



HOCK LIAN SENG HOLDINGS LIMITED

2024
ANNUAL REPORT



HOCK LIAN SENG HOLDINGS LIMITED

Our business is built around
our customers, ensuring we deliver

ENGINEERING EXCELLENCE



RELIABILITY



COMMITMENT

to support their success.



ABOUT US

HOCK LIAN SENG HOLDINGS LIMITED

(“Hock Lian Seng” or “the Group”) is one of the leading civil engineering group in Singapore, with an established track record of more than 50 years.

The Group was listed on the Mainboard of Singapore Exchange Securities Trading Limited (“SGX-ST”) in December 2009.

Established in 1969, Hock Lian Seng has undertaken and completed a wide range of civil engineering projects for both the public and private sectors in Singapore. We carry out civil engineering works for bridges, expressways, tunnels, Mass Rapid Transit (“MRT”), port facilities, water and sewage facilities and other infrastructure works.

Major customers include government and government related bodies of Singapore, such as the Land Transport Authority, Housing Development Board, Port of Singapore Authority, Public Utility Board and Changi Airport Group.

The Group is also involved in property development and property investment businesses. The property development projects include industrial and residential developments such as Ark@Gambas, Ark@kb, The Skywoods and The Antares.

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LETTER TO SHAREHOLDERS

Dear Shareholders,

The Singapore economy expanded by 4.4% in 2024 (versus 1.1% growth in 2023), as the wholesale trade, manufacturing as well as finance and insurance sectors benefited from the upturn in the global electronics cycle and elevated trading activity amidst shifts in global and domestic financial market sentiments. Accordingly, the domestic construction sector continued its post-pandemic recovery and tracked economic growth by expanding 4.5%, compared to growth of 5.8% in the previous year, mainly due to the increase in activities in both the public and private sectors.

The Singapore property market grew at a slower pace as figures released by the Urban Redevelopment Authority showed that private residential property prices in Singapore rose by 3.9% in 2024, compared to 6.8% increase in the previous year. This reflected subdued buyer sentiment which improved in the latter part of the year due to a combination of successive interest rate cuts and late surge in new home sales. Meanwhile, the Jurong Town Corporation market report for the fourth quarter of 2024 indicated that the industrial property market was supported by steady, albeit slower, uptick in prices and rentals amid stable occupancy rates, with new demand balanced by the completion of ongoing projects.

FINANCIAL HIGHLIGHTS

The Group recorded revenue of S\$183.5 million in the financial year ended 31 December 2024 (“FY2024”) compared to S\$202.0 million in the previous year. The lower revenue was mainly due to the substantial completion of Phase 2 of the Changi Airport joint venture project by December 2023, offset by the sale of industrial building units at Shine@TuasSouth and Ark@Gambas in FY2024. Our Civil Engineering segment posted revenue of S\$150.2 million in FY2024 compared to S\$169.4 million in the financial year ended 31 December 2023 (“FY2023”). Our Property Development segment booked sales of S\$33.1 million in the year under review compared to revenue of S\$32.4 million in FY2023.

Gross profit increased by S\$7.2 million from S\$23.2 million in the previous year to S\$30.4 million in FY2024 mainly due to the finalisation of accounts as the Changi Airport joint venture project was nearing completion as well as higher revenue and gross profit contributions from the Property Development segment. Other income decreased by S\$0.5 million from S\$15.0 million in FY2023 to S\$14.5 million in the year under review because of lower rental income contributions of S\$1.7 million from the leased

industrial units at Shine@TuasSouth and one-off legal cost award of S\$1.1 million in FY2023, offset by higher interest income of S\$0.9 million, gain on sale of fixed assets of S\$0.7 million and increase in fair value for investment securities of S\$0.6 million.

Net profit increased by S\$5.5 million from S\$26.6 million in the previous year to S\$32.1 million in FY2024, mainly due to higher gross profit which was partially offset by higher administrative costs and the decrease in other income.

As of 31 December 2024, the Group’s net assets stood at S\$284.5 million with cash and cash equivalents of S\$159.3 million as compared to S\$259.1 million and S\$132.5 million respectively in the previous year.

DIVIDENDS

To reward our loyal shareholders for their unwavering support, the Board would like to propose a first and final cash dividend of 1.8 Singapore cent per share, subject to shareholders’ approval at our upcoming Annual General Meeting (“AGM”) scheduled on 23 April 2025.

FY2024 BUSINESS UPDATE

During the year under review, the Group successfully completed its Changi Airport joint venture project in relation to Phase 2 of the development of a three-runway system at Changi East. The positive financial contributions from the finalisation of accounts for this multi-year project is testament to the Group’s stringent cost management throughout the project life cycle.

In addition, the Group also sold 36 units at our multi-user industrial development at Shine@TuasSouth. To date, the Group has sold 54% and leased 41% of the total units at the industrial building, which is strategically located near the Tuas Terminal mega port, the second link to Malaysia and the Tuas West extension. The Group also monetised some units at Ark@Gambas, an industrial development at District 27, located in the northern part of Singapore.

CORPORATE SOCIAL RESPONSIBILITY

The Group strongly believes in giving back to society. In FY2024, our employees volunteered at Willing Hearts, a volunteer-led organisation with extensive outreach programmes, to prepare and pack food to help the underprivileged in our society. We were also pleased to contribute to the fundraising efforts of the bi-annual Yellow Ribbon Fund Charity Golf and Dinner to support various rehabilitation and reintegration programmes for inmates, ex-offenders and their families.

BUSINESS PROSPECTS

According to the Building and Construction Authority (“**BCA**”), overall construction demand is expected to range between S\$47 billion and S\$53 billion in 2025. The strong demand is underpinned by the expected award of contracts for several large-scale developments, such as Changi Airport Terminal 5, and the expansion of the Marina Bay Sands Integrated Resort, alongside public housing development and upgrading works. Over the medium-term, BCA expects the total construction demand to range between S\$39 billion and S\$46 billion per year from 2026 to 2029. This is expected to be supported by a slew of developments such as the MRT projects for the Cross Island MRT Line (Phase 3) and the Downtown Line Extension to Sungei Kadut as well as, among others, public housing developments.

The existing order book for the Civil Engineering segment stands at about S\$553 million as at 31 December 2024. This mainly comprises the contracts for the Aviation Park and Serangoon North station projects. We remain committed to executing the projects on hand. The Group will also leverage our excellent credentials to secure more contracts in the public civil engineering and construction sectors in Singapore to replenish our order book.

While the domestic construction sector outlook remains healthy, the Group has had to contend with more aggressive bidding competition and rising business costs compounded by higher material prices and acute manpower constraints. Notwithstanding inflationary pressures and the challenging operating environment, we will exercise financial prudence and be disciplined in tendering for infrastructure projects where the Group is able to demonstrate its competitive edge.

The Group will proactively seek to monetise the remaining units at Shine@TuasSouth. While we are cautiously optimistic that the recovery in the private residential market may be sustained in light of improving market sentiment and moderating domestic mortgage rates, management will continue to judiciously evaluate the risk-return tradeoff in undertaking new development projects.

Looking ahead, rising geopolitical risks and the intensification of international trade conflicts could have a profound impact on the global economy and disrupt increasingly fragile supply chains. Furthermore, Singapore’s external demand outlook is expected to moderate in tandem with the slower growth expected in Singapore’s key trading partners. Against this backdrop, the Ministry of Trade and Industry has projected Singapore’s economic growth at 1.0% to 3.0% in 2025. Management will be vigilant to keep a keen eye on costs as we remain focused on the smooth execution of our existing projects while the Group selectively pursues new project opportunities to grow the business.

ACKNOWLEDGEMENT AND APPRECIATION

Upon the conclusion of the upcoming AGM, Mr Kee Guan Chua will be stepping down from his role as Executive Director of the Company. The Board would like to thank Mr Kee for his immense contributions since the Group listed on the SGX Mainboard in 2009. We are grateful that he will continue to lend his experience to oversee our Contracts and Tenders Department.

Finally, we would like to take this opportunity to thank our Board members for their invaluable guidance. We are also deeply appreciative of our management team and staff for their unrelenting commitment and hard work during the year.

While the global economic outlook remains uncertain, we are confident that the Group’s healthy financial position and astute cash flow management will position us well to capitalise on suitable investment opportunities and deliver sustainable value for our shareholders.

Chua Leong Hai

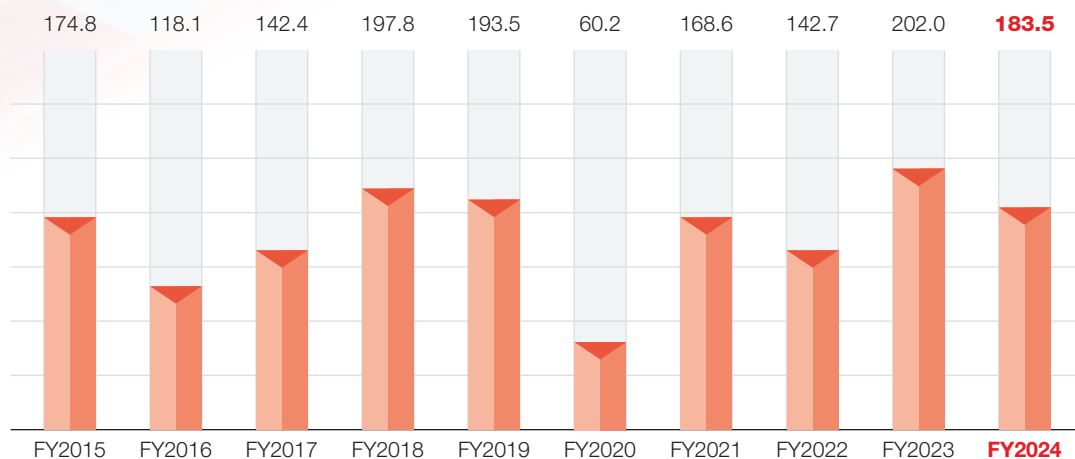
Executive Chairman

Chua Siok Peng

Executive Director and CEO

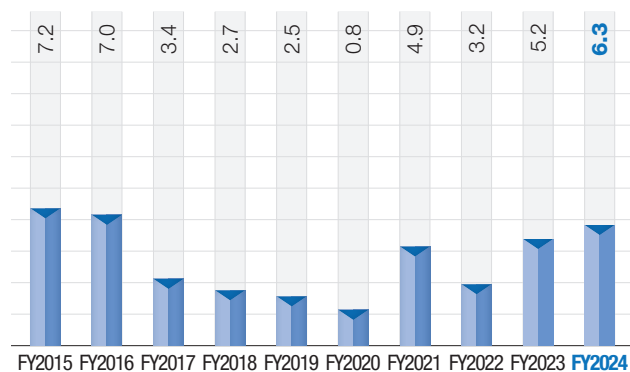
FINANCIAL HIGHLIGHTS

Revenue (Million)

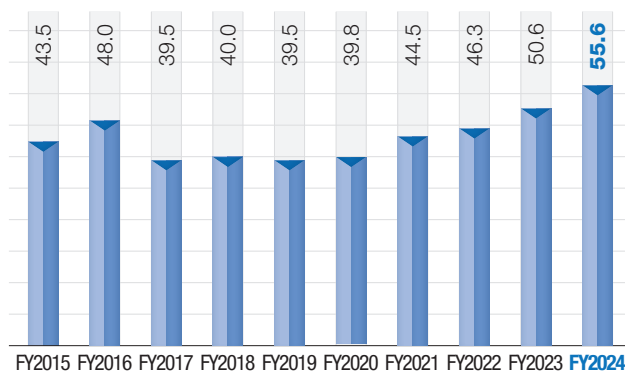


Per share data

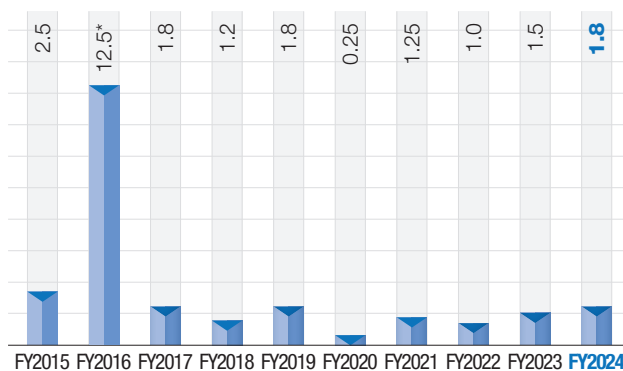
Basic earnings per share (Cents)



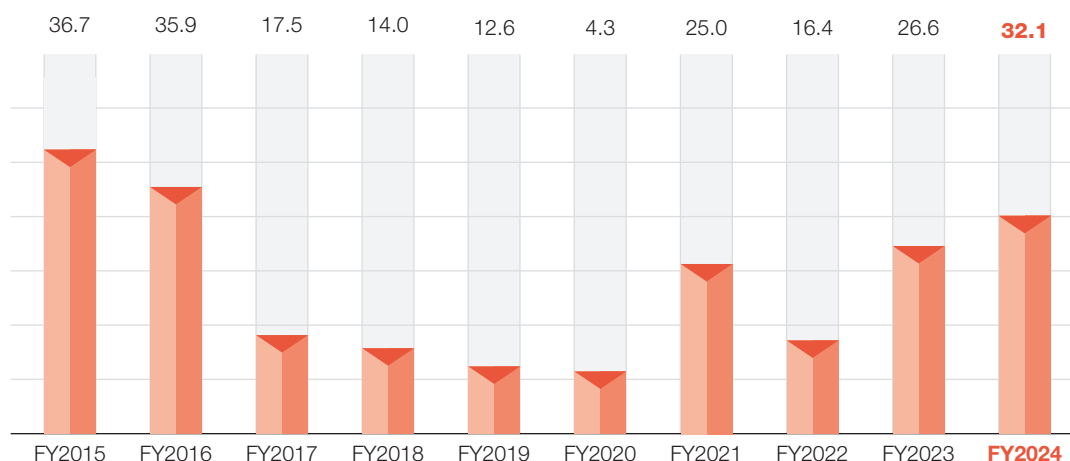
Net Tangible assets per share (Cents)



Dividend per share (Cents)



*special dividend 10 cents

Net profit (Million)**Financial positions**

| in million | FY2015 | FY2016 | FY2017 | FY2018 | FY2019 | FY2020 | FY2021 | FY2022 | FY2023 | FY2024 |
|-------------------------------------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|
| Current Assets | 292.6 | 305.1 | 272.7 | 258.0 | 235.0 | 211.8 | 251.6 | 253.3 | 290.0 | 308.1 |
| Non-current Assets | 48.9 | 64.6 | 63.7 | 84.7 | 89.0 | 80.8 | 91.0 | 91.7 | 51.0 | 44.5 |
| Current Liabilities | 104.4 | 110.9 | 123.9 | 140.4 | 115.4 | 87.9 | 113.8 | 106.4 | 81.3 | 66.4 |
| Non-current Liabilities | 15.5 | 15.5 | 15.1 | 0.1 | 2.9 | 1.0 | 1.1 | 1.5 | 0.6 | 1.7 |
| Non-Controlling interests | – | – | – | – | – | 0.1 | – | -0.2 | 0.4 | 0.5 |
| Equity Attributable to Shareholders | 221.6 | 243.3 | 197.4 | 202.2 | 205.7 | 203.6 | 227.7 | 237.3 | 258.7 | 284.0 |

Cash Flow statement

| in million | FY2015 | FY2016 | FY2017 | FY2018 | FY2019 | FY2020 | FY2021 | FY2022 | FY2023 | FY2024 |
|---|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|
| Net cash generated from/ (used in) operating activities | 13.6 | 5.6 | -0.9 | 16.7 | 7.4 | -17.3 | 6.7 | 51.0 | -6.2 | 32.4 |
| Net cash used in investing activities | -12.3 | 56.3 | -8.6 | -41.9 | -3.3 | 5.8 | 2.0 | -3.4 | 34.3 | 2.0 |
| Net cash used in/generated from financing activities | -9.9 | -12.8 | -64.2 | -12.8 | -20.7 | -6.2 | -1.2 | -6.4 | -4.7 | -7.7 |
| Net increase/(decrease) in cash and cash equivalent | -8.6 | 49.1 | -73.9 | -38.0 | -16.6 | -17.7 | 7.5 | 41.2 | 23.4 | 26.7 |
| Effect of exchange rate change on cash and cash equivalents | – | – | -0.2 | 0.3 | -0.2 | -0.2 | 0.3 | 0.1 | 0.2 | 0.1 |
| Cash and cash equivalent at beginning of year | 165.5 | 156.9 | 206.0 | 132.1 | 94.4 | 77.6 | 59.7 | 67.5 | 108.8 | 132.4 |
| Cash and cash equivalent at end of year | 156.9 | 206.0 | 132.1 | 94.4 | 77.6 | 59.7 | 67.5 | 108.8 | 132.4 | 159.3 |

OPERATIONS AND FINANCIAL REVIEW

FY 2024 compared with FY 2023 Performance and segmental review

Revenue

| In \$' million | FY 2024 | % | FY 2023 | % |
|-----------------------|---------|-------|---------|-------|
| Civil Engineering | 150.2 | 81.9 | 169.4 | 83.9 |
| Property Development | 33.1 | 18.0 | 32.4 | 16.0 |
| Investment Properties | 0.2 | 0.1 | 0.2 | 0.1 |
| | 183.5 | 100.0 | 202.0 | 100.0 |

Group revenue for the financial year 2024 (FY2024) was \$183.5 million, decrease of \$18.5 million (-9.2%) as compared to the previous financial year (FY2023). Civil Engineering segment recorded lower sales due to the substantial completion of the the Changi Airport joint venture project in December 2023. Property Development segment recorded marginally higher revenue of \$0.7 million (+2%). Sales was recorded for both Shine@Tuas and Ark@Gambas.

Gross Profit

| In \$' million | FY 2024 | FY 2023 |
|-----------------------|---------|---------|
| Civil Engineering | 17.1 | 11.5 |
| Property Development | 13.2 | 11.7 |
| Investment Properties | 0.1 | 0.1 |
| | 30.4 | 23.3 |

Gross profit increased by \$7.1 million (+30.5%) to \$30.4 million. Civil Engineering saw a significant rise in gross profit to \$17.1 million, up from \$11.5 million in the previous year. The higher Civil Engineering's gross profit was mainly due to the finalisation of accounts as CAG JV project near completion. Higher revenue has also resulted in higher gross profit for the Property Development segment.

Other Income

Other income amounted to \$14.5 million, a decrease of \$0.5 million (-3%). This is mainly due to the lower rental income of \$1.7 million for unsold units and the lack of one off legal cost award of \$1.1 million in 2023, offset by higher interest income of \$0.9 million and fair valuation gain for investment securities of \$0.6 million and gain on sales of fixed assets \$0.7 million.

| In \$' mil | FY 2024 | FY 2023 |
|---|---------|---------|
| Interest income from bank | 4.7 | 3.7 |
| Interest income from investment securities | 1.6 | 1.3 |
| Interest income from joint venture | 0.0 | 0.4 |
| Dividend | 0.1 | 0.1 |
| Rental – Development properties | 5.3 | 7.0 |
| Government grants | 0.6 | 0.3 |
| Arbitration legal fee awarded | – | 1.1 |
| Gain on fair value changes of investment property | 0.1 | 0.2 |
| Gain on disposal of fixed assets | 1.4 | 0.7 |
| Gain on fair value changes of investment securities (FVTPL) | 0.6 | – |
| Gain on foreign currency exchange | 0.1 | 0.2 |
| | 14.5 | 15.0 |

Distribution and selling costs

Higher distribution cost was related to the commission expenses for sales of development properties.

