINGAPORE PTE LTD	948,000	0.44
KOH CHIN SAN JEREMY	907,000	0.42
TANG YAO ZHI(CHEN YAOZHI)	753,700	0.35
CHAN XIN AN	751,700	0.35
TIGER BROKERS (SINGAPORE) PTE. LTD.	502,400	0.24
LIM CHIN BEE	499,700	0.23
CHUA SAN CHONG	429,900	0.20
	200,915,939	93.79

STATISTIC OF SHAREHOLDINGS

As at 17 March 2023

	DIRECT INTEREST		DEEMED INTEREST	
SUBSTANTIAL SHAREHOLDERS	NO. OF SHARES	%	NO. OF SHARES	%
LIM WEI ZHI SYLVESTER	56,000,000	26.14	–	–
LEE TECK	31,818,000	14.85	–	–
WONG ZHI WEI (HUANG ZHI WEI)	29,391,500	13.72	–	–
LIM MUI LENG	27,273,000	12.73	–	–
PONG CHOON KWANG	14,053,000	6.56	–	–

PERCENTAGE OF SHAREHOLDING HELD BY THE PUBLIC

As at 17 March 2023, approximately 26% of the issued ordinary shares of the Company are held by the public. Accordingly, Rule 723 of the Listing Manual Section B: Rules of the Catalist issued by SGX-ST has therefore been complied with.

NOTICE OF
ANNUAL GENERAL MEETING

*This Notice has been made available on SGXNet and the Company's website and may be accessed at the URL https://conveneagm.sg/SAL2023AGM. A printed copy of this Notice, proxy form and the Annual Report will **NOT** be despatched to the Shareholders.*

NOTICE IS HEREBY GIVEN that the Annual General Meeting (the "**AGM**") of SEVENS ATELIER LIMITED (the "**Company**") will be held by way of electronic means on Friday, 28 April 2023 at 3:00 p.m. to transact the following businesses:

AS ORDINARY BUSINESS

1. To receive and adopt the Directors' Statement and Audited Consolidated Financial Statements of the Company and its subsidiaries for the financial year ended 31 December 2022 together with the Independent Auditors' Report thereon. **(Resolution 1)**

2. To re-elect Mr Hong Eng Leong, Jeffrey, who is retiring pursuant to Regulation 105 of the Constitution of the Company, as director of the Company. **(Resolution 2)**

   (See Explanatory Note (i))

3. To re-elect Mr Tan Yew Heng, Terrence, who is retiring pursuant to Regulation 105 of the Constitution of the Company, as director of the Company. **(Resolution 3)**

   (See Explanatory Note (ii))

4. To re-elect Mr Lo Kim Seng, who is retiring pursuant to Regulation 105 of the Constitution of the Company, as director of the Company. **(Resolution 4)**

   (See Explanatory Note (iii))

5. To re-elect Mr Lawrence Chen Tse Chau, who is retiring pursuant to Regulation 101 of the Constitution of the Company, as director of the Company. **(Resolution 5)**

   (See Explanatory Note (iv))

6. To approve Directors' fees of S$115,000 for the financial year ending 31 December 2023. (FY2022: S$115,000). **(Resolution 6)**

7. To transact any other ordinary business which may be properly transacted at an AGM.

NOTICE OF
ANNUAL GENERAL MEETING

SPECIAL BUSINESS

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

8. Authority for Directors to allot and issue shares and convertible securities **(Resolution 7)**

That pursuant to Section 161 of the Companies Act 1967 of Singapore, and Rule 806 of the Listing Manual (Section B: Rules of Catalist) of the Singapore Exchange Securities Trading Limited ("**SGX-ST**") ("**Catalist Rules**") and notwithstanding the provisions of the Constitution of the Company, authority be and is hereby given to the Directors of the Company (the "**Directors**") to:

(a) (i) allot and issue shares in the capital of the Company (whether by way of rights, bonus or otherwise); and/or

(ii) make or grant offers, agreements or options (collectively, "**instruments**") that may or would require shares to be issued, including but not limited to the creation and issue of 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 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 instrument made or granted by the Directors while this Resolution was in force, provided that:

(i) the aggregate number of shares to be issued pursuant to this resolution (including shares to be issued in pursuance of Instruments made or granted pursuant to this resolution) does not exceed one hundred per cent (100%) of the total number of issued shares excluding treasury shares and subsidiary holdings of the Company (as calculated in accordance with sub-paragraph (ii) below), of which the aggregate number of shares to be granted other than on a pro-rata basis to shareholders of the Company with registered addresses in Singapore (including shares to be issued in pursuance of instruments made or granted to this Resolution) does not exceed fifty per cent (50%) of the total number of issued shares excluding treasury shares and subsidiary holdings of the Company (as calculated in accordance with sub-paragraph (ii) below);

(ii) for the purpose of determining the aggregate number of shares that may be issued under sub-paragraph (i) above, the percentage of the total number of issued shares excluding treasury shares and subsidiary holdings of the Company shall be calculated based on the total number of issued shares excluding treasury shares and subsidiary holdings of the Company at the time of the passing of this Resolution, after adjusting for:

(1) new shares arising from the conversion or exercise of any convertible securities;

(2) (where applicable) new shares arising from exercise of share options or vesting of share awards, provided the options or awards were granted in compliance with Part VIII of Chapter 8 of the Catalist Rules; and

(3) any subsequent bonus issue, consolidation or subdivision of shares;

Adjustments in accordance with (b)(ii)(1) or (b)(ii)(2) above are only to be made in respect of new shares arising from convertible securities, share options or Share awards which were issued and outstanding or subsisting at the time this Resolution is passed;

(iii) 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 for the time being of the Company; and

(iv) unless revoked or varied by the Company in general meeting, the authority conferred by this Resolution 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 the earlier."

(See Explanatory Note (v))

BY ORDER OF THE BOARD

Hong Eng Leong, Jeffrey
Chief Executive Officer and Executive Director

13 April 2023

NOTICE OF
ANNUAL GENERAL MEETING

Explanatory Notes:

(i) Mr Hong Eng Leong, Jeffrey will, upon re-election as Director of the Company, remain as the Chief Executive Officer and Executive Director of the Company.

(ii) Mr Tan Yew Heng, Terrence will, upon re-election, remain as the Chairman of the Remuneration Committee and a member of the Nominating Committee and the Audit Committee. Mr Tan is considered independent for the purpose of Rule 704(7) the Catalist Rules. There are no relationships (including immediate family relationships) between Mr Tan and the other Directors of the Company, the Company, its related corporations, its substantial shareholders or its officers, which may affect his independence. The detailed information of Mr Tan can be found under "Board of Directors" and "Corporate Governance Statement" in the Company's Annual Report 2022.

(iii) Mr Lo Kim Seng will, upon re-election, remain as the Chairman of the Nominating Committee and a member of the Remuneration Committee and the Audit Committee. Mr Lo is considered independent for the purpose of Rule 704(7) of the Catalist Rules. There are no relationships (including immediate family relationships) between Mr Lo and the other Directors of the Company, the Company, its related corporations, its substantial shareholders or its officers, which may affect his independence. The detailed information of Mr Lo can be found under "Board of Directors" and "Corporate Governance Statement" in the Company's Annual Report 2022.

(iv) Mr Lawrence Chen Tse Chau will, upon re-election, remain as the Chairman of the Audit Committee and a member of the Remuneration Committee and the Nominating Committee. Mr Chen is considered independent for the purpose of Rule 704(7) of Catalist Rules. There are no relationships (including immediate family relationships) between Mr Chen and the other Directors of the Company, the Company, its related corporations, its substantial shareholders or its officers, which may affect his independence. The detailed information of Mr Chen can be found under "Board of Directors" and "Corporate Governance Statement" in the Company's Annual Report 2022.