Administration costs

Higher administration costs recorded for FY2024 was due to higher performance bonus and staff cost.

Profit before tax and tax expenses

In summary, the higher FY2024 profit before tax was contributed by the gross profit due to finalisation of CAG JV project, offset by higher administrative cost and lower other income.

Earning per share improved from 5.19 cents to 6.25 cents for FY2024.

Financial position and cash flow review

Non-current assets was \$44.5 million, decreased by \$6.5 million as compared to end of 2023, mainly due to the repayment of shareholder loan of \$8.1 million and \$2.2 million dividend payout by the Mattar residential joint venture project, offset by additional acquisition of long term investment securities of \$3.8 million.

Net current asset increased by \$32.8 million, mainly due to the higher cash balance of \$26.8 million, higher contract assets (net of contract liabilities) of \$12.0 million due to the higher constructions works pending certification, lower trade and other payable and receivable of \$2.9 million (net), net increase in short term investment securities of \$6.1 million and lower provision of \$6.2 million (due to the progressive utilisation of maintenance provisions), offset by the reduction in development properties of \$20.0 million with cost recognised for the sales of development units and higher tax provision \$1.3 million.

Higher cash balance of \$26.8 million was mainly due to cash generated from operations of \$32.4 million, loan repayment and dividend of \$10.3 million from joint venture, offset by the net cash outflow for the purchase and redemption of investment securities of \$8.3 million and dividend payment of \$7.7 million. Net cash generated from operations was mainly contributed by the proceeds from the sales of development properties and release of partial retention of CAG JV project.

Investment securities (current and non-current) increased by \$9.9 million to \$39.2 million, mainly due to the new addition of bonds and credit linked note of \$14.1 million, gain in market value of \$1.6 mil offset by the redemption of bonds at \$5.8 million.

Shareholders equity stood at \$284.0 million as at 31 December 2024, \$25.3 million higher than 31 December 2023. This is mainly due to the current period net profit after tax of \$32.0 million offset by the dividend payment of \$7.7 million and fair value gain for investment securities (recognised in comprehensive income) of \$1.0 million.

Net asset per share was 55.6 cents as at 31 December 2024 (50.60 cents as at 31 December 2023).

PROJECT HIGHLIGHT

Serangoon North Station Project

CR113 DESIGN AND CONSTRUCTION OF SERANGOON NORTH STATION AND TUNNELS

The Land Transport Authority (LTA) awarded the civil contract CR113 of Cross Island Line Phase 1 (CRL1) to Hock Lian Seng Infrastructure Pte Ltd in January 2022.

Contract CR113 comprises the design, construction and completion of Serangoon North Station with one (1) underpass link to an entrance, cut & cover tunnels and one (1) Pedestrian Overhead Bridge (POB) integrated with entrance and all other associated structures.

Serangoon North station is located under the busy dual lanes of Ang Mo Kio Avenue 3 and the Yio Chu Kang Road vehicular bridge. The station is planned to provide accessibility to Serangoon North areas comprising predominantly residential HDB properties, schools, community centre and shops. Multiple stages of traffic diversions will be implemented to provide the required working space for the station construction works.

Approximate Contract Value: \$454 million

Commencement – January 2022

Expected Completion – December 2029



Artist Impressions of Serangoon North Station

BOARD OF DIRECTORS

CHUA LEONG HAI *Executive Chairman*

Date of first appointment as Director

20 May 2009

Date of last re-election as a director

24 April 2024

Length of service as Director (as at 31 December 2024)

15 years 7 months

Board committees served on

- Nominating Committee (Member)

Academic & Professional Qualifications

Diploma in Management Studies from National Taiwan University (Graduate Institute of Business Administration in association with The National Productivity Board Singapore)

Present Directorships in other listed companies (as at 31 December 2024)

Nil

Past Directorships in listed companies held over the preceding 3 years

Nil

Background and experience

Mr Chua is the founder of the Group and is instrumental in growing the company from a small construction outfit to one listed on Singapore's main board.

Family relationship with existing director, executive officer or substantial shareholders of the Company or any of its principal subsidiaries

Mr Chua is a controlling shareholder of the Company, with direct interest of 38.12% in the total issued shares of the Company as at 31 December 2024.

Mr Chua is the father of Ms Chua Siok Peng, Chief Executive Officer and Executive Director of the Company.

Mr Chua is the uncle of Mr Chua Sher Kiong, an Executive Director of the Company.

CHUA SIOK PENG *Executive Director and Chief Executive Officer*

Date of first appointment as Director

15 December 2015

Date of last re-election as a director

25 April 2023

Length of service as Director (as at 31 December 2024)

9 years

Board committees served on

Nil

Academic & Professional Qualifications

Bachelor of Arts (Architecture) from National University of Singapore; Graduate Diploma in Architecture from The Bartlett School, University College London and Master of Business Administration from National University of Singapore

Present Directorships in other listed companies (as at 31 December 2024)

Nil

Past Directorships in listed companies held over the preceding 3 years

Nil

Background and experience

Ms Chua is a UK registered professional architect with extensive work experience in both UK and Singapore. She heads the Property Development division and is also in charge of business development. She joined the group in 2012.

Family relationship with existing director, executive officer or substantial shareholders of the Company or any of its principal subsidiaries

Ms Chua is a substantial shareholder of the Company, with direct interest of 5.1% in the total issued shares of the Company as at 31 December 2024.

Ms Chua is the daughter of Mr Chua Leong Hai, substantial shareholder and Executive Chairman of the Company.

Ms Chua is the cousin of Mr Chua Sher Kiong, Executive Director of the Company.

HOON TAI MENG *Non-Executive Lead Independent Director***Date of appointment as Director**

1 October 2018

Date of last re-election as a director

21 April 2022

Length of service as Director (as at 31 December 2024)

6 years 3 months

Board committees served on

- Audit and Risk Management Committee (Chairman)
- Nominating Committee (Member)
- Remuneration Committee (Member)
- Board Safety Committee (Member)

Academic & Professional Qualifications

Bachelor of Commerce (Accountancy) from Nanyang University; Bachelor of Laws (Hons) from University of London; Fellow Member of the Institute of Singapore Chartered Accountants, Fellow Member of the Chartered Institute of Management Accountants (United Kingdom), a Fellow Member of the Association of Chartered Certified Accountants (United Kingdom) and a Barrister-at-Law (Middle Temple, United Kingdom)

Present Directorships in other listed companies (as at 31 December 2024)

Spindex Industries Limited, Federal International (2000) Ltd, COSCO Shipping International (Singapore) Co., Ltd.

Past Directorships in listed companies held over the preceding 3 years

Sin Ghee Huat Corporation Ltd., Pavillon Holdings Ltd., Koufu Group Limited, Aedge Group Limited

Background and experience

Mr Hoon is a Senior Consultant of RHTLaw Asia LLP. He was also formerly a partner with M/s KhattarWong from June 2007 to June 2011. Besides having around 18 years of experience in legal practice, he also has approximately 20 years of experience in financial planning and management, audit and tax functions.

Family relationship with existing director, executive officer or substantial shareholders of the Company or any of its principal subsidiaries

Nil

DAVID TAN CHAO HSIUNG *Non-Executive Independent Director***Date of appointment as Director**

2 January 2024

Date of last re-election as a director

24 April 2024

Length of service as Director (as at 31 December 2024)

1 year

Board committees served on

- Audit and Risk Management Committee (Member)
- Nominating Committee (Member)
- Remuneration Committee (Chairman)
- Board Safety Committee (Member)

Academic & Professional Qualifications

Master of Commerce (specialising in Finance) from University of New South Wales and Bachelor of Economics (Accounting) from Macquarie University; Fellow of Certified Practising Accountant ("CPA") Australia

Present Directorships in other listed companies (as at 31 December 2024)

Powermatic Data Systems Limited, Mun Siong Engineering Limited, International Cement Group Ltd.

Past Directorships in listed companies held over the preceding 3 years

Nil

Background and experience

Mr Tan has over 20 years of senior management experience in the banking and finance industry and has held positions in both local and foreign financial institutions.

Family relationship with existing director, executive officer or substantial shareholders of the Company or any of its principal subsidiaries

Nil

BOARD OF DIRECTORS

LIM BOK NGAM *Non-Executive Independent Director*

Date of appointment as Director

4 January 2021

Date of last re-election as a director

25 April 2023

Length of service as Director (as at 31 December 2024)

4 years

Board committees served on

- Audit and Risk Management Committee (Member)
- Nominating Committee (Chairman)
- Remuneration Committee (Member)
- Board Safety Committee (Chairman)

Academic & Professional Qualifications

Bachelor of Engineering (Civil)(Hon) from University of Singapore; Master of Science (Construction Eng); Professional Engineering (Civil)

Present Directorships in other listed companies (as at 31 December 2024)

Nil

Past Directorships in listed companies held over the preceding 3 years

Nil

Background and experience

Mr Lim has extensive experience in the field of infrastructure, building and civil engineering. He started his career in the area of design and progressed to construction and project management. During his career he has worked with Brown & Root, RDC (Resources Development Corporation), PWD (Public Works Department), LTA (Land Transport Authority) and MSI International (LTA consultant arm).

He was the DCE (Deputy Chief Executive) of LTA, overseeing the implementation of MRT/road projects and smooth running of the land transport system in Singapore. Mr Lim retired in 2012.

Mr Lim is currently a board member of Tansitlink Pte Ltd, adviser for DTSS2, PUB Deep Sewer Tunnel Project. He is a member of Public Transport Council.

Family relationship with existing director, executive officer or substantial shareholders of the Company or any of its principal subsidiaries

Nil

KEE GUAN CHUA *Executive Director*

Date of first appointment as Director

26 March 2012

Date of last re-election as a director

21 April 2022

Length of service as Director (as at 31 December 2024)

12 years 9 months

Board committees served on

Nil

Academic & Professional Qualifications

Technician Diploma in Building from Singapore Polytechnic

Present Directorships in other listed companies (as at 31 December 2024)

Nil

Past Directorships in listed companies held over the preceding 3 years

Nil

Background and experience

Mr Kee is the Head of the Contracts Department. He has been with our Group since 1983 and his current responsibilities include estimating project cost, project tenders, sourcing for building materials, evaluation and procurement of contracts for supply and sub-contracting works and variations.

Family relationship with existing director, executive officer or substantial shareholders of the Company or any of its principal subsidiaries

Nil

CHUA SHER KIONG *Executive Director***Date of first appointment as Director**

4 August 2023

Date of last re-election as a director

24 April 2024

Length of service as Director (as at 31 December 2024)

1 year 5 months

Board committees served on

Nil

Academic & Professional Qualifications

Diploma in Electrical Engineering from Ngee Ann Polytechnic, Specialist Diploma in Lean Construction from BCAA

Present Directorships in other listed companies (as at 31 December 2024)

Nil

Past Directorships in listed companies held over the preceding 3 years

Nil

Background and experience

Mr Chua is the Senior Manager for Resource Coordination. He has been with our Group since 2015 and he is currently overseeing the warehouse operation, workers management, maintenance and allocation of company machineries and vehicles. He is also involved in procurement of machineries and recruitment of workers and operators.

Family relationship with existing director, executive officer or substantial shareholders of the Company or any of its principal subsidiaries

Nephew of Mr Chua Leong Hai, substantial shareholder, Executive Chairman of the Company.

Cousin of Ms Chua Siok Peng, substantial shareholder, Executive Director and Chief Executive Officer of the Company.

EXECUTIVE OFFICERS

CHUA SEY KOK *Deputy Chief Executive Officer*

Chua Sey Kok joined the Group as Technical Director in July 2014. Mr Chua plays a strategic role in planning/development of the infrastructure business and provide guidance and leadership to the construction and tendering team. Mr Chua was appointed as the Deputy Chief Executive Officer of the Group in April 2024.

He has more than 35 years of experience in the civil engineering and building industry, of which, he has over 17 years of experience in managing engineering teams in large scale infrastructure projects. He had worked in Singapore, China, Indonesia and Vietnam.

He holds a bachelor degree in Civil Engineering (Honours) and Master Degree in Science (Civil Engineering) from the National University of Singapore. He is also a registered professional engineer in civil engineering of the Singapore Professional Engineers Board.

GOH KOK HWA *General Manager (Project)*

Goh Kok Hwa joined the Group as General Manager (Projects) in Feb 2022. He has more than 40 years of experience in the civil engineering and building industry, of which, he has over 16 years of experience in managing engineering teams in large-scale infrastructure projects. He had worked in Singapore, Indonesia and Malaysia. Mr Goh provides guidance and leadership to the construction teams in view of his experience in project management and technical knowledge of large-scale infrastructure projects.

He holds a bachelor degree in Civil Engineering, Master Degree in Science (Civil Engineering) and Master Degree in Science (Project Management) from the National University of Singapore. He holds a Master Degree in Fire Safety Engineering from the University of Western Sydney. He is a registered professional engineer in civil engineering of the Singapore Professional Engineers Board and a fire safety engineer registered with the Singapore Civil Defence Force.

FONG KAM WAI *Project Director*

Fong Kam Wai joined our Group since 1985. He was appointed as a Director for Hock Lian Seng Infrastructure Pte Ltd in 2012. He is responsible for the overall planning and coordination of projects, ensuring the projects are completed within the allocated budget and is in charge of schedule and quality standards.

Since joining our Group, he has been involved in many infrastructure projects such as the construction of overhead crane superstructure and foundation for New Container Terminal at Pasir Panjang, construction of aircraft parking aprons, associated taxiways for the extension of Terminal 1,2,3 and 4 for Singapore Changi Airport, reclamation of sea and construction of viaduct at Marina Coastal Expressway.

He is currently the Project Director for the Changi JV Project on the upgrading of Runway 2 and connection of new Taxiways for future Terminal 5. He has extensive experience in the field of engineering and construction works.

Mr Fong holds a Bachelor of Engineering from the National University of Singapore.

WONG SIEW MOH *Chief Operating Officer*

Dr. Wong Siew Moh joined our Group in September 2016 as Senior Technical Manager, and is involving in the Changi JV Project. He was appointed as Chief Operating Officer of the Group in April 2024. Dr Wong plays a key role in overall coordination of projects, tenders and technical reviews.

He has extensive experience in design and construction of infrastructure and building projects. He holds Doctorate Degree in Civil Engineering from Imperial College London, Master Degree in Civil Engineering from the Nanyang Technological University of Singapore and Bachelor Degree (First Class Honours) in Civil Engineering from University of Leeds, UK. He is also a registered Professional Engineer in Singapore.

ONG HONG KIAT *Project Director*

Ong Hong Kiat joined our Group in Apr 2008. Since joining our Group, he has been involved in the Marina Bay Station Project, Gali Batu Depot Project, Maxwell MRT Project, Ark@Gambas Building Project, Shine@Tuas South Industrial Building Project and Stabling Yard Project for Gali Batu Depot and held senior position such as Project Manager and Project Director. He is responsible for the planning and execution of project, ensuring that the project is completed on time and within budget. He is currently the Project Director for the Aviation Park MRT Station Project.

He has acquired extensive experience in civil engineering and building projects. He holds a bachelor degree in Civil Engineering (Honours Class 2 Upper Division) from the University of Malaya.

LEE CHIN TIONG *Project Director*

Mr Lee joined the Changi joint venture project as Senior Project Manager in August 2016. Mr Lee has more than 40 years of experience in the planning, execution, delivery of large-scale infrastructure projects, including Mass Rapid Transit (MRT) system and Airport infrastructure works. He is currently the Project Director for the Serangoon North Station Project.

Mr Lee holds a Bachelor of Science in Construction Management from Royal Melbourne Institute of Technology Singapore.

ANG KWEE HONG *Contract Manager*

Ang Kwee Hong is our Contract Manager. She joined our Group as a quantity surveyor from 1991 to 2005 and was primarily responsible for tender works, negotiating pre-contracts and post-contracts and the administration of HLS Infrastructure. She was appointed as the Contract Manager of our Group in 2006. Ms Ang obtained a Technician Diploma in Building from the Singapore Polytechnic in 1982.

CORPORATE GOVERNANCE REPORT

The Board of Directors (“**Board**”) and the management (“**Management**”) of Hock Lian Seng Holdings Limited (the “**Company**”) and its subsidiaries (collectively referred to as the “**Group**”) are committed to achieve good standard of corporate governance and business conduct to protect and enhance the shareholders interest, value and financial performance. The Board and Management are mindful of the tenets of good governance that include accountability, transparency and sustainability. The Company believes that embracing such efforts are more likely to engender investor confidence and achieving long-term sustainable business performance.

This report sets out the Company’s corporate governance structures and practices in respect of the financial year ended 31 December 2024 (“**FY2024**”) in relation to each of the principles and provisions of the Singapore Code of Corporate Governance 2018 (the “**Code**”) and where applicable, the Listing Manual of the Singapore Exchange Securities Trading Limited (“**SGX-ST**”). The Company seeks to comply with the best practices as outlined in the Code where applicable, feasible and practical to the Group. Any deviations from the Code are explained in this report.

Board Matters

The Board’s Conduct of Affairs

Principle 1: The company is headed by an effective Board which is collectively responsible and works with Management for the long-term success of the company.

The Board’s primary role is to protect and enhance long-term shareholder value by establishing a framework of prudent and effective controls in managing risks. To fulfill this role, the Board is responsible for the overall corporate governance of the Group including setting its strategic direction, establishing goals for the Management and monitoring the achievement of these goals. As part of its responsibility in discharging its duty, the Board also performs the following roles:

- (a) reviewing the performance of Management by establishing Management’s goals and monitoring the achievement of those goals and ensure transparency and accountability;
- (b) provide entrepreneurial leadership, set strategic objectives, and ensure that the necessary financial and human resources are in place for the group to meet its objectives;
- (c) approving major funding proposals, investment and divestment proposals of the Group;
- (d) establish a framework of prudent and effective controls which enable risks to be assessed and managed, including safeguarding of shareholders’ interests and the group’s assets;
- (e) identify the key stakeholder groups and recognise that their perceptions affect the group’s reputation;
- (f) setting the group’s values and standards (code of conduct and ethical standards) to uphold good corporate governance; and
- (g) ensuring that obligations to shareholders and other stakeholders are understood and met in order to achieve sustainability.

All Directors discharge their duties and responsibilities objectively as fiduciaries in the interest of the group. The Board puts in place a code of conduct and ethics, set desired organisational culture and ensure proper accountability within the Group. The Board has clear policies and procedures for dealing with conflict of interest. Directors facing conflicts of interest recuse themselves from discussions and decisions involving the issues of conflict.

CORPORATE GOVERNANCE REPORT

Board Orientation and Training

All Directors have many years of corporate experience and are familiar with their duties and responsibilities as Directors. Upon appointment, each Director will receive a letter of appointment explaining his duties and obligations as a member of the Board. In addition, orientation briefings are arranged for newly appointed Directors to familiarise them with the business activities of the Group and its strategic directions, as well as their duties and responsibilities as Directors.

The Directors are provided with extensive background information about the Group's history, mission, values and business operations. The Board is also kept abreast regularly on new laws, regulations and commercial developments by the Management and its appointed professionals. The Chairman will make the necessary arrangements for the briefings, informal discussions or explanations required on key aspects to gain insight for better understanding of the Group's business and operations.