(v) The Ordinary Resolution 7 in item 8 above, if passed, is to empower the Directors to issue shares in the capital of the Company and/or instruments (as defined above). The aggregate number of shares to be issued pursuant to this Resolution 7 (including shares to be issued in pursuance of instruments made or granted) shall not exceed one hundred per cent. (100%) of the total number of issued shares excluding treasury shares and subsidiary holdings of the Company, with a sub-limit of fifty per cent. (50%) for shares issued other than on a pro-rata basis (including shares to be issued in pursuance of instruments made or granted pursuant to this Resolution) to shareholders with registered addresses in Singapore. For the purpose of determining the aggregate number of shares that may be issued, the percentage of the total number of issued shares excluding treasury shares of the Company will be calculated based on the total number of issued shares excluding treasury shares and subsidiary holdings of the Company at the time of the passing of this Resolution 7, after adjusting for (i) new shares arising from the conversion or exercise of any convertible securities; (ii) new shares arising from exercise of share options or vesting of share awards outstanding or subsisting at the time of the passing of this Resolution 7, provided the options or awards were granted in compliance with Part VIII of Chapter 8 of the Catalist Rules; and (iii) any subsequent bonus issue, consolidation or subdivision of shares.

Notes:

1. Conduct of the AGM

   The AGM will be held by way of electronic means pursuant to the COVID-19 (Temporary Measures) (Alternative Arrangements for Meetings for Companies, Variable Capital Companies, Business Trusts, Unit Trusts and Debenture Holders) Order 2020 and Joint Statement by Accounting and Corporate Regulatory Authority, Monetary Authority of Singapore and Singapore Exchange Regulation titled "Additional Guidance on the Conduct of General Meetings During Elevated Safe Distancing Period". Members will not be able to attend the AGM in person.

   Alternative arrangements have been put in place to allow shareholders to participate at the AGM by:

   (a) communicating, voting and observing the proceedings of the AGM via a "live" webcast ("**LIVE WEBCAST**") or listening to these proceedings through a "live" audio feed ("**AUDIO ONLY MEANS**")**;**

   (b) submitting questions relating to the resolutions to be tabled at the AGM in advance of the AGM;

   (c) submitting text-based questions during the LIVE WEBCAST of the AGM;

   (d) appointing a proxy or proxies to attend, communicate and vote on their behalf at the AGM; and

   (e) participating in the live voting during the LIVE WEBCAST of the AGM.

2. Registration for the AGM

Members of the Company or where applicable, their appointed proxy(ies) who wishes to watch the LIVE WEBCAST or listen via the AUDIO ONLY MEANS must register by 3.00 p.m. on 25 April 2023 ("**Registration Deadline**"), at the URL https://conveneagm.sg/SAL2023AGM for the Company to authenticate his/her/its status as member.

Following successful authentication of his/her/its status as members of the Company, authenticated members of the Company will receive an email ("**Confirmation Email**") and can access the LIVE WEBCAST and AUDIO ONLY MEANS via logging in to the pre-registration website using their login credentials created during pre-registration to observe the proceedings of the AGM, by 12.00 p.m. on 27 April 2023. Members who have registered by the Registration Deadline but do not receive the Confirmation Email by 12.00 p.m. on 27 April 2023 may contact the Company for assistance at (65) 6856 7330 or email support@conveneagm.com.

3. Submission of Questions

Members of the Company or, where applicable, their appointed proxy(ies) who have registered and have been authenticated as members of the Company will be able to ask questions relating to the resolution to be tabled for approval at the AGM by submitting text-based questions by clicking the "Ask a Question" feature and then clicking "Type your Question" to input queries in the questions text box. The Company will endeavour to respond to such substantial and relevant queries during the AGM as far as reasonably practicable. Where there are substantially similar questions, the Company will consolidate such questions. Consequently, not all questions may be individually addressed.

Members of the Company are also encouraged to submit questions relating to the resolutions to be tabled for approval at the AGM in advance of the AGM. To do so, all questions must be submitted by **11.59 p.m. on 20 April 2023**, by post to the Company's office at 60 Paya Lebar Road, #10-14, Paya Lebar Square, Singapore 409051, attention to SAL AGM, or by email to agmteam@sevensatelier.com, or via the online process through the pre-registration website which is accessible at the URL https://conveneagm.sg/SAL2023AGM. After the cut-off time for the submission of questions, any subsequent clarifications sought or follow-up questions will be addressed at the AGM.