In addition, the Directors of the Company are encouraged to attend appropriate or relevant courses, conferences and seminars conducted by professional organisations. The Company may fund the appropriate training and development programmes for the Directors. Changes to regulations and accounting standards are monitored closely by the Management. The Board has received updates on changes in listing rules, regulatory requirements, corporate governance guidelines and best practices on regular basis.

In line with the requirement of the Task Force on Climate-related Financial Disclosures, all the Directors has attended the required training on the sustainability.

Matters Requiring Board Approval

The Board's approval is required for decisions involving areas such as strategic plans, key operational initiatives, material acquisition and disposal of assets, capital-related matters including financial re-structure, market fund-raising, share issuances, interim and final dividends and any investment or expenditures exceeding set material limit.

While matters relating to the group's objectives, strategies and policies require Board's direction and approval, the Management is responsible for the day to day operation and administration of the group in accordance with the objectives, strategies and policies set by the Board.

Board Processes

To assist the Board in the discharge of its responsibilities, the Board has established four Committees namely, the Audit and Risk Management Committee ("**ARMC**"), the Remuneration Committee ("**RC**"), the Nominating Committee ("**NC**") and the Board Safety Committee ("**BSC**"). These Committees function within clearly written terms of reference and operating procedures, compositions, authorities and duties, including reporting back to the Board, which are reviewed on a regular basis.

The schedule of all Board and Board Committee meetings for a calendar year is usually given to all Directors well in advance. Besides the scheduled quarterly Board meetings, the Board meets on an ad-hoc basis if warranted. Board meetings will be convened when they are deemed necessary, to review the Group's operations, conduct strategic review of the business affairs and address other specific significant matters that arise. The Company's Constitution provides for meetings of the Directors to be held by means of telephone conference or other methods of simultaneous communication via electronic or telegraphic means. The Board also approves transactions through circular resolutions which are circulated to the Board together with all relevant information to the proposed transaction.

The agenda for meetings is prepared in consultation with the Executive Chairman, Executive Director and Chief Executive Officer ("**CEO**"). The agenda and documents are circulated in advance of the scheduled meetings.

CORPORATE GOVERNANCE REPORT

The Board and Board Committee meetings held during the financial year (1 January 2024 to 31 December 2024) and the attendance of Directors at the meetings are set out as follows:

| | Board | Audit and Risk Management Committee | Nominating Committee | Remuneration Committee | Board Safety Committee |
|--------------------------------|----------|---|-------------------------|---------------------------|---------------------------|
| Number of Meetings Held | 4 | 4 | 1 | 1 | 1 |
| | | | Attendances | | |
| Chua Leong Hai | 4 | – | 1 | – | – |
| Chua Siok Peng | 4 | – | – | – | – |
| Kee Guan Chua | 4 | – | – | – | – |
| Hoon Tai Meng | 4 | 4 | 1 | 1 | 1 |
| Lim Bok Ngam | 4 | 4 | 1 | 1 | 1 |
| Chua Sher Kiong | 4 | – | – | – | – |
| David Tan Chao Hsiung | 4 | 4 | 1 | 1 | 1 |
| Ong Seh Hong* | 1 | 1 | 1 | 1 | – |

* Dr. Ong Seh Hong retired as Non-Executive Chairman and Independent Director on 24 April 2024

Directors' time commitment

Despite some of the Directors having multiple Board representations, the NC had reviewed the Directorship of the Directors and is satisfied that these Directors are able to ensure that sufficient time and attention are given to the affairs of the Company and have adequately carried out their duties as Directors of the Company after taking into consideration the number of listed company Board representations and other principal appointments of these Directors.

Currently, the NC and Board do not limit the maximum number of listed Board representations which any Director may hold as long as each of the Board members is able to commit his or her time and attention to the affairs of the group. The NC and Board believe that each individual director is best placed to determine and ensure that he or she is able to devote sufficient time and attention to discharge his or her duties and responsibilities as a Director of the Company, having regard to his or her other commitments.

Access to Information

The Directors are provided with Board papers and related materials, background or explanatory information in advance of each Board Meeting to enable them to be properly informed of matters to be discussed and/or approved, as well as ongoing reports relating to operational and financial performance of the Group. Directors are also informed of any significant developments or events relating to the Group. In addition, the Directors are entitled to request from Management such additional information as needed to make informed decisions. Management ensures that any additional information requested for is provided to the Directors in a timely manner.

The Company Secretary and Other Professional Advisers

Board members have separate and independent access to the Company Secretary at all times. The Company Secretary and her representatives will attend all meetings of the Board and Board Committees and assists in ensuring that relevant procedures are followed and reviewed such that the Board and Board Committees operate effectively. The decision to appoint or remove the Company Secretary is made by the Board as a whole.

Should Directors, whether as a group or individually, need independent professional advice to enable them to discharge their duties, the Company, subject to the approval of the Board, will appoint a professional advisor to render advice at the cost of the Company.

CORPORATE GOVERNANCE REPORT

Board Composition and Guidance

Principle 2: The Board has an appropriate level of independence and diversity of thought and background in its composition to enable it to make decisions in the best interests of the company.

The Board currently comprises 7 Directors of whom 3 are Independent Directors. The Board assesses the independence of each Director in accordance with the guidance provided in the Code. The criteria for independence are based on the definition given in Provision 2.1 of the Code and Rule 210(5)(d) of the Listing Manual of SGX-ST.

Provisions 2.2 and 2.3 of the Code provide that the Independent Directors are to make up a majority of the Board when the Chairman is not independent and the Non-Executive Directors are to make up a majority of the Board respectively. Although the current composition of the Board deviates from these provisions, the Board is of the view that there is an appropriate level of independence and diversity of thought and background in its composition to enable the Board to make decisions in the best interests of the Company. In particular, the Independent Directors chairing the AC, RC and NC have sufficient standing and authority to weigh in on any significant matter if the Chairman or CEO fails to resolve the matter. The NC considered the dynamics within the Board and the following matters in deliberating on independence and diversity, and the observation of Principle 2 of the Code.

Listing Rule 210(5)(c) requires the Board to have at least two non-executive Directors who are independent and free of any material business or financial connection with the Company. The Independent Directors of the Board do not exercise any management functions. The role of the Independent Directors is to constructively challenge and help Management develop strategies, considering the interests of the stakeholders. The Independent Directors review the performance of Management in meeting agreed goals and objectives and monitor financial performance. The Independent Directors bring to the Board independent and objective perspectives to enable balanced and well-considered decisions to be made.

Any potential conflict of interest is taken into consideration. When necessary, the Independent Directors will meet without the presence of Management.

The NC reviews annually whether a Director or potential candidate for the Board is considered an independent director having regard to the Code's definition of an "independent director" and guidance as to the relationships, the existence of which would deem a Director not to be independent (Principle 2). Under the Code, an independent director is one who is independent in conduct, character and judgment, and has no relationship with the Company, its related corporations, 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 in the best interests of the Company. Under the SGX-ST Listing Manual, a Director will not be deemed independent if he is employed by the Company or its related corporations for the current or any of the past three financial years, or if he has an immediate family member who is employed or has been employed by the Company or its related corporations for the current or any of the past three financial years, and whose remuneration is determined by the Company's RC; or if he has been a director of the Company for an aggregate period of more than 9 years (whether before or after listing).

Based on the annual declarations of independence of the Directors, and having regard to the circumstances set forth in Provision 2.1 of the Code, Rule 210(5)(d) of the SGX-ST Listing Manual, the NC reports its assessment to the Board. The NC has reviewed and is satisfied as to the independence of all the Independent Directors.

The Board endeavours to achieve the balance and diversity necessary to maximise its effectiveness as part of its Board diversity policy. The NC reviews annually the size of the Board, balance and diversity of skills, knowledge and experience required by the Board. All Directors are professionals in their own fields. Together they bring to the Board multiple skill sets, relevant competencies and attributes to discharge the functions of the Board and Board Committees. The NC also aims to maintain a diversity of expertise, knowledge and experience in the fields of engineering, finance, law and business as attributes among the Directors.

CORPORATE GOVERNANCE REPORT

The Board and the NC are satisfied that the Board has substantial independent elements to ensure that objective judgment is exercised on corporate affairs. The NC will continue to assess the Board composition from time to time and make appropriate recommendations to the Board. The NC is of the view that no individual or small group of individuals dominate the Board's decision-making.

Board Diversity

The Board has adopted a Board Diversity Policy which sets out the framework for promoting diversity on the Board of the Company to improve performance. This diversity includes the range of skills, business and industry experience, gender, age, ethnicity, geographic background, length of service, and other distinctive qualities of the board members. The Company recognises that an effective board requires Directors to possess not only integrity, commitment, relevant experience, qualifications and skills in carrying out their duties effectively but also include diverse background towards promoting good corporate governance.

In the process of searching for qualified persons to serve on the Board, the NC shall strive for the inclusion of diverse groups and the final decision on selection of directors will be based on merit against the objective criteria set and after giving due regard for the benefits of diversity on the Board.

The Board comprises Directors who possess the core competencies, experience and knowledge in business, finance and management skills critical to the Group's business and that each Director brings to the Board an independent and objective perspective to enable balanced and well-considered decisions to be made. The Directors, having reviewed the composition of the Board, are satisfied that the present size and composition of the Board is effective for decision making.

As the NC has assessed the current level of diversity on the Board to be satisfactory, the Company generally does not set concrete timeline for achieving board diversity targets. Instead, the Company takes the approach that maintaining a satisfactory level of diversity as an ongoing process. The targets to achieve diversity on the Board are assessed from time to time, based on the composition of the Board and operations of the Group at the relevant time.

The key information regarding Directors such as academic and professional qualifications, board committees served, present and past Directorships or chairmanships held over the preceding three years in other listed companies and other major appointments, whether the appointment is executive or non-executive can be found under the "Board of Directors" section of the Annual Report.

Non-Executive and Independent Directors of the Board exercise no management functions but have equal responsibility for the performance of the Group, the role of the Non-Executive and Independent Directors are particularly important in ensuring that the strategies proposed by the Management are constructively challenged, taking into account the long-term interests, not only of the shareholders, but also of employees, customers, suppliers and the communities in which the Group conducts business. The Independent Directors help to develop proposals on strategy and review the performance of Management in meeting agreed goals and objectives and monitor the reporting performance. When necessary, the Independent Directors will meet and discuss on the Group's affairs without the presence of the Management and feedback on issues discussed is thereafter provided to the Executive Chairman of the Board.

To-date, none of the Independent Directors of the Company has been appointed as Director of the Company's principal subsidiary, which is based in Singapore.

CORPORATE GOVERNANCE REPORT

Chairman and Chief Executive Officer (“CEO”)

Principle 3: There is a clear division of responsibilities between the leadership of the Board and the Management, and no one individual has unfettered powers of decision-making.

The roles of the Chairman of the Board and the CEO are separate to ensure clear distinction of responsibilities, appropriate balance of power and increased accountability. Mr Chua Leong Hai serves as the Executive Chairman of the Group, whereas Ms Chua Siok Peng is the Executive Director and CEO of the Group. Ms Chua Siok Peng reports to the Board led by the Executive Chairman. Ms Chua Siok Peng is the daughter of Mr Chua Leong Hai.

The Group’s Executive Chairman, Mr Chua Leong Hai, plays an instrumental role in developing the business of the Group and provides the Group with strong leadership and vision. In addition to setting of business strategies for the Group and the monitoring of the translation of the Board’s decisions and directions into executive action, he is to ensure that each member of the Board and the Management works well together with integrity and competency. As the Executive Chairman, he, with the assistance of the Company Secretary, schedule Board meetings as and when required and prepare the agenda for Board meetings and to allow sufficient allocation of time for thorough discussion of each agenda item, in particular strategic issues. He also takes a leading role in ensuring the Group’s drive to achieve and maintain a high standard of corporate governance with the full support of the Board, the Company Secretary and the Management.

As the Group’s CEO, Ms Chua Siok Peng jointly responsible for formulating business strategies and for driving the growth and development of the group.

Provision 3.3 of the Code requires the Board to have a lead independent director to provide leadership in situations where the Chairman is conflicted, and especially when the Chairman is not independent. As the Group’s Chairman and CEO are immediate family members, the Board has appointed Mr Hoon Tai Meng as Lead Independent Director (“**LID**”) to lead and coordinate the meetings and activities of the Independent Directors. The LID is available to shareholders where they have concerns and for which contact through the normal channels of communication with the Chairman or the Management are inappropriate or inadequate.

Board Membership and Performance

Principle 4: The Board has a formal and transparent process for the appointment and re-appointment of directors, taking into account the need for progressive renewal of the Board.

Principle 5: The Board undertakes a formal annual assessment of its effectiveness as a whole, and that of each of its board committees and individual directors.

As at the date of this report, the NC comprises the following members, the majority of whom are independent and non-executive Directors:

| | |
|--------------------------|---------------------------------|
| Mr Lim Bok Ngam | Chairman (Independent Director) |
| Mr Hoon Tai Meng | Member (Independent Director) |
| Mr David Tan Chao Hsiung | Member (Independent Director) |
| Mr Chua Leong Hai | Member (Executive Director) |

CORPORATE GOVERNANCE REPORT

The principal functions of the NC include:

- determining the process for search, nomination, selection and appointment of new board members and being responsible for assessing nominees or candidates for appointment or election (including alternate director, if any) to the Board, determining whether or not such nominee has the requisite qualifications and whether or not he/she is independent;
- determining, on an annual basis, if a Director is independent. If the NC determines that a Director, who has one or more of the relationships mentioned under the Code is in fact independent, the Company will disclose in full, the nature of the Director's relationship and bear responsibility for explaining why he should be considered independent. The NC may at its discretion determine a Director as non-independent even if he has no business or, other relationships with the Company, its related companies or its officers;
- recommending Directors who are retiring by rotation to be put forward for re-election, having regard to the Director's contribution and performance;
- reviewing of training and professional development programmes for the Board and its Directors;
- reviewing and deciding whether or not a Director is able to and has been adequately carrying out his/her duties as a Director of the Company, particularly when he/she has multiple board representations and having regard to the competing time commitments that are faced by the Director when serving on multiple boards;
- assessing the effectiveness of the Board as a whole, its Board committees and assessing the effective contribution and commitment of each individual Director to the effectiveness of the Board. The results of the performance evaluation will be reviewed by the Chairman and the assessment shall be carried out annually;
- deciding how the Board's performance may be evaluated and propose objective performance criteria, subject to the approval of the Board, which allow for comparison with industry peers and which address how the Board has enhanced long-term shareholders' value; and
- reviewing and approving any new employment of related persons and the proposed terms of their employment.

The NC meets at least once a year and at other times as required. The Regulation 97 of the Constitution provides that at least one-third of the Directors shall retire from office and are subject to re-election at every Annual General Meeting ("**AGM**"). All Directors are required to retire from office at least once every three years. A newly appointed Director must also subject himself or herself for retirement and re-election at the next AGM immediately following his or her appointment in accordance to the Regulation 101 of the Constitution. The shareholders approve the re-election of Board members at the AGM.

Succession Planning

The NC regards succession planning as an important part of corporate governance and has an internal process of succession planning for the Chairman, Directors, the CEO and senior Management, to ensure the progressive and orderly renewal of the Board and key executives.

Board Performance

For FY2024, the NC evaluated the Board as a whole and its Board committees as well as the individual Directors. The areas for the Board and Board committees' performance evaluation cover from Board Structure, Conduct of Meetings, Corporate Strategy and Planning and Risk Management to Internal Control. In evaluating the performance of the individual Directors, the NC considers, amongst others, the Directors' attendance, contribution and participation at the Board and Board committee meetings. No external facilitator was engaged during the reporting financial year.

CORPORATE GOVERNANCE REPORT

Appointment and Re-nomination of Directors

When selecting new Directors, the NC takes into consideration the skills and experience required and the current composition of the Board, and strives to ensure that the Board has an appropriate balance of independent Directors as well as Directors with the right profile of expertise, skills, attributes and experience.

Currently, the Company does not have any alternate Director.

The NC has recommended to the Board that Ms Chua Siok Peng and Mr Hoon Tai Meng be nominated for re-election at the forthcoming AGM in accordance to Regulation 97 of the Constitution of the Company. In this regard, the NC having considered the directors' overall contributions and performance as well as the attendance and participation of these Directors at the Board and Board Committee meetings, has recommended to the Board for their re-elections. The retiring Directors, Ms Chua Siok Peng and Mr Hoon Tai Meng being eligible, have offered themselves for re-election at the forthcoming AGM. The Board has concurred with the NC's recommendation. The details of the Directors seeking for re-election are found on "Additional information on directors seeking re-election". Mr. Kee Guan Chua, while eligible for re-election, has expressed his intention not to seek for re-election at the forthcoming AGM.

Each member of the NC shall abstain from voting on any resolutions and making recommendations and/or participating in any deliberations of the NC in respect of the assessment of their respective performance, independence or re-nomination as a Director.

Remuneration Matters

Procedures for Developing Remuneration Policies

Principle 6: 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 or her own remuneration.

As at the date of this report, the RC comprises the following members, all of whom are independent non-executive Directors:

| | |
|--------------------------|---------------------------------|
| Mr David Tan Chao Hsiung | Chairman (Independent Director) |
| Mr Hoon Tai Meng | Member (Independent Director) |
| Mr Lim Bok Ngam | Member (Independent Director) |

The principal responsibilities of the RC are set out in the terms of reference and its key functions include:

- reviewing and recommending to the Board, a framework of remuneration and to determine the specific remuneration packages and terms of employment for Directors, the CEO, senior management of the Group and employees related to Directors or controlling shareholders of the Group;
- reviewing the service contracts of the executive Directors.

The RC meets at least once a year and at other times as required. No Director is involved in deciding his or her own remuneration, except in providing information and documents if specifically requested by the RC to assist in its deliberations.

The RC's review covers all aspects of remuneration, including Directors' fees, salaries, allowances, bonuses, share option scheme, share based incentives and awards and benefits-in-kind. The RC's recommendations are submitted for endorsement by the entire Board.

CORPORATE GOVERNANCE REPORT

The RC members are knowledgeable in the field of executive compensation and have access to expert advice from external consultants, where necessary. No external expert advice was engaged by the Company in FY2024.

In setting out the remuneration packages, the RC would take into consideration pay and employment conditions within the industry and in comparable companies. The remuneration packages should consider the group's relative performance and the performance of the individual Directors and key management personnel.

The Directors' fees to be paid for any one (1) year are submitted for shareholders' approval at the AGM.

In reviewing the employment contracts of the executive Directors and key management personnel of the group, the RC will review the obligations arising in the event of termination of these employment contracts, to ensure that such employment contracts contain fair and reasonable termination clauses which are not overly generous. The RC aims to be fair and avoids rewarding poor performance.

Level and Mix of Remuneration

Principle 7: The level and structure of remuneration of the Board and key management personnel are appropriate and proportionate to the sustained performance and value creation of the company, taking into account the strategic objectives of the company.

The objective of the Group's remuneration policy is to ensure that the level and structure of the remuneration are aligned with the long-term interests and risk policies of the Company, and that the remuneration is able to attract, retain and motivate the Board to provide good stewardship for the Company and Senior Management to successfully manage the Group.

Each of the non-executive directors receives a base director's fee. Directors who serve on the various Board Committees also receive additional fees in respect of each Board Committee that they serve on, with the Chairpersons of the Board Committees receiving a higher fee in respect of their service as Chairpersons of the respective Board Committees to reflect the expanded responsibilities.