Members of the Company will need to identify themselves when posing questions via email or by post by providing the following details:

- the member's full name as it appears on his/her/its CDP/CPF/SRS share records;
- the member's NRIC/Passport/UEN number;
- the member's contact number and email address; and
- the manner in which the Member holds his/her/its Shares in the Company (e.g. via CDP, CPF or SRS).

The Company will endeavour to address all substantial and relevant questions submitted in advance of the AGM by publishing the responses to such questions on SGXNet and the Company's website at https://sevensatelier.com, by 3.00 p.m. on 23 April 2023 (being not less than forty-eight (48) hours prior to the closing date and time for the lodgment of the proxy forms).

The Company will publish the minutes of the AGM on SGXNet and the Company's website within one (1) month after the date of AGM. The minutes of the AGM will include the responses to substantial and relevant questions received from members which are addressed during the AGM.

4. Voting

A member of the Company will not be able to attend the AGM in person. If a member of the Company (whether individual or corporate) wishes to exercise his/her/its voting rights at the AGM, he/she/it may cast his/her/its votes remotely in real time via the LIVE WEBCAST.

As an alternative to the aforesaid real-time electronic voting, members may appoint a proxy or proxies to vote on his/her/its behalf at the AGM. The proxy or proxies may cast his/her/its votes remotely in real time via the LIVE WEBCAST.

A member of the Company entitled to attend and vote at the AGM (who is not a relevant intermediary as defined in Section 181 of the Companies Act 1967 of Singapore) is entitled to appoint no more than two (2) proxies to attend and vote in his/her/its stead. Where a member appoints more than one proxy, the appointments shall be invalid unless he/she/it specifies the proportion of his/her/its shareholding (expressed as a percentage of the whole) to be represented by each proxy.

A member who is a relevant intermediary entitled to attend and vote at the AGM is entitled to appoint more than two (2) proxies to attend and vote instead of the member, but each proxy must be appointed to exercise the rights attached to a different Share or Shares held by such member. Where such member appoints more than two (2) proxies, it should annex to the Proxy Form the list of proxies, setting out, in respect of each proxy, the name, address, email address, NRIC/Passport Number and proportion of shareholding (number of Shares and percentage) in relation to which each proxy has been appointed. For the avoidance of doubt, a CPF Agent Bank/SRS Operator who intends to appoint CPF/SRS investors as its proxies shall comply with this Note. The appointments shall be invalid unless the member specifies the number of Shares in relation to which each proxy has been appointed in the Proxy Form.

Members of the Company may also vote at the AGM by appointing the Chairman of the AGM as his/her/its proxy to vote on his/her/its behalf at the AGM. In appointing the Chairman of the AGM as proxy, a member of the Company (whether individual or corporate) must give specific instructions as to voting, or abstentions from voting, in the proxy form. In absence of the specific directions, the Chairman will vote at his discretion.

In addition, CPF/SRS investors who have used their CPF/SRS monies to buy Shares in the Company:

a) may pre-cast their votes via the URL in the Confirmation Email or vote live via electronic means 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 questions regarding their appointment as proxies; or

b) 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 no later than **3.00 p.m. on 19 April 2023** (being seven (7) working days before the AGM).

The proxy form for the AGM is made available with this Notice of AGM on SGXNet at the URL https://www.sgx.com/securities/company-announcements on the same day and can be accessed at the Company's website at the URL https://sevensatelier.com.

5. A proxy need not be a member of the Company.

6. The instrument appointing proxy/proxies, together with the power of attorney or other authority under which it is signed (if applicable) or a notarial certified copy thereof, must be:

   (a) if sent by post, be lodged at the office of the Company's Share Registrar, B.A.C.S. Private Limited, at 77 Robinson Road, #06-03 Robinson 77, Singapore 068896, attention to SAL AGM; or

   (b) if submitted by email, be received by the Company's Share Registrar, B.A.C.S. Private Limited at main@zicoholdings.com,

   (c) if by pre-registration website, be submitted at the URL https://conveneagm.sg/SAL2023AGM.

   in either case, by no later than **3.00 p.m. on 25 April 2023**, being seventy-two (72) hours before the time appointed for holding this AGM, failing which the Company shall be entitled to regard the instrument of proxy as invalid.