The structure of the fees payable to the non-executive directors of the Company for FY2024 is as follows:

| Appointment | Per Annum |
|--|---------------------|
| Board of Directors – Base fee (non-executive director only) | \$30,000 |
| Audit & Risk Management Committee – ARMC Chairperson's fee – ARMC member's fee | \$18,000 \$9,000 |
| Nominating Committee – NC Chairperson's fee – NC member's fee | \$8,000 \$5,000 |
| Remuneration Committee – RC Chairperson's fee – RC Member's fee | \$8,000 \$5,000 |
| Board Safety Committee – BSC Chairperson's fee – BSC Member's fee | \$8,000 \$5,000 |

CORPORATE GOVERNANCE REPORT

The RC is mindful that the remuneration for non-executive directors should not be excessive so as not to compromise or reasonably be perceived to compromise their independence. No director is involved in deciding his/her own remuneration.

The Executive Directors do not receive Directors' fees. The remuneration packages of the Executive Directors and the key management personnel are governed by their respective employment contracts and comprise primarily a basic salary component and a variable component which is the bonuses and other benefits.

Currently, only the Executive Chairman has a service contract with the Company. The contract is for a fixed appointment period and not contain onerous removal/termination clauses. The variable bonuses are linked to the performance of the Group and individual performance. The Company had instituted contractual provisions in the service agreement to reclaim incentive components of remuneration paid in prior years from the Executive Chairman where incidents occur in exceptional circumstances such as misstatement of financial statements, or of misconduct resulting in financial loss to the Company.

Disclosure of Remuneration

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

Remuneration paid or accrued to directors for FY2024

| Director | Fixed component (\$) | Variable component (\$) | Directors' Fees | Total remuneration |
|-----------------------|----------------------|-------------------------|-----------------|--------------------|
| Chua Leong Hai | 504,120 | 967,530 | – | 1,471,650 |
| Chua Siok Peng | 257,672 | 100,168 | – | 357,840 |
| Chua Sher Kiong | 172,372 | 36,468 | – | 208,840 |
| David Tan Chao Hsiung | – | – | 57,000 | 57,000 |
| Hoon Tai Meng | – | – | 63,000 | 63,000 |
| Kee Guan Chua | 188,020 | 31,875 | – | 219,895 |
| Lim Bok Ngam | – | – | 60,000 | 60,000 |

Notes:

1. Fixed component refers to base salary earned, allowances, benefits in kind and employer CPF.
2. Variable component refers to variable bonus, performance bonus and employer CPF.

The Company is transparent on its remuneration policies, which has been disclosed not only as part of compliance with Principle 8 but also in respect of Principle 7 of the Code. In particular, the Company has elaborated on the remuneration policy governing the remuneration of the Executive Director and the factors taken into account for the remuneration of the Independent Directors. The Company has decided not to disclose information on the remuneration of the key management personnel ("KMP") in dollars terms due to confidentiality and prevention of upward pressure on remuneration due to market competition. The Company is of the view that the disclosure of the indicative range of KMP's remuneration provides a reasonable amount of information on the Company's remuneration framework to enable the shareholders to understand the link between the Company's performance and the remuneration of the key management personnel.

The RC has reviewed and approved the remuneration packages of the Executive Directors and key management personnel, having regard to their contributions as well as the financial performance and commercial needs of the Group and has ensured that the Executive Directors and key management personnel are adequately but not excessively remunerated.

CORPORATE GOVERNANCE REPORT

Remuneration paid or accrued to the top five key executives (who are not Directors nor the CEO) for FY2024 is as follows:

Remuneration of the Key Management Personnel

| Key Executives of Company | Fixed component ¹ % | Variable component ² % | Total Compensation % |
|-------------------------------|-----------------------------------|--------------------------------------|-------------------------|
| \$250,000 to \$500,000 | | | |
| First Executive | 66 | 34 | 100 |
| Second Executive | 87 | 13 | 100 |
| Third Executive | 68 | 32 | 100 |
| Fourth Executive | 85 | 15 | 100 |
| Fifth Executive | 75 | 25 | 100 |

Notes:

1. Fixed component refers to base salary earned, allowances, benefits in kind and employer CPF
2. Variable component refers to variable bonus, performance shares and employer CPF

Due to the highly competitive industry conditions coupled with the confidentiality and sensitivity of remuneration matters, the names of these key management personnel are not disclosed.

The aggregate of the total remuneration paid to the above key management personnel for FY2024 was S\$1,697,000.

Save as disclosed above, no employee of the Group, whose remuneration exceeded S\$100,000 during FY2024, was a substantial shareholder, or an immediate family member of a Director or the CEO or a substantial shareholder of the Company.

For FY2024, there were no termination, retirement and post-employment benefits granted to Directors, the CEO and the top key management personnel (who are not Directors or the CEO).

Employee Share Option Scheme and Performance Share Plan

The Group Employee Share Option Scheme and Performance Share Plan expired and lapsed on 30 November 2019. The RC will review and recommend any new scheme if it deems necessary.

Accountability and Audit

Risk Management and Internal Controls

Principle 9: The Board is responsible for the governance of risk and ensures that Management maintains a sound system of risk management and internal controls, to safeguard the interests of the company and its shareholders.

The Board has overall responsibility for the governance of the Group's risk management and internal controls. The Board and Management of the group are fully committed to maintaining sound risk management and internal control systems to safeguard shareholders' interests and the Group's assets. The Board determines the group's levels of risk tolerance and risk policies, and oversees Management in the design, implementation and monitoring of the risk management and internal control systems. The ARMC monitors and assists the Board in determining the nature and extent of the significant risks which the Company is willing to take in achieving its strategic objectives and value creation.

CORPORATE GOVERNANCE REPORT

For FY2024, the Board has received assurances from Mr Chua Leong Hai (Executive Chairman) and Ms Chong Lee Yin (Chief Financial Officer) that:

- (a) the financial records have been properly maintained and the financial statements give a true and fair view of the Group's operations and finances; and

In addition, the Executive Chairman and the key management personnel have also given assurance to the Board that:

- (b) the Group's risk management and internal control systems are adequate and effective in addressing the financial, operational, compliance and information technology risks.

Audit and Risk Management Committee

Principle 10: The Board has an Audit Committee which discharges its duties objectively.

As at the date of this report, the ARMC comprise the following members, all of whom are independent non-executive Directors:

| | |
|--------------------------|---------------------------------|
| Mr Hoon Tai Meng | Chairman (Independent Director) |
| Mr Lim Bok Ngam | Member (Independent Director) |
| Mr David Tan Chao Hsiung | Member (Independent Director) |

The Board has reviewed and is satisfied that the members of the ARMC are appropriately qualified and have relevant accounting and related financial management expertise or experience. None of the members of the ARMC is a former partner of the Group's external auditors, Ernst & Young LLP, and none of the members of the ARMC has any financial interest in the Group's external auditors, Ernst & Young LLP.

The functions of the ARMC include the following:

- reviewing the significant financial reporting issues and judgments so as to ensure the integrity of the financial statements of the Group and any announcements relating to the Group's financial performance before submission to the Board;
- review with the external auditors the audit plan, audit report, management letter and the Management's corresponding response;
- review with independent internal auditors the internal audit plan and their evaluation of the adequacy of the internal controls of the Company;
- review the internal controls (including financial controls, operational and compliance controls and risk management policies and systems established by the Management) and procedures and ensure co-ordination between the external auditors and the Management, reviewing the assistance given by the Management to the auditors, and discuss problems and concerns, if any, arising from the audits, and any matters which the auditors may wish to discuss (in the absence of the Management where necessary);
- consider and recommend the appointment or re-appointment of the external auditors and matters relating to resignation or dismissal of the auditors, review the independence and objectivity of the external auditors annually;
- review transactions falling within the scope of Chapter 9 and Chapter 10 of the SGX-ST (if any);
- review arrangements by which the employees may, in confidence, raise concerns about possible improprieties in matters of financial reporting and ensure that arrangements are in place for the independent investigations of such matter and for appropriate follow-up;

CORPORATE GOVERNANCE REPORT

- commission and review the findings of internal investigations into matters where there is any suspected fraud or irregularity or failure of internal controls or infringement of any Singapore law, rule or regulation which has or is likely to have a material impact on the Company's operating results and/or financial position; and
- determine the Company's levels of risk tolerance and risk policies, and oversee Management in the design, implementation and monitoring of the risk management and internal control systems.

Financial Performance and Reporting

The Management will provide the members of the Board with management reports regularly. Such shareholders reports will keep the Board updated as well as enable the members to have a balanced and objective assessment of the Group's performance, position and prospects. The Management will also assist the Board to provide the shareholders with a balanced and understandable assessment of the Group's performance, financial position and prospects via the issuance of the Company's annual reports and half and full year announcements of its financial results and disclosure of other relevant information on the Group.

All the Directors and executive officers of the Company have signed the undertaking letters pursuant to the Rule 720(1) of the Listing Manual of SGX-ST.

The Board is updated with significant events that have occurred or material to the Group during the year. The Management provides the Board with financial updates on the performance and position of the Group to keep Board members informed and updated quarterly in order that it may effectively discharge their duties.

Risk Management

The Management regularly reviews its Group's business and operational activities and to identify areas of significant business risk as well as take appropriate measures to manage and mitigate these risks.

The ARMC reviews and guides Management in the formulation of risk policies and processes to identify, evaluate and manage significant risks. The Management reports to the ARMC on control policies and procedures and highlights all significant matters to the ARMC on regular basis. Risks arising from the Group's financial operations are separately disclosed in the audited financial statements of this Annual Report.

The Board Safety Committee ("**BSC**") was established in 2012 to oversee and monitor the establishment and maintenance of the safety practices and policies of the Group.

The BSC comprises the following members, all of whom are independent non-executive Directors:

| | |
|--------------------------|---------------------------------|
| Mr Lim Bok Ngam | Chairman (Independent Director) |
| Mr Hoon Tai Meng | Member (Independent Director) |
| Mr David Tan Chao Hsiung | Member (Independent Director) |

The BSC is supported by the Management and safety officer of the Group. BSC reviews the safety reports and ensure adequate budget is allocated for safety training.

Internal Controls

The Board acknowledges that it is responsible for the overall internal control framework, but recognizes that no cost-effective internal control system will preclude all errors and irregularities. The system is designed to manage rather than eliminate the risk of failure to achieve business objectives, and can provide only reasonable and not absolute assurance against material misstatement or loss. The ARMC is responsible for ensuring that a review of the adequacy of the Company's internal financial controls, operational and compliance controls, as well as risk management policies and systems established by the Management is conducted at least annually.

CORPORATE GOVERNANCE REPORT

Based on the internal controls established and maintained by the Group, work performed by the internal and external auditors and reviews performed by the Management, ARMC and the Board, the Board with the concurrence of the ARMC is of the opinion that the systems of the internal controls is adequate and effective in addressing the financial, operational, compliance risks, information technology controls and risk management system for FY2024.

Annually, the ARMC meets with the external auditors and the internal auditors, without the presence of the Company's Management. ARMC members keep abreast of changes to accounting standards and important accounting issues with continuing education. In addition, the external auditors update the ARMC on the changes to accounting standards and issues which have a direct impact on financial statements to the Company.

External audit

The ARMC assesses the external auditors, and recommends its appointment, re-appointment and removal to the Board. The assessment is based on factors such as the performance and quality of its audit, the cost effectiveness and the independence and objectivity of the external auditors. The Board confirmed that in appointing the auditing firms for the Company, subsidiaries and significant associated companies, the Group has complied with Rules 712 and 715 of the Listing Manual issued by SGX-ST in relation to its auditors.

The ARMC has undertaken a review of all non-audit services provided by the external auditors during the financial year, and in the ARMC's opinion, the provision of these services does not impair the independence of the external auditors. The ARMC had recommended to the Board the re-appointment of Messrs Ernst & Young LLP as the external auditors of the Company at the forthcoming AGM.

The fees payable to auditors is separately disclosed in the audited financial statements in this Annual Report.

The ARMC discussed the key audit matters for FY2024 with Management and the external auditors. The ARMC concurs with the basis and conclusions included in the auditor's report with respect to key audit matters. For more information on the key audit matters, please refer to pages 34 to 36 of this Annual Report.

Internal audit

The Board recognises the importance of maintaining internal audit function to provide independent assurance over the soundness of the system of internal controls within the Group to safeguard shareholders' investments and the group's assets. The ARMC has the responsibility to review the adequacy of the internal audit function annually, review the internal audit program and ensure co-ordination between internal auditors, external auditors and Management, and ensure that the internal auditors meet or exceed the standards set by nationally or internationally recognized professional bodies. The ARMC also reviews and approves the hiring, removal and evaluates its outsourced internal auditors.

The Group has outsourced its internal audit function to BDO Advisory Pte. Ltd. The Internal Auditor has adopted the Standards for Professional Practice of Internal Auditing set by the Institute of Internal Auditors. The Internal Auditors primarily reported to the ARMC Chairman.

The Internal Auditor plans its audit schedules in consultation with the Management and its plans are submitted to the ARMC for approval. The ARMC reviews and approves the internal audit plans and resources annually. Based on their review, the ARMC believes that the Internal Auditor is independent, adequately resourced and has the appropriate standing to perform its functions effectively. Based on the information provided to the ARMC, nothing has come to the ARMC's attention to cause the ARMC to believe that the internal control system is inadequate.

CORPORATE GOVERNANCE REPORT

Whistle-Blowing policy

The Group has designated and implemented a whistle-blowing policy. The Whistle-Blowing Policy provides an independent feedback channel through which matters of concern about possible improprieties in matters of financial reporting, suspected fraud and corruption or other matters may be raised by employees and any other persons in confidence and in good faith, without fear of reprisal. Whistle-Blowers may report any matters of concern by mail, email, or calls, details of which are provided in the Whistle-Blowing Policy, which is available on the Company's website. The identity of the whistleblower is kept confidential. For employees, the Whistle-Blowing Policy provides assurance that employees will be treated fairly, and protected from reprisals or victimisation for whistle-blowing in good faith. The improprieties that are reportable under the Whistle-Blowing Policy include: (a) financial or professional misconduct; (b) improper conduct, dishonest, fraudulent or unethical behaviour; (c) any irregularity or non-compliance with laws/regulations or the Manager's policies and procedures, and/or internal controls; (d) violence at the workplace, or any conduct that may threaten health and safety; (e) corruption or bribery; (f) conflicts of interest; and (g) any other improprieties or matters that may adversely affect shareholders' interests in, and assets of, the Company as well as the Company's reputation. The Whistle-Blowing Policy is disseminated to all staff annually. All whistle-blowing complaints are safely raised and are independently investigated and if appropriate, an independent investigation committee will be constituted. Following the investigations, appropriate action will be taken. The outcome of each investigation and any action taken is reported to the ARMC. The ARMC reviews and ensures that independent investigations and any appropriate follow-up actions are carried out.

There was no reported incident pertaining to whistle-blowing during FY2024 and until the date of this Annual Report.

Codes of Conduct and Practices

The Company's Code of conduct and practices covering principles and desired behaviours that support the commitment to honest and ethical business conduct are posted on the Company's website.

Shareholder Rights and Engagement

Shareholder Rights and Conduct of General Meetings/Engagement with Stakeholders

Principle 11: The company treats all shareholders fairly and equitably in order to enable them to exercise shareholders' rights and have the opportunity to communicate their views on matters affecting the company. The company gives shareholders a balanced and understandable assessment of its performance, position and prospects.

Principle 12: The company communicates regularly with its shareholders and facilitates the participation of shareholders during general meetings and other dialogues to allow shareholders to communicate their views on various matters affecting the company.

Principle 13: The Board adopts an inclusive approach by considering and balancing the needs and interests of material stakeholders, as part of its overall responsibility to ensure that the best interests of the company are served.

Shareholders and communication

The Company treats all shareholders fairly and equitably to enable them to exercise their rights and to communicate their views on matters affecting the Company.

The Company recognises the need to communicate with shareholders on all material matters affecting the Group and does not practice selective disclosure. The Company's investor relationship policy is to ensure fair, transparent and ethical business dealings with all stakeholders. Financial results and other material information are communicated to shareholders on equal and timely basis through SGXNet.

The Company also communicates through its corporate website at <http://www.hlsgroup.com.sg> which provides shareholders with corporate announcements, press releases, annual reports and profile of the Group.

CORPORATE GOVERNANCE REPORT

General Meetings

The Company encourages Shareholders' participation at the Company's AGM. The Company strives to hold general meetings at venues which are accessible to shareholders. At general meetings, shareholders will be given the opportunity to voice their views and direct their questions to the Board regarding the Company. Shareholders are reminded to refer to the Notice of AGM for further details.

Notice of AGM and proxy form are dispatched to shareholders within the notice period as prescribed by the relevant regulations. The Company's Annual Report, Circular, Notice of AGM and proxy form are uploaded on SGXNet at the URL <https://www.sgx.com/securities/company-announcements> and are also available on the Company's website at the URL <http://www.hlsgroup.com.sg/>.

Separate resolutions at AGM

The Company ensures that sufficient explanations of all resolutions are included in the notice of general meeting. Separate resolutions on each distinct issue are tabled at general meeting. "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.

All resolutions proposed at general meetings shall be put to vote by way of a poll. All votes cast, for or against, and the respective percentages, in respect of each resolution are tallied and disclosed at the meeting and an announcement with the detailed results showing the numbers of votes cast for and against for each resolution and the respective percentage will be released via SGXNet after the general meetings.

Attendance at AGM

All the Directors attend all general meetings of the Company and the external auditors will also be present in addressing queries raised by shareholders relating to the conduct of the audit and the preparation of the content of the auditors' report. All the Directors and external auditors were present at AGM held in 2024.

Absentia Voting at AGM

As authentication of shareholder identity information and other related security issues remain a concern, the Company has decided, for the time being, not to implement voting in absentia by mail, facsimile or email.

Minutes of AGM

The Company prepares minutes of general meetings that include substantial and relevant comments or queries from shareholders relating to the agenda of the meeting, and responses from the Board and Management. Pursuant to Practice Note 7.5 of the Listing Manual of the SGX-ST, the minutes of AGM will be published within one month after the AGM on SGXNet and the Company's website.

Dividend Policy

The Company is committed to enhancing value for its shareholders and strives to achieve an efficient capital structure that balances the returns to shareholders with the Company's capital needs for investment and growth.

The dividend that the Board may recommend in respect of each financial year is subject to various factors such as the level of available cash, financial performance and projected capital expenditures and investment plans. Over the past five years, annual dividends paid out by the Group (excluding special dividends) was about 30% of the Group's net profit after tax. Subject to the shareholders' approval, the Company pays the final dividend(s) to all its shareholders within 30 days after the AGM.

CORPORATE GOVERNANCE REPORT

Stakeholder Engagement

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

The Company maintains a current corporate website, www.hlsgroup.com.sg, to communicate and engage with stakeholders.

The sustainability report sets out the Group's strategy and key areas of focus in managing stakeholder relationships.

Dealings in Securities

The Company has adopted an internal code on dealings in securities to govern dealings in its shares by the Directors and the employees of the Group. This internal code is made in compliance with Rule 1207(19) of the Listing Manual of the SGX-ST relating to dealings in securities and has been disseminated to the Directors and the employees of the Group informing them of the implications on insider trading.

The internal code prohibits the dealing in securities of the Company by Directors and employees while in possession of price-sensitive information, and during the period commencing one month in the case of the announcements of the half and full year financial results and ending on the date of the announcements. Directors are required to report securities dealings to the Company and the necessary announcements are made as required. In addition, Directors and employees are reminded to always observe insider trading rules and not to deal with the Company's securities on short-term considerations.