   Members of the Company are encouraged to submit completed proxy forms electronically via email or pre-registration website at URL https://conveneagm.sg/SAL2023AGM

7. The instrument appointing a proxy or proxies must be under the hand of the appointor or on his/her attorney duly authorised in writing. Where the instrument appointing a proxy or proxies is executed by a corporation, it must be executed either under its common seal or under the hand of its attorney or duly authorised officer, failing which the instrument of proxy may be treated as invalid. Where this proxy form is executed by an attorney on behalf of the appointor, the letter or the power of attorney or a duly certified true copy thereof must be lodged with this proxy form, failing which the instrument of proxy may be treated as invalid.

8. The Company shall be entitled to reject the instrument appointing a proxy or proxies if it is incomplete, improperly completed, illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified in the instrument appointing a proxy or proxies (such as in the case where the appointor submits more than one instrument appointing a proxy or proxies).

Personal Data Privacy:

By (a) submitting an instrument appointing a proxy to vote at the AGM and/or any adjournment thereof, or (b) submitting details for the registration to observe the proceedings of the AGM via LIVE WEBCAST or AUDIO ONLY MEANS, or (c) submitting any questions prior to the AGM or raising any questions during the AGM in accordance with this Notice of AGM, a member of the Company consents to the collection, use and disclosure of the member's personal data by the Company (or its agents or service providers) for the following purposes:

(i) processing and administration by the Company (or its agents) of proxy forms appointing a proxy for the AGM (including any adjournment thereof) and the preparation and compilation of the attendance lists, proxy lists, minutes and other documents relating to the AGM (including any adjournment thereof);

(ii) processing of the registration for purpose of granting access to members (or their corporate representatives in the case of members which are legal entities) to the LIVE WEBCAST or AUDIO ONLY MEANS to observe the proceedings of the AGM and providing them with any technical assistance where necessary;

(iii) addressing relevant and substantial questions from members received before or during the AGM and if necessary, following up with the relevant members in relation to such questions;

(iv) preparation and compilation of the attendance list, proxy lists, minutes and other documents relating to the AGM (including any adjournment thereof); and

(v) enabling the Company (or its agents or service providers) to comply with any applicable laws, listing rules, regulations and/or guidelines by the relevant authorities.

Photographic, sound and/or video recordings of the AGM may be made by the Company for record keeping and to ensure the accuracy of the minutes to be prepared for the AGM. Accordingly, the personal data of a member of the Company (such as his name, his presence at the AGM and any questions he may raise or motions he propose/second) may be recorded by the Company for such purpose.

SEVENS ATELIER LIMITED
(Company Registration No.: 197902790N)
(Incorporated in the Republic of Singapore)

IMPORTANT:
1. Alternative arrangements relating to, among other things, attendance, submission of questions and/or voting at the Annual General Meeting are set out in the Notice of Annual General Meeting dated 13 April 2023 published on SGXNet on the same day. The Notice of AGM and this proxy form will not be sent to members. Instead, these documents may be accessed at URLs https://conveneagm.sg/sal2023agm and https://www.sgx.com/securities/company-announcements.
2. As the AGM is held by way of electronic means, a member will not be able to attend the AGM in person.
3. For investors who have used their CPF and/or SRS monies to buy shares in the Company, this proxy form is not valid for use and shall be ineffective for all intents and purposes if used or purported to be used by them.
4. CPF and/or SRS investors are requested to contact their respective Agent Banks at least seven (7) working days before the AGM to specify voting instructions and to ensure that their votes are submitted.