Material Contracts

Saved as disclosed in the financial statements, there were no material contracts entered into by the Company or its subsidiary companies, involving the interests of any Director or controlling shareholder subsisting at the end of the FY2024.

Interested Person Transactions

The Company has established procedures to ensure that transactions with interested persons are properly reviewed and approved and are conducted at arm's length basis.

The Company will seek a general mandate from its shareholders, if necessary for those recurrent transactions of revenue or trading nature or those necessary for its day-to-day operations.

During the year, there were no interested person transactions in value of S\$100,000 or above that had been entered into with a firm in which a Director is a member and has a substantial financial interest.

The Company does not have a general shareholders' mandate for interested person transactions pursuant to Rule 920 of the SGX-ST Listing Manual.

Sustainability Report

The Sustainability report for FY2024 of the Company is released via SGXNet concurrently with Annual Report, copy will be made available on the Company's website at www.hlsgroup.com.sg.

DIRECTORS' STATEMENT

The directors are pleased to present their statement to the members together with the audited consolidated financial statements of Hock Lian Seng Holdings Limited (the "Company") and its subsidiaries (collectively, the "Group") and the balance sheets and statement of changes in equity of the Company for the financial year ended 31 December 2024.

1. Opinion of the directors

In the opinion of the directors,

- (i) the consolidated financial statements of the Group and the balance sheets and statement of changes in equity of the Company are drawn up so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2024 and the financial performance, changes in equity and cash flows of the Group and changes in equity of the Company for the year ended on that date; and
- (ii) at the date of this statement there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

2. Directors

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

Chua Leong Hai @ Chua Leang Hai
Chua Siok Peng
Kee Guan Chua
Chua Sher Kiong
Hoon Tai Meng
Lim Bok Ngam
David Tan Chao Hsiung

3. Arrangements to enable directors to acquire shares and debentures

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

DIRECTORS' STATEMENT

4. Directors' interests in shares and debentures

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

| Name of director | Direct interest | |
|--|------------------------------------|------------------------------|
| | At the beginning of financial year | At the end of financial year |
| Hock Lian Seng Holdings Limited | | |
| Ordinary shares | | |
| Chua Leong Hai @ Chua Leang Hai | 195,221,647 | 195,221,647 |
| Chua Siok Peng | 26,119,265 | 26,119,265 |
| Kee Guan Chua | 555,000 | 555,000 |
| Chua Sher Kiong | 279,000 | 279,000 |

There was no change in any of the above-mentioned interests in the Company between the end of the financial year and 21 January 2025.

By virtue of Section 7 of the Singapore Companies Act 1967, Chua Leong Hai @ Chua Leang Hai is deemed to have interests in the shares held by the Company in its subsidiaries.

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

5. Share options

No share options have been granted by the Company since its incorporation.

DIRECTORS' STATEMENT

6. Audit and Risk Management Committee

As at the date of this statement, the Audit and Risk Management Committee ("ARMC") comprises the following four Independent Directors:

| | |
|-----------------------|-------------------------------|
| Hoon Tai Meng | (Chairman) |
| Lim Bok Ngam | |
| David Tao Chao Hsiung | (Appointed on 2 January 2024) |

The ARMC performed its functions in accordance with section 201B (5) of the Singapore Companies Act 1967, including the following:

- Reviewed the audit plans of the internal and external auditors of the Group and the Company, and reviewed the internal auditors' evaluation of the adequacy of the Company's system of internal accounting controls and the assistance given by the Group's and the Company's management to the external and internal auditors;
- Reviewed the quarterly and annual financial statements and the independent auditor's report on the annual financial statements of the Group and the Company before their submission to the board of directors;
- Reviewed the effectiveness of the Group's and the Company's material internal controls, including financial, operational, compliance, information technology controls and risk management systems via reviews carried out by the internal auditor;
- Met with the external auditor, other committees and management in separate executive sessions to discuss any matters that these groups believe should be discussed privately with the ARMC;
- Reviewed legal and regulatory matters that may have a material impact on the financial statements, related compliance policies and programmes and any reports received from regulators;
- Reviewed the cost effectiveness, independence and objectivity of the external auditor;
- Reviewed the nature and extent of non-audit services provided by the external auditor;
- Recommended to the board of directors the external auditor to be nominated, approved the compensation of the external auditor, and reviewed the scope and results of the audit;
- Reported actions and minutes of the ARMC to the board of directors with such recommendations as the ARMC considered appropriate; and
- Reviewed interested person transactions in accordance with the requirements of the Singapore Exchange Securities Trading Limited's ("SGX-ST's") Listing Manual.

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

The ARMC convened four meetings during the year. The ARMC has also met with internal and external auditors, without the presence of the Company's management, at least once a year.

Further details regarding the ARMC are disclosed in the Report on Corporate Governance.

DIRECTORS' STATEMENT

7. Auditor

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

On behalf of the board of directors,

Chua Leong Hai @ Chua Leang Hai
Director

Kee Guan Chua
Director

Singapore
28 March 2025

INDEPENDENT AUDITOR'S REPORT

For the financial year ended 31 December 2024

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Hock Lian Seng Holdings Limited (the “Company”) and its subsidiaries (collectively, the “Group”), which comprise the balance sheets of the Group and the Company as at 31 December 2024, the statements of changes in equity of the Group and the Company and the consolidated income statement, consolidated statement of comprehensive income and consolidated cash flow statement of the Group for the year then ended, and notes to the financial statements, including material accounting policy information.

In our opinion, the accompanying consolidated financial statements of the Group, the balance sheet and the statement of changes in equity of the Company are properly drawn up in accordance with the provisions of the Companies Act 1967 (the Act) and Singapore Financial Reporting Standards (International) (SFRS(I)) so as to give a true and fair view of the consolidated financial position of the Group and the financial position of the Company as at 31 December 2024 and of the consolidated financial performance, consolidated changes in equity and consolidated cash flows of the Group and changes in equity of the Company for the year ended on that date.

Basis for Opinion

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

Key Audit Matters

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

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

Revenue recognition from civil engineering construction projects

The Group recognised revenue for civil engineering construction projects over time by reference to the stage of completion of the contract activity at the end of each reporting period. The stage of completion is measured by reference to the proportion of contract cost incurred to date to the estimated total contract costs (“input method”). The accounting for such civil engineering construction projects is complex due to high level of estimation uncertainty in determining the costs to complete. This uncertainty is due to the nature of the operations, which may be impacted by the technical complexity of projects and the precision of cost estimation as at balance sheet date. In addition, the current volatility in market and economics condition heightened the level of estimation uncertainty and subjectivity in determining the cost to complete and contract variation. The uncertainty and subjectivity could result in estimation variances which will affect the determination of revenue, and hence may have a significant impact on the results of the Group.

INDEPENDENT AUDITOR'S REPORT

For the financial year ended 31 December 2024

Key Audit Matter (cont'd)

Revenue recognition from civil engineering construction projects (cont'd)

Accordingly, revenue recognition from civil engineering construction projects is identified as a key audit matter.

As part of our audit among other procedures, we:

- Reviewed terms and conditions of contracts with customers and suppliers, the contractual sums and checked project revenues and costs incurred against underlying supporting documents.
- Perused customers and subcontractor correspondences and discussed the progress of the projects with project managers for indications of any potential disputes, variation order claims, known technical issues or significant events that could impact the estimated costs or revenue.
- Analysed changes in estimates of costs from prior periods and assessed the consistency of these changes with progress of the projects during the year.
- Examined approved project cost budgets and reviewed management's estimates for total contract costs and forecasted cost to complete, considering the historical accuracy of such estimates and adjustments required arising from the volatility in market and economics condition.
- Reviewed the projects' completion percentages in light of costs incurred.
- Assessed the adequacy of the Group's disclosures made in Note 4 to the financial statements.

Provision for maintenance and warranties for civil engineering construction projects

The Group assessed the provision for maintenance and warranties for civil engineering construction projects based on the estimated rectification costs to be incurred for the projects during the defect liability and warranty periods. The costs are estimated based on historical claim experiences and takes into consideration factors specific to each project such as the duration of the warranty period, extent of the affected areas to be repaired, and expected costs to be incurred. Given its magnitude and the significant judgement and estimate involved in management's assessment, the provision for maintenance and warranties is identified as a key audit matter in our audit.

During our audit, among other procedures, we:

- Assessed the reasonableness of the provision for maintenance and warranties by comparing with the average historical claim rates of the respective projects, where available, or of other similar projects, and discussing the basis of the provisions with the project teams in respect of anticipated rectification works.
- Tested the key estimates against contracts with subcontractors and suppliers' invoices, as well as materials and labour costs estimates prepared by the project teams and recomputed management's calculation of the provision for warranty costs.
- Tested management's provision computation against the contract's terms and conditions on a sample basis, perused customers and subcontractor correspondences, reviewed Board's minutes, project budget and files for significant contracts entered into during the year.
- Assessed the adequacy of the Group's disclosures relating to provision for maintenance and warranties which is included in Note 24 to the financial statements.

INDEPENDENT AUDITOR'S REPORT

For the financial year ended 31 December 2024

Key Audit Matter (cont'd)

Carrying value of development properties

As at 31 December 2024, the Group's completed development properties held-for-sale amounted to S\$51,001,711 which represented 14% of the Group's total assets at that date. These properties are stated at the lower of cost and net realisable value ("NRV"). The determination of the NRV of these properties requires estimations, including expected future selling prices and costs necessary to complete the sale of these properties, and is assessed by management with reference to the independent valuations carried out by the external property valuers or based on latest sale transactions. The assessment is based on the relevant market conditions prevailing at the reporting date, which may be subject to significant changes after the reporting period. Accordingly, we have identified this to be a key audit matter.

As part of our audit, we:

- Reviewed management's impairment assessment and/or the external valuation reports from the external professional valuers for remaining unsold units of development properties.
- Evaluated the objectivity, competence and capabilities of the external professional valuers.
- Held discussions with the external professional valuers to understand and evaluate the appropriateness of the valuation methodologies, key assumptions used in the valuation and their scope of work in response to the heightened level of estimation uncertainty.
- Reviewed the actual transacted prices of the development properties recorded by the group during the financial year and subsequent to year end to assess the net realizable value of the development properties.
- Considered the adequacy of the Group's disclosures relating to development properties which is included in Note 16 to the financial statements.

Other Information

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

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

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

INDEPENDENT AUDITOR'S REPORT

For the financial year ended 31 December 2024

Responsibilities of Management and Directors for the Financial Statements

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

INDEPENDENT AUDITOR'S REPORT

For the financial year ended 31 December 2024

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

- 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.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the group as a basis for forming an opinion on the group financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes of the group audit. We remain solely responsible for our audit opinion.

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

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

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

Report on Other Legal and Regulatory Requirements

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

The engagement partner on the audit resulting in this independent auditor's report is Low Yen Mei.

Ernst & Young LLP

Public Accountants and
Chartered Accountants
Singapore

28 March 2025

CONSOLIDATED INCOME STATEMENT

For the financial year ended 31 December 2024

| | | Group | |
|------------------------------------|------|------------------------------------|----------------------|
| | Note | 2024 S\$'000 | 2023 S\$'000 |
| Revenue | | | |
| Cost of sales | 4 | 183,456 (153,089) | 201,962 (178,767) |
| Gross profit | | 30,367 | 23,195 |
| Other income | 5 | 14,526 | 14,950 |
| Distribution and selling costs | | (1,057) | (777) |
| Administrative costs | | (5,251) | (4,086) |
| Other operating costs | | (988) | (1,956) |
| Share of results of joint ventures | | 61 | (440) |
| Profit before taxation | 6 | 37,658 | 30,886 |
| Income tax expense | 7 | (5,590) | (4,242) |
| Profit for the year | | 32,068 | 26,644 |
| Profit attributable to: | | | |
| Equity holders of the Company | | 31,987 | 26,564 |
| Non-controlling interests | | 81 | 80 |
| Earnings per share (cents) | | | |
| Basic | 8 | 6.25 | 5.19 |
| Diluted | 8 | 6.25 | 5.19 |

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

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the financial year ended 31 December 2024

| | Group | |
|---|-----------------|-----------------|
| | 2024 S\$'000 | 2023 S\$'000 |
| Profit for the year | 32,068 | 26,644 |
| Other comprehensive income: | | |
| Items that will not be reclassified to profit or loss | | |
| Gain/(loss) on fair value changes of financial assets at fair value through other comprehensive income | 1,002 | (68) |
| Other comprehensive income for the year, net of tax | 1,002 | (68) |
| Total comprehensive income for the year | 33,070 | 26,576 |
| Total comprehensive income attributable to: | | |
| Equity holders of the Company | 32,989 | 26,496 |
| Non-controlling interests | 81 | 80 |

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

BALANCE SHEETS

As at 31 December 2024

| | | Group | | Company | |
|--|------|-----------------|-----------------|-----------------|-----------------|
| | Note | 2024 S\$'000 | 2023 S\$'000 | 2024 S\$'000 | 2023 S\$'000 |
| Non-current assets | | | | | |
| Property, plant and equipment | 9 | 19,514 | 18,567 | – | – |
| Investment properties | 10 | 3,300 | 3,200 | – | – |
| Investment in joint venture | 11 | 3,752 | 14,049 | – | – |
| Investments in subsidiaries | 13 | – | – | 38,294 | 38,294 |
| Investment securities | 14 | 16,610 | 12,822 | – | – |
| Deferred tax assets | 15 | 1,310 | 2,312 | – | – |
| | | 44,486 | 50,950 | 38,294 | 38,294 |
| Current assets | | | | | |
| Contract assets | 4 | 63,327 | 49,758 | – | – |
| Development properties | 16 | 51,002 | 70,997 | – | – |
| Trade receivables | 17 | 9,401 | 17,258 | – | – |
| Other receivables | 18 | 1,543 | 2,307 | 25,808 | 64,554 |
| Amount due from joint venture partners | 19 | 57 | 27 | – | – |
| Prepayments and deposits | 20 | 804 | 711 | 16 | 16 |
| Investment securities | 14 | 22,613 | 16,524 | – | – |
| Cash and short-term deposits | 21 | 159,304 | 132,464 | 54,886 | 15,670 |
| | | 308,051 | 290,046 | 80,710 | 80,240 |
| Current liabilities | | | | | |
| Trade and other payables | 22 | 51,115 | 62,672 | 342 | 352 |
| Contract liabilities | 4 | 1,590 | 70 | – | – |
| Provisions | 24 | 9,131 | 15,265 | – | – |
| Provision for taxation | | 4,464 | 3,246 | 217 | 32 |
| Lease liabilities | 23 | 118 | 20 | – | – |
| | | 66,418 | 81,273 | 559 | 384 |
| Net current assets | | 241,633 | 208,773 | 80,151 | 79,856 |
| Non-current liabilities | | | | | |
| Deferred income | 25 | 62 | 89 | – | – |
| Other payables | 22 | 861 | 494 | – | – |
| Lease liabilities | 23 | 293 | 65 | – | – |
| Deferred tax liabilities | 15 | 440 | – | – | – |
| | | 1,656 | 648 | – | – |
| Net assets | | 284,463 | 259,075 | 118,445 | 118,150 |
| Equity attributable to owners of the Company | | | | | |
| Share capital | 26 | 59,954 | 59,954 | 59,954 | 59,954 |
| Capital reserve | 27 | 1,000 | 1,000 | – | – |
| Fair value adjustment reserve | 28 | 777 | (225) | – | – |
| Accumulated profits | | 238,500 | 214,195 | 58,491 | 58,196 |
| Merger deficit | 29 | (16,239) | (16,239) | – | – |
| Equity attributable to equity holders of the parent | | 283,992 | 258,685 | 118,445 | 118,150 |
| Non-controlling interest | | 471 | 390 | – | – |
| Total equity | | 284,463 | 259,075 | 118,445 | 118,150 |

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

STATEMENTS OF CHANGES IN EQUITY

For the financial year ended 31 December 2024

| | Attributable to owners of the Company | | | | | | | |
|---|---------------------------------------|---|---|-----------------------------------|---|------------------------------|--|----------------------------|
| | Share capital (Note 26) S\$'000 | Capital reserve (Note 27) S\$'000 | Fair value adjustment reserve (Note 28) S\$'000 | Accumulated profits S\$'000 | Merger deficit (Note 29) S\$'000 | Total reserves S\$'000 | Non- controlling interest S\$'000 | Total equity S\$'000 |
| 2024 Group | 59,954 | 1,000 | (225) | 214,195 | (16,239) | 198,731 | 390 | 259,075 |
| At 1 January 2024 | - | - | - | 31,987 | - | 31,987 | 81 | 32,068 |
| Profit for the year | | | | | | | | |
| <u>Other comprehensive income</u> | | | | | | | | |
| Gain on fair value changes of financial assets at fair value through other comprehensive income | - | - | 1,002 | - | - | 1,002 | - | 1,002 |
| Total other comprehensive income | - | - | 1,002 | - | - | 1,002 | - | 1,002 |
| Total comprehensive income for the year | - | - | 1,002 | 31,987 | - | 32,989 | 81 | 33,070 |
| <u>Contributions and distributions to owners</u> | | | | | | | | |
| Dividends on ordinary shares (Note 31) | - | - | - | (7,682) | - | (7,682) | - | (7,682) |
| Total transactions with owners in their capacity as owners | - | - | - | (7,682) | - | (7,682) | - | (7,682) |
| At 31 December 2024 | 59,954 | 1,000 | 777 | 238,500 | (16,239) | 224,038 | 471 | 284,463 |

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

STATEMENTS OF CHANGES IN EQUITY

For the financial year ended 31 December 2024

| | Attributable to owners of the Company | | | | | | | |
|---|---------------------------------------|-----------------------------------|---|-----------------------------|----------------------------------|------------------------|----------------------------------|----------------------|
| | Share capital (Note 26) S\$'000 | Capital reserve (Note 27) S\$'000 | Fair value adjustment reserve (Note 28) S\$'000 | Accumulated profits S\$'000 | Merger deficit (Note 29) S\$'000 | Total reserves S\$'000 | Non-controlling interest S\$'000 | Total equity S\$'000 |
| 2023 | 59,954 | 1,000 | (157) | 192,752 | (16,239) | 177,356 | (160) | 237,150 |
| Group | - | - | - | 26,564 | - | 26,564 | 80 | 26,644 |
| At 1 January 2023 | | | | | | | | |
| Profit for the year | | | | | | | | |
| Other comprehensive income | | | | | | | | |
| Loss on fair value changes of financial assets at fair value through other comprehensive income | - | - | (68) | - | - | (68) | - | (68) |
| Total other comprehensive income | - | - | (68) | - | - | (68) | - | (68) |
| Total comprehensive income for the year | - | - | (68) | 26,564 | - | 26,496 | 80 | 26,576 |
| Contributions and distributions to owners | | | | | | | | |
| Dividends on ordinary shares (Note 31) | - | - | - | (5,121) | - | (5,121) | - | (5,121) |
| Total transactions with owners in their capacity as owners | - | - | - | (5,121) | - | (5,121) | - | (5,121) |
| Changes in ownership interest in subsidiaries | | | | | | | | |
| Issuance of shares to non-controlling interest | - | - | - | - | - | - | 470 | 470 |
| Total changes in ownership interests in subsidiaries | - | - | - | - | - | - | 470 | 470 |
| At 31 December 2023 | 59,954 | 1,000 | (225) | 214,195 | (16,239) | 198,731 | 390 | 259,075 |

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

STATEMENTS OF CHANGES IN EQUITY

For the financial year ended 31 December 2024

| 2024 Company | Share capital (Note 26) S\$'000 | Accumulated profits S\$'000 | Total equity S\$'000 |
|--|--|-----------------------------------|----------------------------|
| At 1 January 2024 | 59,954 | 58,196 | 118,150 |
| Profit, representing total comprehensive income, for the year | – | 7,977 | 7,977 |
| <u>Contributions by and distributions to owners</u> | | | |
| Dividends on ordinary shares (Note 31) | – | (7,682) | (7,682) |
| Total transactions with owners in their capacity as owners | – | (7,682) | (7,682) |
| At 31 December 2024 | 59,954 | 58,491 | 118,445 |
| 2023 Company | Share capital (Note 26) S\$'000 | Accumulated profits S\$'000 | Total equity S\$'000 |
| At 1 January 2023 | 59,954 | 52,812 | 112,766 |
| Profit, representing total comprehensive income, for the year | – | 10,505 | 10,505 |
| <u>Contributions by and distributions to owners</u> | | | |
| Dividends on ordinary shares (Note 31) | – | (5,121) | (5,121) |
| Total transactions with owners in their capacity as owners | – | (5,121) | (5,121) |
| At 31 December 2023 | 59,954 | 58,196 | 118,150 |

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

CONSOLIDATED CASH FLOW STATEMENT

For the financial year ended 31 December 2024

| | 2024 S\$'000 | 2023 S\$'000 |
|---|-----------------|-----------------|
| Cash flows from operating activities | | |
| Profit before taxation | 37,658 | 30,886 |
| Adjustments for: | | |
| Depreciation of property, plant and equipment | 2,289 | 2,271 |
| Dividend income from investment securities | (151) | (109) |
| Gain on fair value of investment property | (100) | (200) |
| Gain on disposal of property, plant and equipment | (1,405) | (649) |
| (Gain)/loss on fair value of investment securities | (558) | 680 |
| Interest income | (6,245) | (5,370) |
| Interest expense on lease | 6 | 4 |
| Share of results of joint ventures | (61) | 440 |
| Unrealised gain on foreign exchange | (119) | (180) |
| Operating cash flows before changes in working capital | 31,314 | 27,773 |
| (Increase)/decrease in: | | |
| Contract assets | (13,569) | (32,267) |
| Trade receivables | 7,857 | (1,003) |
| Development properties | 19,995 | 20,712 |
| Other receivables | 1,478 | 2,323 |
| Prepayments and deposits | (93) | 2,189 |
| (Decrease)/increase in: | | |
| Trade and other payables and provisions | (17,324) | (6,238) |
| Contract liabilities | 1,520 | (21,117) |
| Deferred income | (27) | (27) |
| Cash flows generated from/(used in) operations | 31,151 | (7,655) |
| Interest received – loans and receivables | 4,241 | 3,523 |
| Income tax paid | (2,930) | (2,097) |
| Net cash flows generated from/(used in) operating activities | 32,462 | (6,229) |

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

CONSOLIDATED CASH FLOW STATEMENT

For the financial year ended 31 December 2024

| | 2024 S\$'000 | 2023 S\$'000 |
|---|-----------------|-----------------|
| Cash flows from investing activities | | |
| Dividend income from investment securities | 151 | 109 |
| Dividend income received from joint venture | 2,228 | – |
| Repayment from joint venture, net | 8,143 | 37,998 |
| Proceeds from disposal of property, plant and equipment | 1,835 | 732 |
| Proceeds from maturity/redemption of investment securities | 5,779 | 3,147 |
| Purchases of property, plant and equipment (Note 9) | (3,306) | (682) |
| Purchases of investment securities | (14,096) | (8,177) |
| Interest received – investment securities | 1,247 | 1,217 |
| Net cash flows generated from investing activities | 1,981 | 34,344 |
| Cash flows from financing activities | | |
| Dividends paid on ordinary shares | (7,682) | (5,121) |
| Proceeds from issue of shares to non-controlling interest | – | 470 |
| Repayment of lease liabilities | (40) | (19) |
| Net cash flows used in financing activities | (7,722) | (4,670) |
| Net increase in cash and cash equivalents | 26,721 | 23,445 |
| Effect of exchange rate changes on cash and cash equivalents | 119 | 180 |
| Cash and cash equivalents at the beginning of year | 132,464 | 108,839 |
| Cash and cash equivalents at the end of year (Note 21) | 159,304 | 132,464 |

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2024

1. Corporate information

Hock Lian Seng Holdings Limited (the “Company”) is a limited liability company, which is incorporated and domiciled in Singapore and is listed on the Singapore Exchange Securities Trading Limited (“SGX-ST”).

The registered office and the principal place of business of the Company is located at 80 Marine Parade Road, #16-08 Parkway Parade, Singapore 449269.

The principal activity of the Company is that of investment holding. The principal activities of the subsidiaries, joint operations and joint venture are disclosed in Notes 13, 12 and 11 respectively.

2. Material accounting policy information

2.1 Basis of preparation

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

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

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

2.2 Changes in accounting policy

The accounting policies adopted are consistent with those of the previous financial year except that in the current financial year, the Group has adopted all the new and revised standards which are effective for annual financial periods beginning on or after 1 January 2024. The adoption of these standards did not have any effect on the financial performance or position of the Group.

2.3 Standards issued but not yet effective

The Group has not adopted the following standards and interpretations that have been issued but not yet effective:

| Description | Effective for annual periods beginning on or after |
|---|--|
| Amendments to SFRS(I) 1-21: <i>The Effects of Changes in Foreign Exchange Rates: Lack of Exchangeability</i> | 1 January 2025 |
| Amendments to SFRS(I) 9 and SFRS(I) 7: <i>Amendments to the Classification and Measurement of Financial Instruments</i> | 1 January 2026 |
| Amendments to SFRS(I) 18: <i>Presentation and Disclosure in Financial Statements</i> | 1 January 2027 |
| Amendments to SFRS(I) 19: <i>Subsidiaries without Public Accountability: Disclosures</i> | 1 January 2027 |
| Amendments to SFRS(I) 10 and SFRS(I) 1-28: <i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture</i> | To be determined |

Except for SFRS(I) 18, these new accounting standards and interpretations are not expected to have a material impact on the Group’s financial statements in the year of initial application. For SFRS(I) 18, the Group is working to identify the impacts on the Group’s financial statements.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2024

2. Material accounting policy information (cont'd)

2.4 Functional and foreign currency

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

Transactions and balances

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

Exchange differences arising on the settlement of monetary items or on translating monetary items at the end of the reporting period are recognised in profit or loss.

2.5 Subsidiaries

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

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

2.6 Basis of consolidation and business combinations

(a) Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at the end of the reporting period. The financial statements of the subsidiaries used in the preparation of the consolidated financial statements are prepared for the same reporting date as the Company. Consistent accounting policies are applied to like transactions and events in similar circumstances.

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2024

2. Material accounting policy information (cont'd)

2.6 Basis of consolidation and business combinations (cont'd)

(a) Basis of consolidation (cont'd)

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

- derecognises the assets (including goodwill) and liabilities of the subsidiary at their carrying amounts at the date when control is lost;
- derecognises the carrying amount of any non-controlling interest;
- derecognises the cumulative translation differences recorded in equity;
- recognises the fair value of the consideration received;
- recognises the fair value of any investment retained;
- recognises any surplus or deficit in profit or loss; and
- re-classifies the Group's share of components previously recognised in other comprehensive income to profit or loss or accumulated profits, as appropriate.

(b) Business combinations

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

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

Business combinations involving entities under common control are accounted for by applying the pooling of interest method which involves the following:

- The assets and liabilities of the combining entities are reflected at their carrying amounts reported in the consolidated financial statements of the controlling holding company.
- No adjustments are made to reflect the fair values on the date of combination, or recognised any new assets or liabilities.
- No additional goodwill is recognised as a result of the combination.
- Any difference between the consideration paid/transferred and the equity 'acquired' is reflected within the equity as merger deficit.
- The statement of comprehensive income reflects the results of the combining entities for the full year, irrespective of when the combination took place.
- Comparatives are restated to reflect the combination as if it had occurred from the beginning of the earliest period presented in the financial statements or from the date the entities had come under common control, if later.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2024

2. Material accounting policy information (cont'd)

2.7 Transactions with non-controlling interests

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

Changes in the Company's ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. In such circumstances, the carrying amounts of the controlling and non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiary. Any difference between the amount by which the non-controlling interest is adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company.

2.8 Joint arrangements

A joint arrangement is a contractual arrangement whereby two or more parties have joint control. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control.

A joint arrangement is classified either as joint operation or joint venture, based on the rights and obligations of the parties to the arrangement.

To the extent the joint arrangement provides the Group with rights to the assets and obligations for the liabilities relating to the arrangement, the arrangement is a joint operation. To the extent the joint arrangement provides the Group with rights to the net assets of the arrangement, the arrangement is a joint venture.

(a) Joint operations

The Group recognises in relation to its interest in a joint operation,

- (i) its assets, including its share of any asset held jointly;
- (ii) its liabilities, including its share of any liabilities incurred jointly;
- (iii) its share of the revenue of the joint operation; and
- (iv) its expenses, including its share of any expenses incurred jointly.

The Group accounts for the assets, liabilities, revenues and expenses relating to its interest in a joint operation in accordance with the accounting policies applicable to the particular assets, liabilities, revenues and expenses.

(b) Joint ventures

The Group accounts for its investments in joint ventures using the equity method from the date on which it becomes a joint venture.

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2024

2. Material accounting policy information (cont'd)

2.8 Joint arrangements (cont'd)

(b) Joint ventures (cont'd)

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

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

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

The financial statements of the joint ventures are prepared as the same reporting date as the Company. Where necessary, adjustments are made to bring the accounting policies in line with those of the Group.

2.9 Property, plant and equipment

All items of property, plant and equipment are initially recorded at cost. Subsequent to recognition, property, plant and equipment are measured at cost less accumulated depreciation and any accumulated impairment losses. Such cost includes the cost of replacing part of the property, plant and equipment and borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying property, plant and equipment. The accounting policy for borrowing costs is set out in Note 2.19. The cost of an item of property, plant and equipment is recognised as an asset if, and only if, it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably.

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

| | |
|-------------------------|-----------------|
| Building | – 4 to 17 years |
| Office premises | – 62 years |
| Machinery and equipment | – 10 years |
| Motor vehicles | – 5 years |
| Office equipment | – 3 years |
| Furniture and fittings | – 10 years |

Capital work-in-progress included in plant and equipment are not depreciated as these assets are not yet available for use.

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2024

2. Material accounting policy information (cont'd)

2.9 Property, plant and equipment (cont'd)

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

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

2.10 Investment properties

Investment properties are properties that are either owned by the Group or leased under a finance lease that are held in order to earn rentals or for capital appreciation, or both, rather than for use in the production or supply of goods or services, or for administrative purposes, or in the ordinary course of business. Investment properties also include right-of-use assets relating to leasehold land that is held for long-term capital appreciation or for a currently indeterminate use. Investment properties comprise completed investment properties. Properties held under operating leases are classified as investment properties when the definition of an investment property is met.

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

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

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

Transfers are made to or from investment properties only when there is a change in use. For a transfer from investment property to owner occupied property, the deemed cost for subsequent accounting is the fair value at the date of change in use. For a transfer from owner occupied property to investment property, the property is accounted for in accordance with the accounting policy for property, plant and equipment set out in Note 2.9 up to the date of change in use.

2.11 Impairment of non-financial assets

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment assessment for an asset is required, the Group makes an estimate of the asset's recoverable amount.

An asset's recoverable amount is the higher of an asset's or cash-generating unit's fair value less costs of disposal and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or group of assets. Where the carrying amount of an asset or cash-generating unit exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows expected to be generated by the asset 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. In determining fair value less costs of disposal, recent market transactions are taken into account, if available. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples or other available fair value indicators.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2024

2. Material accounting policy information (cont'd)

2.11 Impairment of non-financial assets (cont'd)

The Group bases its impairment calculation on detailed budgets and forecast calculations which are prepared separately for each of the Group's cash-generating units to which the individual assets are allocated. These budgets and forecast calculations are generally covering a period of five years. For longer periods, a long-term growth rate is calculated and applied to project future cash flows after the fifth year. Impairment losses are recognised in profit or loss.

For assets excluding goodwill, an assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the Group estimates the asset's or cash-generating unit's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increase cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised previously. Such reversal is recognised in profit or loss.

2.12 Financial instruments

(a) Financial assets

Initial recognition and measurement

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

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

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

Subsequent measurement

Investments in debt instruments

Subsequent measurement of debt instruments depends on the Group's business model for managing the asset and the contractual cash flow characteristics of the asset. The three categories for classification of debt instruments are:

(a) Amortised cost

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2024

2. Material accounting policy information (cont'd)

2.12 Financial instruments (cont'd)

(a) Financial assets (cont'd)

Subsequent measurement (cont'd)

Investments in debt instruments (cont'd)

(b) Fair value through other comprehensive income ("FVOCI")

Financial assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI. Financial assets measured at FVOCI are subsequently measured at fair value. Any gains or losses from changes in fair value of the financial assets are recognised in other comprehensive income, except for impairment losses, foreign exchange gains and losses and interest calculated using the effective interest method are recognised in profit or loss. The cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment when the financial asset is derecognised.

(c) Fair value through profit or loss

Assets that do not meet the criteria for amortised cost or FVOCI are measured at fair value through profit or loss. A gain or loss on a debt instruments that is subsequently measured at fair value through profit or loss and is not part of a hedging relationship is recognised in profit or loss in the period in which it arises.

Investments in equity instruments

On initial recognition of an investment in equity instrument that is not held for trading, the Group may irrevocably elect to present subsequent changes in fair value in other comprehensive income. Dividends from such investments are to be recognised in profit or loss when the Group's right to receive payments is established. For investments in equity instruments which the Group has not elected to present subsequent changes in fair value in other comprehensive income, changes in fair value are recognised in profit or loss.

Derivatives

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured to their fair value at the end of each reporting period. Changes in fair value of derivatives are recognised in profit or loss.

Derecognition

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

On disposal of an equity investment, the difference between the carrying amount and sales proceed is recognised in profit or loss if there was no election made to recognise fair value changes in other comprehensive income. If there was an election made, any difference between the carrying amount and sales proceed amount would be recognised in other comprehensive income and transferred to retained profits along with the amount previously recognised in other comprehensive income relating to that asset.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2024

2. Material accounting policy information (cont'd)

2.12 Financial instruments (cont'd)

(b) Financial liabilities

Initial recognition and measurement

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

All financial liabilities are recognised initially at fair value plus in the case of financial liabilities not at fair value through profit or loss, directly attributable transaction costs.

Subsequent measurement

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

The Group has not designated any financial liabilities upon initial recognition at fair value through profit or loss.

Derecognition

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

2.13 Cash and cash equivalents

Cash and cash equivalents comprise cash at banks and on hand and fixed deposits that are readily convertible to known amount of cash and which are subject to an insignificant risk of changes in value.

2.14 Impairment of financial assets

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

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months ("a 12-month ECL"). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is recognised for credit losses expected over the remaining life of the exposure, irrespective of timing of the default ("a lifetime ECL").

For trade receivables and contract assets, the Group applies a simplified approach in calculating ECLs. Therefore, the Group does not track changes in credit risk, but instead recognised a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2024

2. Material accounting policy information (cont'd)

2.14 Impairment of financial assets (cont'd)

For debt instruments at FVOCI, the Group applies the low credit risk simplification. At every reporting date, the Group evaluates whether the debt instrument is considered to have low credit risk using all reasonable and supportable information that is available without due cost or effort. In making that evaluation, the Group reassesses the internal credit rating of the debt instrument. In addition, the Group considers that there has been a significant increase in credit risk when the contractual payments are more than 30 days past due.

The Group considers a financial asset in default when contractual payments are 180 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

2.15 Development properties

Development properties are properties acquired or being constructed for sale in the ordinary course of business, rather than to be held for the Group's own use, rental or capital appreciation.

Development properties are held as inventories and are measured at the lower of cost and net realisable value.

Net realisable value of development properties is the estimated selling price in the ordinary course of business, based on market prices at the reporting date and discounted for the time value of money if material, less the estimated costs of completion and the estimated costs necessary to make the sale.

The costs of development property recognised in profit or loss on disposal are determined with reference to the specific costs incurred on the property sold and an allocation of any non-specific costs based on the relative size of the property sold.

2.16 Provisions

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

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

Provisions for maintenance and warranties

The Group provides for maintenance and warranty claims on contractual items with customers after the substantial completion of projects.

The provisions for maintenance and warranties represent the best estimate of the Group's legal or constructive obligations at the balance sheet date. The majority of the costs is expected to be incurred over the applicable warranty periods. The assumptions used to estimate maintenance and warranties provisions are reviewed periodically in light of actual experience.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2024

2. Material accounting policy information (cont'd)

2.16 Provisions (cont'd)

Provision for onerous contracts

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

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

2.17 Government grants

Government grants are recognised when there is reasonable assurance that the grant will be received and all attaching conditions will be complied with. Where the grant relates to an asset, the fair value is recognised as deferred capital grant on the balance sheet and is amortised to profit or loss over the expected useful life of the relevant asset by equal annual instalments.

Where the grant relates to an expense item, it is recognised in profit or loss over the period necessary to match them on a systematic basis to the costs that it is intended to compensate. Grant relating to income is recognised as a credit in the profit or loss under "Other income".

2.18 Financial guarantee

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the terms of a debt instrument.

Financial guarantees are recognised initially as a liability at fair value, adjusted for transaction costs that are directly attributable to the issuance of the guarantee. Subsequent to initial recognition, financial guarantees are measured at the higher of the amount of expected credit loss determined in accordance with the policy set out in Note 2.14 and the amount initially recognised less, when appropriate, the cumulative amount of income recognised over the period of the guarantee.

2.19 Borrowing costs

Borrowing costs are capitalised as part of the cost of a qualifying asset if they are directly attributable to the acquisition, construction or production of that asset. Capitalisation of borrowing costs commences when the activities to prepare the asset for its intended use or sale are in progress and the expenditures and borrowing costs are incurred. Borrowing costs are capitalised until the assets are substantially completed for their intended use or sale. All other borrowing costs are expensed in the period they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2024

2. Material accounting policy information (cont'd)

2.20 Employee benefits

(i) Defined contribution plans

The Group makes contributions to the Central Provident Fund scheme in Singapore, a defined contribution pension scheme. Contributions to defined contribution pension schemes are recognised as an expense in the period in which the related service is performed.

(ii) Employee leave entitlement

Employee entitlements to annual leave are recognised as a liability when they accrue to the employees. The undiscounted liability for leave expected to be settled wholly before twelve months after the end of the reporting period is recognised for services rendered by employees up to the end of the reporting period.

2.21 Leases

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

(a) As lessee

The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying leased assets.

Right-of-use assets

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

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

The right-of-use assets are also subject to impairment. The accounting policy for impairment is disclosed in Note 2.11.

Lease liabilities

At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating the lease, if the lease term reflects the Group exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2024

2. Material accounting policy information (cont'd)

2.21 Leases (cont'd)

(a) As lessee (cont'd)

Lease liabilities (cont'd)

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

Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to its short-term leases (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases that are considered to be low value. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

(b) As lessor

Leases in which the Group does not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned. The accounting policy for rental income is disclosed in Note 2.22 (iii).