PROXY FORM

(Please see notes overleaf before completing this Form)

I/We* ______________________ *(Name)*, NRIC/Passport/Company Registration*No. ______________

of ____ *(Address)*

being a member/members* of **SEVENS ATELIER LIMITED** (the "**Company**"), hereby appoint:

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

*and/or

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

or, failing which, the Chairman of the Annual General Meeting ("**AGM**") as my/our* proxy to attend, speak and vote for *me/us on my/our* behalf, at the AGM of the Company, to be held by way of electronic means on Friday, the 28th day of April 2023 at 3.00 p.m. and at any adjournment thereof. I/We* direct my/our proxy/proxies to vote for or against, or abstain from voting on the resolutions to be proposed at the AGM as indicated hereunder. If no specific direction as to voting is given or in the event of any other matter arising at the AGM and at any adjournment thereof, the proxy/proxies will vote or abstain from voting at his/her/their discretion.

All resolutions put to the vote at the AGM shall be decided by way of poll.

If you wish to exercise all your votes "For" or "Against" or "Abstain" the Resolution, please mark an "X" in the appropriate box provided. Alternatively, please indicate the number of votes "For" or "Against" or "Abstain" for each resolution in the boxes provided as appropriate. If you mark an "X" in the abstain box for a particular resolution, you are directing your proxy/proxies not to vote on that resolution.

No.	Ordinary Resolutions	For	Against	Abstain
Ordinary Business				
1.	To receive and adopt the Directors' Statement and Audited Consolidated Financial Statements of the Company and its subsidiaries for the financial year ended 31 December 2022 together with the Independent Auditors' Report thereon.			
2.	To re-elect Mr Hong Eng Leong, Jeffrey, who is retiring pursuant to Regulation 105 of the Constitution of the Company, as director of the Company.			
3.	To re-elect Mr Tan Yew Heng, Terrence, who is retiring pursuant to Regulation 105 of the Constitution of the Company, as director of the Company.			
4.	To re-elect Mr Lo Kim Seng, who is retiring pursuant to Regulation 105 of the Constitution of the Company, as director of the Company.			
5.	To re-elect Mr Lawrence Chen Tse Chau, who is retiring pursuant to Regulation 101 of the Constitution of the Company, as director of the Company.			
6.	To approve the Directors' fees of S$115,000 for the financial year ending 31 December 2023. (FY2022: S$115,000)			
Special Business				
7.	To authorise the Directors to allot and issue shares and convertible securities			

Dated this ________ day of ________________ 2023.

Total number of Shares in:	No. of Shares
(a) CDP Register	
(b) Register of Members	

____
Signature(s) of Member(s) or Common Seal of Corporate Shareholder

**Please delete accordingly.*
***Required for registration purposes. The Confirmation Email will be sent to the email addresses disclosed herein.*

IMPORTANT: PLEASE READ NOTES OVERLEAF CAREFULLY BEFORE COMPLETING THIS PROXY FORM

NOTES TO PROXY FORM:

1. Please insert the total number of shares in the capital of the Company ("**Shares**") held by you. If you have Shares entered against your name in the Depository Register (as defined in Section 81SF of the Securities and Futures Act 2001), you should insert that number of Shares. If you have Shares registered in your name in the Register of Members of the Company, you should insert that number of Shares. If you have Shares entered against your name in the Depository Register and Shares registered in your name in the Register of Members, you should insert the aggregate number of Shares entered against your name in the Depository Register and registered in your name in the Register of Members. If no number is inserted, the instrument appointing a proxy/proxies shall be deemed to relate to all the Shares held by you.

2. The meeting will be held by way of electronic means, a member of the Company will not be able to attend the Meeting in person. If a member of the Company (whether individual or corporate) wishes to exercise his/her/its voting rights at the Meeting, he/she/it may cast his/her/its votes remotely in real time via the Live Webcast. He/she/it may appoint a proxy/proxies to vote on his/her/its behalf at the AGM in real time via the Live Webcast. A member may appoint the Chairman of the AGM to vote on his/her/its behalf at the AGM. In appointing the Chairman of the AGM as proxy, a member of the Company (whether individual or corporate) may give specific instructions as to voting, or abstentions from voting, in the form of proxy. In absence of the specific directions, the Chairman will vote at his discretion.