2.22 Revenue

(i) Revenue from civil engineering construction projects

The Group enters into civil engineering construction contracts with customers. Revenue is measured based on the consideration to which the Group expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties.

Revenue is recognised when the Group satisfies a performance obligation by transferring a promised good or service to the customer, which is when the customer obtains control of the good or service. The Group is restricted contractually from directing the construction project for another use as they are being constructed, and has enforceable rights to payment for performance completed to date. The revenue is recognised over time, based on the construction costs incurred to date as a proportion of estimated total construction costs to be incurred.

Progress billings to the customer is based on certified progress on the construction project. A contract asset is recognised when the Group has performed under the contract but has not yet billed the customer. Conversely, a contract liability is recognised when the Group has not yet performed under the contract but has received advanced payments from the customer. Contract assets are transferred to receivables when the rights to consideration become unconditional. Contract liabilities are recognised as revenue as the Group performs under the contract.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2024

2. Material accounting policy information (cont'd)

2.22 Revenue (cont'd)

(i) Revenue from civil engineering construction projects (cont'd)

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

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

(ii) Sales of completed development properties and development properties under construction

Revenue is recognised when control over the property has been transferred to the customer, either over time or at a point in time, depending on the contractual terms and the practices in the legal jurisdictions.

For development properties whereby the Group is restricted contractually from directing the properties for another use as they are being developed and has an enforceable right to payment for performance completed to date, revenue is recognised over time, based on the construction and other costs incurred to date as a proportion of the estimated total construction and other costs to be incurred.

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

Progress billings to the customers are based on a payment schedule in the contract and are typically triggered upon achievement of specified construction milestones. A contract asset is recognised when the Group has performed under the contract but has not yet billed the customer. Conversely, a contract liability is recognised when the Group has not yet performed under the contract but has received advanced payments from the customer. Contract assets are transferred to receivables when the rights to consideration become unconditional. Contract liabilities are recognised as revenue as the Group performs under the contract.

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

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

(iii) Rental income

Rental income arising from operating leases on investment properties are recognised on a straight-line basis over the period of the lease. The aggregate cost of incentives provided to leases are recognised as a reduction of rental income over the lease term on a straight-line basis.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2024

2. Material accounting policy information (cont'd)

2.22 Revenue (cont'd)

(iv) *Interest income*

Interest income is recognised using the effective interest method.

(v) *Dividend income*

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

(vi) *Supply of labour and services provided*

The Group supplies labour, management and accounting services. Revenue from supply of labour and services provided is recognised when the services are performed and all criteria for acceptance by the customer have been satisfied.

2.23 Taxes

(a) **Current income tax**

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

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

(b) **Deferred tax**

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

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

- Where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- In respect of taxable temporary differences associated with investments in subsidiaries and interests in joint ventures, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2024

2. Material accounting policy information (cont'd)

2.23 Taxes (cont'd)

(b) Deferred tax (cont'd)

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

- Where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- In respect of deductible temporary differences associated with investments in subsidiaries and interests in joint ventures, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

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

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the end of each reporting period.

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

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

(c) Goods and Services Tax (GST)

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2024

2. Material accounting policy information (cont'd)

2.24 Share capital and share issuance expenses

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

2.25 Contingencies

A contingent liability is:

- a) a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group; or
- b) a present obligation that arises from past events but is not recognised because:
 - (i) It is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or
 - (ii) The amount of the obligation cannot be measured with sufficient reliability.

A contingent asset is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group.

Contingent liabilities and assets are not recognised on the balance sheet of the Group, except for contingent liabilities assumed in a business combination that are present obligations and which the fair values can be reliably determined.

2.26 Segment reporting

Operating segments are reporting in a manner consistent with the internal reporting provided to the executive committee whose member are responsible for allocating resources and assessing performance of the operating segments.

3. Significant accounting estimates and judgments

The preparation of the Group's consolidated financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities at the end of each reporting period.

3.1 Key sources of estimation uncertainty

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2024

3. Significant accounting estimates and judgments (cont'd)

3.1 Key sources of estimation uncertainty (cont'd)

(a) Accounting for civil engineering construction projects

The accounting for such civil engineering construction projects is complex due to high level of estimation uncertainty in determining the costs to complete. This uncertainty is due to the nature of the operations, which may be impacted by the technical complexity of projects, the precision of cost estimation as at balance sheet date and change in material and labour cost, amongst others. The uncertainty and subjectivity could result in estimation variances which will affect the determination of revenue, and hence may have a significant impact on the results of the Group.

The estimated total construction and other related costs are based on contracted amounts and, in respect of amounts not contracted for, management relies on past experience and knowledge of the project engineers to make estimates of the amounts to be incurred.

The carrying amount of assets and liabilities arising from construction contracts at the end of each reporting periods are disclosed in Note 4c to the financial statements. If the estimated total contract cost had been 1% higher than management estimate, the carrying amount of the assets and liabilities arising from construction contracts would have been S\$6,664,000 lower and S\$674,000 higher respectively (2023: assets S\$7,264,000 lower and S\$92,000 higher).

(b) Provision for maintenance and warranties

The Group provides for maintenance and warranties based on the estimated rectification costs to be incurred for projects during the defect liability and warranty periods.

Significant estimate is required in determining the expected cost to be incurred for the maintenance and warranties. In making the estimate, the Group rely on actual claim experiences and its best estimates of the expenditures expected to be incurred over the remaining warranty periods.

The carrying amount of the provision for maintenance and warranties for construction contracts at the end of each reporting period is disclosed in Note 24. If the estimated total maintenance and warranty costs had been 5% higher than management estimate, the carrying amount of the provision for maintenance and warranties arising from construction contracts would have been S\$457,000 (2023: S\$763,000) higher.

(c) Carrying value of development properties

As at year end, the Group held completed development properties held-for-sale. These properties are stated at the lower of cost and net realisable value ("NRV").

The determination of the NRV of these properties requires estimations, including expected future selling prices and costs necessary to complete the sale of these properties, and is assessed by management with reference to the independent valuations carried out by the external property valuers or based on latest sale transactions. The assessment is based on the relevant market conditions prevailing at the reporting date, which may be subject to significant changes after the reporting period.

The carrying amounts of the development properties stated at cost are disclosed in Note 16.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2024

4. Revenue

| | Group | |
|--|-----------------|-----------------|
| | 2024 S\$'000 | 2023 S\$'000 |
| Revenue from contracts with customers | 183,274 | 201,782 |
| Rental income from investment properties | 182 | 180 |
| | 183,456 | 201,962 |

(a) Disaggregation of revenue

| Segments | Civil engineering | | Properties development | | Total revenue | |
|---|-------------------|-----------------|------------------------|-----------------|-----------------|-----------------|
| | 2024 S\$'000 | 2023 S\$'000 | 2024 S\$'000 | 2023 S\$'000 | 2024 S\$'000 | 2023 S\$'000 |
| Major revenue streams | | | | | | |
| Contract revenue | 150,004 | 169,137 | – | – | 150,004 | 169,137 |
| Sales of commercial properties | – | – | 33,110 | 32,405 | 33,110 | 32,405 |
| Supply of labour and services provided | 160 | 240 | – | – | 160 | 240 |
| Total revenue | 150,164 | 169,377 | 33,110 | 32,405 | 183,274 | 201,782 |
| Timing of transfer of goods and services | | | | | | |
| At a point in time | – | – | 33,110 | 32,405 | 33,110 | 32,405 |
| Over time | 150,164 | 169,377 | – | – | 150,164 | 169,377 |

(b) Judgement and methods used in estimating revenue

Recognition of revenue from civil engineering construction projects and development properties over time

For the contract revenue and sale of development properties where the Group satisfies its performance obligations over time, management has determined that a cost-based input method provides a faithful depiction of the Group's performance in transferring control of the construction and development properties to the customers, as it reflects the Group's efforts incurred to date relative to the total inputs expected to be incurred for the construction projects and development properties. The measure of progress is based on the costs incurred to date as a proportion of total costs expected to be incurred up to completion.

The estimated total construction and other related costs are based on contracted amounts and, in respect of amounts not contracted for, management relies on past experience and knowledge of the project engineers to make estimates of the amounts to be incurred. In making these estimates, management takes into consideration the historical trends of the amounts incurred in its other similar projects or properties for the past 3 to 5 years.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2024

4. Revenue (cont'd)

(c) Contract assets and contract liabilities

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

| | Group | |
|--|-------------|-----------|
| | 31 December | 1 January |
| | 2024 | 2023 |
| | S\$'000 | S\$'000 |
| Receivables from contracts with customers (Note 17) | 9,401 | 17,258 |
| Contract assets | 63,327 | 49,758 |
| Contract liabilities | (1,590) | (70) |
| | | (21,187) |

Contract assets primarily relate to the Group's right to consideration for work completed but not yet billed at reporting date for revenue from civil engineering construction projects. Contract assets are transferred to receivables when the rights become unconditional.

The significant changes in the contract assets during the year are as follows:

| | Group | |
|---|----------|---------|
| | 2024 | 2023 |
| | S\$'000 | S\$'000 |
| Increase due to work completed but not yet billed at reporting date | 51,637 | 33,030 |
| Contract assets reclassified to receivables | (38,068) | (763) |

Contract liabilities primarily relate to progress billings in excess of the Group's right to the consideration, and the Group's obligation to transfer goods or services to customers for which the Group has received advances from customers for revenue from civil engineering construction projects.

Contract liabilities are recognised as revenue as the Group performs under the contract. The significant changes in the contract liabilities during the year are as follows:

| | Group | |
|--|---------|---------|
| | 2024 | 2023 |
| | S\$'000 | S\$'000 |
| Revenue recognised that was included in the contract liabilities balance at the beginning of the year | 70 | 21,160 |
| Increases due to cash received, excluding amounts recognised as revenue during the year | (1,590) | (43) |

(d) Transaction price allocated to remaining performance obligation

The aggregate amount of transaction price allocated to the unsatisfied (or partially unsatisfied) performance obligations as at 31 December 2024 is S\$553,433,000 (2023: S\$707,808,000). This will be recognised as revenue by reference to the percentage of completion over the next five years. The amount disclosed above does not include any estimated amounts of variable consideration that is constrained.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2024

5. Other income

| | Group | |
|---|-----------------|-----------------|
| | 2024 S\$'000 | 2023 S\$'000 |
| Gain on disposal of property, plant and equipment | 1,405 | 649 |
| Dividend income from investment | 151 | 109 |
| Fair value gain on investment property | 100 | 200 |
| Fair value gain on investment securities: | | |
| – Debt instruments (quoted) | 296 | – |
| – Equity instruments (quoted) | 262 | – |
| Unrealised gain on foreign exchange | 119 | 180 |
| Government grants | 596 | 272 |
| Interest income from: | | |
| – Loans and fixed deposit | 4,691 | 4,074 |
| – Investment securities (Fair value through profit or loss) | 635 | 556 |
| – Investment securities (Fair value through other comprehensive income) | 685 | 512 |
| – Investment securities (Amortised cost) | 234 | 228 |
| Rental income | 5,310 | 7,041 |
| Arbitration legal fee awarded | – | 1,091 |
| Sundry income | 42 | 38 |
| | 14,526 | 14,950 |

6. Profit before taxation

The following items have been included in arriving at profit before taxation:

| | Group | |
|--|-----------------|-----------------|
| | 2024 S\$'000 | 2023 S\$'000 |
| Depreciation of property, plant and equipment | 2,289 | 2,271 |
| Fair value (gain)/loss on investment securities: | | |
| – Debt instruments (quoted) | (296) | 679 |
| – Equity instruments (quoted) | (262) | 1 |
| Unrealised (gain) on foreign exchange | (119) | (180) |
| Employee benefits expense (Note A) | 24,953 | 24,333 |
| Audit fees paid to: | | |
| – Auditor of the Group | 217 | 204 |
| Non-audit fees paid to: | | |
| – Auditor of the Group | 32 | 32 |

Note A: Employee benefits expense

Employee benefit expense (including directors):

| | | |
|------------------------------------|---------------|---------------|
| Salaries, bonus and other benefits | 22,012 | 21,234 |
| Defined contribution plans | 2,941 | 3,099 |
| | 24,953 | 24,333 |

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2024

7. Income tax expense

Major components of income tax expense

The major components of income tax expense for the years ended 31 December 2024 and 2023 are:

| | Group | |
|---|-----------------|-----------------|
| | 2024 S\$'000 | 2023 S\$'000 |
| Consolidated income statement: | | |
| Current income tax: | | |
| – current income taxation | 4,291 | 3,127 |
| – over provision in respect of previous year | (143) | – |
| Deferred income tax: | | |
| – origination and reversal of temporary differences | 1,442 | 1,115 |
| Income tax expense recognised in profit or loss | 5,590 | 4,242 |

Relationship between income tax expense and accounting profit

The reconciliation between income tax expense and the product of accounting profit multiplied by the applicable corporate tax rate for the years ended 31 December 2024 and 2023 are as follows:

| | Group | |
|---|-----------------|-----------------|
| | 2024 S\$'000 | 2023 S\$'000 |
| Profit before taxation | 37,658 | 30,886 |
| Tax at Singapore statutory tax rate of 17% (2023: 17%) | 6,401 | 5,251 |
| Adjustments: | | |
| Non-deductible expenses | 157 | 162 |
| Income not subject to taxation | (193) | (146) |
| Effect of partial tax exemption | (85) | (89) |
| Effect of tax at concessionary rate of 10% | (102) | (83) |
| Share of results of joint venture | (10) | 75 |
| Deferred tax assets not recognised | – | 98 |
| Over provision in respect of previous year | (143) | – |
| Benefits from previously unrecognised deferred tax assets | (435) | (1,026) |
| Income tax expense recognised in profit or loss | 5,590 | 4,242 |

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2024

8. Earnings per share

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

Diluted earnings per share amounts are calculated by dividing the profit for the year that is attributable to owners of the Company by the weighted average number of ordinary shares outstanding during the financial year plus the weighted average number of ordinary shares that would be issued on the conversion of all the dilutive potential ordinary shares into ordinary shares. There were no potential dilutive ordinary shares existing during the respective financial years.

The following table reflects the profit and share data used in the computation of basic and diluted earnings per share for the years ended 31 December:

| | Group | |
|---|----------------|-------------|
| | 2024 | 2023 |
| Profit for the year, attributable to equity holders of the Company for basic and diluted earnings per share (S\$'000) | 31,987 | 26,564 |
| Weighted average number of ordinary shares on issue applicable to basic and diluted earnings per share ('000) | 512,104 | 512,104 |

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2024

9. Property, plant and equipment

| Group | Building S\$'000 | Office premises S\$'000 | Machinery and equipment S\$'000 | Motor vehicles S\$'000 | Office equipment S\$'000 | Furniture and fittings S\$'000 | Total S\$'000 |
|---|---------------------|-------------------------------|--|------------------------------|--------------------------------|---|------------------|
| Cost | | | | | | | |
| At 1 January 2023 | 17,457 | 6,751 | 16,457 | 10,789 | 996 | 209 | 52,659 |
| Additions | – | – | 129 | 497 | 156 | – | 782 |
| Disposals | – | – | (1,136) | (1,591) | (101) | – | (2,828) |
| At 31 December 2023 and 1 January 2024 | 17,457 | 6,751 | 15,450 | 9,695 | 1,051 | 209 | 50,613 |
| Additions | – | – | 3,017 | 649 | – | – | 3,666 |
| Disposals | (5,100) | – | (4,455) | (3,723) | (26) | – | (13,304) |
| At 31 December 2024 | 12,357 | 6,751 | 14,012 | 6,621 | 1,025 | 209 | 40,975 |
| Accumulated depreciation | | | | | | | |
| At 1 January 2023 | 7,957 | 659 | 12,913 | 10,189 | 676 | 126 | 32,520 |
| Charge for the year | 699 | 110 | 1,041 | 260 | 142 | 19 | 2,271 |
| Disposals | – | – | (1,076) | (1,568) | (101) | – | (2,745) |
| At 31 December 2023 and 1 January 2024 | 8,656 | 769 | 12,878 | 8,881 | 717 | 145 | 32,046 |
| Charge for the year | 699 | 110 | 971 | 330 | 160 | 19 | 2,289 |
| Disposals | (5,100) | – | (4,075) | (3,673) | (26) | – | (12,874) |
| At 31 December 2024 | 4,255 | 879 | 9,774 | 5,538 | 851 | 164 | 21,461 |
| Net carrying amount | | | | | | | |
| At 31 December 2024 | 8,102 | 5,872 | 4,238 | 1,083 | 174 | 45 | 19,514 |
| At 31 December 2023 | 8,801 | 5,982 | 2,572 | 814 | 334 | 64 | 18,567 |

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2024

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

Right-of-use asset acquired under leasing arrangement is presented together with the owned assets of the same class. Details of such leased asset is disclosed in Note 23.

During the financial year, the Company acquired machineries with an aggregate cost of S\$360,000 (2023: S\$100,000) by means of leases. The cash outflow on acquisition of property, plant and equipment in 2024 amounted to S\$3,306,000 (2023: S\$682,000).

10. Investment properties

| | 2024 S\$'000 | 2023 S\$'000 |
|---|-----------------|-----------------|
| Balance sheet: | | |
| At 1 January | 3,200 | 3,000 |
| Net gain from fair value adjustments recognised in profit or loss | 100 | 200 |
| At 31 December | 3,300 | 3,200 |
| Income statement: | | |
| Rental income from investment properties: | | |
| – Minimum lease payments | 182 | 180 |
| Direct operating expenses (including repairs and maintenance) arising from: | | |
| – Rental generating properties | (40) | (48) |

The Group has no restrictions on the realisability of its investment properties and no contractual obligations to purchase, construct or develop investment property or for repairs, maintenance or enhancements.

Valuation of investment properties

The leasehold office premises and light industry workshop in Singapore are stated at fair value, which has been determined based on valuations performed as at 31 December 2024 and 31 December 2023. The valuations were performed by Colliers International Consultancy & Valuation (S) Pte Ltd (2023: Colliers International Consultancy & Valuation (S) Pte Ltd), an independent valuer with a recognised and relevant professional qualification and with recent experience in the location and category of the properties being valued. The valuations are based on the Direct Comparison Method that makes reference to market evidence of transaction prices for similar properties in the open market.

The investment properties held by the Group as at 31 December 2024 are as follows:

| Description and location | Existing use | Tenure | Unexpired lease term |
|---|-----------------|-----------|-------------------------|
| Office premises, 80 Marine Parade Road, #09-07, Singapore (99 years lease) | Office | Leasehold | 54 years |
| Light industry workshop, #60 Kaki Bukit Avenue 6, Singapore (30 years lease) | Workshop | Leasehold | 18 years |

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2024

11. Investment in joint venture

The Group's investment in joint venture is summarised below:

| | Group | |
|-----------------------------------|----------------|----------------|
| | 2024 | 2023 |
| | S\$'000 | S\$'000 |
| FSKH Development Pte Ltd | | |
| – Equity interest | 1,350 | 1,350 |
| – Amount due from a joint venture | – | 8,131 |
| – Share of profit | 2,403 | 4,569 |
| – Deferred interest | (1) | (1) |
| | 3,752 | 14,049 |

The amount due from a joint venture is non-trade in nature, unsecured, bears interest at 2% (2023: 2%) per annum and is repayable when the cash flow of the joint venture permits. This amount is in substance part of the Group's net interest in the joint venture and hence determined to be capital in nature. The amount was fully repaid in January 2024.