3. A member entitled to attend and vote at the AGM, who is not a relevant intermediary (as defined in Section 181 of the Companies Act 1967 of Singapore), is entitled to appoint not more than two (2) proxies to attend and vote in his/her stead. Where a member appoints more than one proxy, the appointments shall be invalid unless he/she/it specifies the proportion of his/her/its shareholding (expressed as a percentage of the whole) to be represented by each proxy.

4. A member who is a relevant intermediary entitled to attend and vote at the AGM is entitled to appoint more than two (2) proxies to attend and vote instead of the member, but each proxy must be appointed to exercise the rights attached to a different Share or Shares held by such member. Where such member appoints more than two (2) proxies, it should annex to the instrument appointing a proxy or proxies (the "**Proxy Form**") the list of proxies, setting out, in respect of each proxy, the name, address, email address, NRIC/Passport Number and proportion of shareholding (number of Shares and percentage) in relation to which each proxy has been appointed. For the avoidance of doubt, a CPF Agent Bank/SRS Operator who intends to appoint CPF/SRS investors as its proxies shall comply with this Note. The appointments shall be invalid unless the member specifies the number of Shares in relation to which each proxy has been appointed in the Proxy Form.

5. A proxy need not be a member of the Company.

6. The instrument appointing proxy/proxies, together with the power of attorney or other authority under which it is signed (if applicable) or a notarial certified copy thereof, must be:

   (a) if sent by post, be lodged at the office of the Company's Share Registrar, B.A.C.S. Private Limited, at 77 Robinson Road, #06-03 Robinson 77, Singapore 068896, attention to SAL AGM; or

   (b) if submitted by email, be received by the Company's Share Registrar, B.A.C.S. Private Limited at main@zicoholdings.com

   (c) if by pre-registration website, be submitted at the URL https://conveneagm.sg/SAL2023AGM.

   in either case, by no later than **3.00 p.m. on 25 April 2023**, being seventy-two (72) hours before the time appointed for holding this AGM, failing which the Company shall be entitled to regard the instrument of proxy as invalid.

   Members of the Company are encouraged to submit completed proxy forms electronically via email or pre-registration website at URL https://conveneagm.sg/SAL2023AGM**.**

7. This proxy form must be under the hand of the appointor or of his/her/its attorney duly authorised in writing.

   (i) Where this proxy form is executed by a corporation, it must be executed either under its common seal (or otherwise in accordance with its constitution) or under the hand of an officer or attorney duly authorised, failing which the instrument of proxy may be treated as invalid.

   (ii) Where this proxy form is executed by an attorney on behalf of the appointor, the letter or the power of attorney or a duly certified true copy thereof must be lodged with this proxy form, failing which the instrument of proxy may be treated as invalid.

8. CPF Investors and/or SRS investors: (a) may pre-cast their votes via the URL in the Confirmation Email or vote live via electronic means at the AGM, if they are appointed as proxies by their respective CPF Agent Banks and/or SRS Operators, and should contact their respective CPF Agent Banks and/or SRS Operators if they have any queries regarding their appointment as proxies; or (b) 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 and/or SRS Operators to submit their voting instructions by **3.00 p.m. on 19 April 2023**, being seven (7) working days before the AGM.

9. Completion and return of the Proxy Form shall not preclude a member from attending, speaking and voting at the AGM. Any appointment of a proxy or proxies shall be deemed to be revoked if a member attends the live AGM, and in such event, the Company reserves the right to refuse to admit any person or persons appointed under the Proxy Form, to the live AGM.

General:

The Company shall be entitled to reject this proxy form 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 this proxy form. In addition, in the case of Shares entered in the Depository Register, the Company may reject any proxy form lodged if the member, being the appointor, is not shown to have Shares entered against his/her/its name in the Depository Register as at seventy-two (72) hours before the time appointed for holding the AGM (or at any adjournment thereof), as certified by The Central Depository (Pte) Limited to the Company.

Personal data privacy:

By submitting this instrument appointing proxy(ies) and/or representative(s), the Member is deemed to have accepted and agreed to the personal data privacy terms set out in the notice of AGM of the Company dated 13 April 2023.

7S ATELIER

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