Deferred interest pertains to the Group's unrealised interest income on advance to joint venture.

The Group jointly controls the venture with other partners under contractual agreements which require unanimous consent for all major decisions over the relevant activities. The details of the joint venture as at 31 December 2024 and 31 December 2023 are as follows:

| Name of partnership | Country of incorporation and place of business | Principal activities | Proportion (%) of ownership interest | |
|----------------------------|---|--|---|-------------|
| | | | 2024 | 2023 |
| FSKH Development Pte Ltd | Singapore | Property development and property related activities | 45 | 45 |

The joint venture is audited by Ernst & Young LLP, Singapore.

Besides meeting the Housing Developer (Project Accounts) rules, the amount due from a joint venture are subordinated to bank loans secured against the development projects.

The bank loan was fully repaid in January 2023.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2024

11. Investment in joint venture (cont'd)

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

Summarised balance sheets

| | FSKH Development Pte Ltd | |
|---|-----------------------------|-----------------|
| | 2024 S\$'000 | 2023 S\$'000 |
| Capitalised contract costs | 263 | 263 |
| Contract assets | – | 14,069 |
| Cash and cash equivalents | 10,301 | 3,522 |
| Trade receivables | 117 | 15,467 |
| Other receivables | – | 190 |
| Prepayments and deposits | – | 16 |
| Current assets | 10,681 | 33,527 |
| Trade and other payables | (1,865) | (2,362) |
| Contract liabilities | (465) | – |
| Provision for income tax | (12) | – |
| Current liabilities | (2,342) | (2,362) |
| Net assets⁽¹⁾ | 8,339 | 31,165 |
| Proportion of the Group's ownership | 45% | 45% |
| Group's share of net assets | 3,753 | 14,024 |
| Adjustment: Elimination of unrealised interest income on advance to joint venture | (1) | (1) |
| Payment on behalf of a joint venture, included in shareholder loan | – | 26 |
| Carrying amount of the investment | 3,752 | 14,049 |

(1) During the financial year, FSKH Development Pte Ltd made a repayment of shareholder loan (net of interest) amounting to S\$17,957,000 (2023: S\$83,496,000). The externally imposed deed of subordination has been complied with by the joint venture for the repayment of amount due to its shareholders.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2024

11. Investment in joint venture (cont'd)

Summarised statement of comprehensive income

| | FSKH Development Pte Ltd | |
|--|-----------------------------|-----------------|
| | 2024 S\$'000 | 2023 S\$'000 |
| Revenue | – | 78 |
| Cost of sales | (8) | (75) |
| Gross (loss)/profit | (8) | 3 |
| Other income | 225 | 3 |
| Selling and distribution costs | (1) | (36) |
| Finance costs | (29) | (1,054) |
| Operating expenses | (39) | (94) |
| Profit/(loss) before taxation | 148 | (1,178) |
| Tax (expense)/credit | (12) | 200 |
| Profit/(loss) after taxation and total comprehensive (loss)/income | 136 | (978) |

FSKH's current liabilities in the prior year include bank loan that is subject to bank covenants and deed of subordination of all the moneys owing by the joint venture to its shareholders.

12. Investments in joint operations

The Group has interests in two unincorporated joint arrangements. The Group has classified the joint arrangements as joint operations and recognised in relation to its interests in the joint operations, its share of assets held jointly and liabilities incurred jointly. The details of the joint operations as at 31 December 2024 and 2023 are as follows:

| Name of joint operations | Country of incorporation and place of business | Principal activities | Proportion (%) of ownership interest | |
|---|---|---|--|------|
| | | | 2024 | 2023 |
| GS Engineering & Construction – Hock Lian Seng Infrastructure Joint Venture | Singapore | Provision of civil engineering and infrastructure works | 50 | 50 |
| Hock Lian Seng Infrastructure – CES_SDC JV | Singapore | Provision of civil engineering works | 60 | 60 |

All joint operations are audited by Ernst & Young LLP, Singapore.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2024

13. Investments in subsidiaries

| | Company | |
|--|---------|---------|
| | 2024 | 2023 |
| | S\$'000 | S\$'000 |
| Shares, at cost at 1 January | 38,324 | 37,844 |
| Additional capital contribution | – | 480 |
| Accumulated impairment of investment in a subsidiary | (30) | (30) |
| Shares, at cost at 31 December | 38,294 | 38,294 |

(a) Composition of the Group

Details of subsidiaries as at 31 December 2024 and 2023 are as follows:

| Name of subsidiary | Country of incorporation and place of business | Principal activities | Proportion (%) of ownership interest | |
|---------------------------------------|--|--|--------------------------------------|------|
| | | | 2024 | 2023 |
| Hock Lian Seng Infrastructure Pte Ltd | Singapore | Provision of civil engineering works | 100 | 100 |
| Hock Lian Seng Properties Pte Ltd | Singapore | Rental of property, property development and property related activities | 100 | 100 |
| HLS Development Pte Ltd | Singapore | Property development and property related activities | 100 | 100 |
| First Shine Properties Pte Ltd | Singapore | Investment holding and property related activities | 100 | 100 |
| First Shine Enterprise Pte Ltd | Singapore | Building construction including major upgrading works | 51 | 51 |
| Beacon Properties Pte Ltd | Singapore | Property development and property related activities | 100 | 100 |

All subsidiaries are audited by Ernst & Young LLP, Singapore.

(b) Interest in subsidiary with material non-controlling interest (NCI)

| Name of subsidiary | Country of incorporation and place of business | Proportion of ownership interest held by NCI | Accumulated NCI at the beginning of reporting period S\$'000 | Profits allocated to NCI during the reporting period S\$'000 | Capital contribution by NCI S\$'000 | Accumulated NCI at the end of reporting period S\$'000 |
|--------------------------------|--|--|--|--|-------------------------------------|--|
| 2024: | | | | | | |
| First Shine Enterprise Pte Ltd | Singapore | 49% | 390 | 81 | – | 471 |

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2024

13. Investments in subsidiaries (cont'd)

(b) Interest in subsidiary with material non-controlling interest (NCI) (cont'd)

| Name of subsidiary | Country of incorporation and place of business | Proportion of ownership interest held by NCI | Accumulated NCI at the beginning of reporting period S\$'000 | Losses allocated to NCI during the reporting period S\$'000 | Capital contribution by NCI S\$'000 | Accumulated NCI at the end of reporting period S\$'000 |
|--------------------------------|--|--|---|--|--|---|
| 2023: | | | | | | |
| First Shine Enterprise Pte Ltd | Singapore | 49% | (160) | 80 | 470 | 390 |

(c) Summarised financial information about subsidiary with material NCI

Summarised financial information including consolidation adjustments but before intercompany eliminations of subsidiary with material non-controlling interests are as follows:

Summarised balance sheet

| | First Shine Enterprise Pte Ltd | |
|-------------|--------------------------------|-----------------|
| | 2024 S\$'000 | 2023 S\$'000 |
| Assets | 3,496 | 1,233 |
| Liabilities | (2,647) | (550) |
| Net assets | 849 | 683 |

Summarised statement of comprehensive income

| | First Shine Enterprise Pte Ltd | |
|--|--------------------------------|-----------------|
| | 2024 S\$'000 | 2023 S\$'000 |
| Revenue | 3,854 | 2,146 |
| Profit before tax | 166 | 166 |
| Income tax expense | — | — |
| Profit after tax representing total comprehensive income | 166 | 166 |

Other summarised information

| | First Shine Enterprise Pte Ltd | |
|--|--------------------------------|-----------------|
| | 2024 S\$'000 | 2023 S\$'000 |
| Net cash flows generated from/(used in) operations | 1,082 | (131) |

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2024

14. Investment securities

| | Group | |
|--|-----------------|-----------------|
| | 2024 S\$'000 | 2023 S\$'000 |
| Non-current | | |
| At fair value through other comprehensive income | | |
| – Equity instruments (quoted) | 16,610 | 12,822 |
| Current | | |
| At fair value through profit or loss | | |
| – Debt instruments (quoted) | 14,309 | 11,519 |
| – Equity instruments (quoted) | 349 | 25 |
| At amortised cost | | |
| – Credit link note | 6,971 | 4,980 |
| – Singapore Treasury bill | 984 | – |
| | 22,613 | 16,524 |

Investments in debt instrument at fair value through profit or loss

Debt investment in quoted corporate bonds were made for varying coupon rates ranging from 3% to 7.5% per annum (2023: 3.0% to 7.5%), with maturity dates ranging from 2025 to 2039.

Investments in equity instruments designated at fair value through other comprehensive income

The fair value of investments in quoted equity instruments designated at fair value through other comprehensive income at the end of the reporting period is as follows:

| | Group | |
|--|-----------------|-----------------|
| | 2024 S\$'000 | 2023 S\$'000 |
| At fair value through other comprehensive income | | |
| Equity instruments (quoted) by industry | | |
| – Bank and financial institutions | 7,856 | 4,937 |
| – Real Estate | 7,222 | 6,758 |
| – Telecommunication and infrastructure | 1,035 | 742 |
| – Commodities | 497 | 385 |
| | 16,610 | 12,822 |

The Group has elected to measure these equity securities at fair value through other comprehensive income due to the Group's intention to hold these equity instruments for long-term appreciation.

The Group recognised a dividend income of S\$151,000 (2023: S\$109,000) during the year.

The rate of interest of perpetual corporate bonds ranges between 3.65% to 8.30% (2023: 3.65% to 8.30%) per annum.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2024

15. Deferred taxation

Deferred taxation as at 31 December relates to the following:

| | Group | | | |
|---|-------------------------------|-----------------|----------------------------------|-----------------|
| | Consolidated balance sheet | | Consolidated Income statement | |
| | 2024 S\$'000 | 2023 S\$'000 | 2024 S\$'000 | 2023 S\$'000 |
| Gross deferred tax assets | | | | |
| Provisions | 1,609 | 2,644 | 1,035 | 1,100 |
| Others | 189 | 269 | 80 | 82 |
| | <u>1,798</u> | <u>2,913</u> | | |
| Gross deferred tax liabilities | | | | |
| Excess of net carrying value of property, plant and equipment over tax written down value | (488) | (601) | (113) | (67) |
| Other temporary and deductible differences | (440) | – | 440 | – |
| | <u>(928)</u> | <u>(601)</u> | | |
| Net deferred tax assets | <u>870</u> | <u>2,312</u> | | |
| Deferred tax expense | | | <u>1,442</u> | <u>1,115</u> |
| Reflected in the statement of financial position as follows: | | | | |
| Deferred tax assets | 1,310 | 2,312 | | |
| Deferred tax liabilities | (440) | – | | |
| Deferred tax assets, net | <u>870</u> | <u>2,312</u> | | |

Unrecognised tax losses

At the end of the reporting period, the Group has tax losses of approximately S\$311,000 (2023: S\$411,000) that are available for offset against future taxable profits of the companies in which the losses arose, for which no deferred tax asset is recognised due to uncertainty of its recoverability. The use of these tax losses is subject to the agreement of the tax authorities and compliance with certain provisions of the tax legislation of the respective countries in which the companies operate. The tax losses have no expiry date.

16. Development properties

| | Group | |
|--|-----------------|-----------------|
| | 2024 S\$'000 | 2023 S\$'000 |
| Completed properties, at cost | <u>51,002</u> | <u>70,997</u> |
| At 1 January | 70,997 | 91,709 |
| Construction costs written-back ⁽¹⁾ | (216) | (428) |
| Disposals (recognised in cost of sales) | <u>(19,779)</u> | <u>(20,284)</u> |
| At 31 December | <u>51,002</u> | <u>70,997</u> |

(1) During the year, there was write-back of excess construction costs of S\$216,000 (2023: S\$428,000) arising from the finalisation of project costs.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2024

16. Development properties (cont'd)

List of development properties

| Description and location | % owned | Site area (square metre) | Approximate saleable floor area (square metre) | Stage of completion as at date of annual report (year of completion) |
|---|---------|--------------------------------|---|---|
| Industrial property at Tuas South Avenue 7 | 100 | 25,700 | 49,507 | 100% (2018) |
| Industrial property at Gambas Avenue | 100 | 21,427 | 49,046 | 100% (2014) |

17. Trade receivables

| | Group | |
|-------------------|-----------------|-----------------|
| | 2024 S\$'000 | 2023 S\$'000 |
| Trade receivables | 9,401 | 17,258 |

Trade receivables

Trade receivables are non-interest bearing and are generally on 14-56 days' (2023: 14-56 days') credit terms. They are recognised at their original invoice amounts which represent their fair values on initial recognition.

Receivables that are past due but not impaired

Trade receivables that are past due but not impaired at the end of the reporting periods are S\$Nil (2023: S\$48,000).

| | 2024 S\$'000 | 2023 S\$'000 |
|---|-----------------|-----------------|
| Trade receivables that are past due but not impaired: | | |
| Less than 30 days | 9,401 | – |
| 30 to 60 days | – | 48 |
| 60 to 90 days | – | – |
| More than 90 days | – | – |
| | 9,401 | 48 |

Receivables that are impaired

The Group's has no trade receivables that are individually or collectively impaired at the end of reporting date (2023: S\$Nil).

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2024

18. Other receivables

| | Group | | Company | |
|---------------------------------------|-----------------|-----------------|-----------------|-----------------|
| | 2024 S\$'000 | 2023 S\$'000 | 2024 S\$'000 | 2023 S\$'000 |
| Other debtors | 799 | 1,530 | – | – |
| Advances to subcontractors | – | 111 | – | – |
| Interest receivables | 744 | 621 | 173 | 39 |
| Amount due from joint venture partner | – | 45 | – | – |
| Amount due from subsidiaries | – | – | 824 | 265 |
| Loans due from subsidiaries | – | – | 24,811 | 64,250 |
| | 1,543 | 2,307 | 25,808 | 64,554 |

Advances to subcontractors relate to advances made to them for maintenance of materials on site and are non-interest bearing. The advances are recognised at their original invoice amounts, which represents their fair value on initial recognition.

Amounts due from subsidiaries are trade related, non-interest bearing, unsecured, repayable on demand and is to be settled in cash. The amounts relate to management fee and payroll costs of seconded staff charged to subsidiaries.

Loans due from subsidiaries are unsecured, bear interest at 2% (2023: 2%) per annum, repayable on demand and are to be settled in cash.

The movement in allowance for expected credit losses of other receivables are as follows:

| | Company | |
|---------------------------------------|-----------------|-----------------|
| | 2024 S\$'000 | 2023 S\$'000 |
| At 1 January | – | 260 |
| Reversal of impairment on receivables | – | (260) |
| At 31 December | – | – |

19. Amounts due from joint venture partners

| | Group | |
|---|-----------------|-----------------|
| | 2024 S\$'000 | 2023 S\$'000 |
| Current | | |
| Amounts due from joint venture partners – trade | 57 | 27 |

The amounts due from joint venture partners relate to payroll costs of seconded staff and services provided to joint venture partners, are unsecured, non-interest bearing, repayable on demand and are to be settled in cash.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2024

20. Prepayments and deposits

| | Group | | Company | |
|-------------|-----------------|-----------------|-----------------|-----------------|
| | 2024 S\$'000 | 2023 S\$'000 | 2024 S\$'000 | 2023 S\$'000 |
| Prepayments | 87 | 273 | 16 | 16 |
| Deposits | 717 | 438 | – | – |
| | 804 | 711 | 16 | 16 |

21. Cash and short-term deposits

| | Group | | Company | |
|--|-----------------|-----------------|-----------------|-----------------|
| | 2024 S\$'000 | 2023 S\$'000 | 2024 S\$'000 | 2023 S\$'000 |
| Cash at banks and on hand | 32,098 | 27,882 | 1,843 | 478 |
| Short-term deposits | 127,206 | 104,582 | 53,043 | 15,192 |
| Cash and cash equivalents per consolidated cash flow statement | 159,304 | 132,464 | 54,886 | 15,670 |

Short-term deposits are made for varying periods of between 1 month to 3 months depending on the immediate cash requirements of the Group, and earn interest at the respective short-term deposit rates. The average effective interest rates as at 31 December 2024 for the Group were 3.45% (2023: 3.85%) per annum.

Cash and short-term deposits denominated in foreign currencies at 31 December are as follows:

| | Group | |
|----------------------|-----------------|-----------------|
| | 2024 S\$'000 | 2023 S\$'000 |
| United States Dollar | 1,592 | 2,608 |

22. Trade and other payables

| | Group | | Company | |
|--------------------------------------|-----------------|-----------------|-----------------|-----------------|
| | 2024 S\$'000 | 2023 S\$'000 | 2024 S\$'000 | 2023 S\$'000 |
| Current portion: | | | | |
| Trade payables | 14,479 | 8,093 | 1 | – |
| Amount due to joint venture partners | – | 20 | – | – |
| Accrued operating expenses | 33,647 | 51,333 | 327 | 333 |
| Deposits received | 1,575 | 1,763 | – | – |
| GST payables | 326 | 1,285 | 14 | 19 |
| Other payables | 1,088 | 178 | – | – |
| | 51,115 | 62,672 | 342 | 352 |
| Non-current portion: | | | | |
| Other payables | 861 | 494 | – | – |

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2024

22. Trade and other payables (cont'd)

Trade payables

Trade payables are non-interest bearing and are normally settled on 30-60 days' (2023: 30-60 days') terms.

Amounts due to joint venture partners

Amounts due to joint venture partners were trade related, unsecured, non-interest bearing and repayable upon demand.

Other payables – current

The current other payables are non-interest bearing and have an average term of 2 months.

Other payables – non-current

Other payables are rental deposits received which are refundable more than 12-months after the financial year end.

23. Lease liabilities

Group as a lessee

The Company has lease contract for motor vehicle. The Company's obligations under the lease are secured by the lessor's title to the leased asset. The Company is restricted from assigning and subleasing the leased asset.

(a) Carrying amounts of right-of-use assets presented within property, plant and Equipment

| Group | Motor vehicles S\$'000 | Machinery and equipment S\$'000 |
|--|------------------------------|--|
| At 1 January 2023 | – | – |
| Additions | 100 | – |
| Depreciation charge for the year | (17) | – |
| At 31 December 2023 and 1 January 2024 | 83 | – |
| Additions | – | 360 |
| Depreciation charge for the year | (20) | (15) |
| At 31 December 2024 | 63 | 345 |

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2024

23. Lease liabilities (cont'd)

Group as a lessee (cont'd)

(b) Lease liabilities

A reconciliation of liabilities arising from financing activities is as follows:

| | 2023 S\$'000 | Cash flows S\$'000 | Non-cash changes | | 2024 S\$'000 |
|-------------------|-----------------|-----------------------|----------------------|-------------------------------------|-----------------|
| | | | Additions S\$'000 | Accretion of interest S\$'000 | |
| Lease liabilities | | | | | |
| – Current | 20 | (40) | 132 | 6 | 118 |
| – Non-current | 65 | – | 228 | – | 293 |
| Total | 85 | (40) | 360 | 6 | 411 |

| | 2022 S\$'000 | Cash flows S\$'000 | Non-cash changes | | 2023 S\$'000 |
|-------------------|-----------------|-----------------------|----------------------|-------------------------------------|-----------------|
| | | | Additions S\$'000 | Accretion of interest S\$'000 | |
| Lease liabilities | | | | | |
| – Current | – | (19) | 35 | 4 | 20 |
| – Non-current | – | – | 65 | – | 65 |
| Total | – | (19) | 100 | 4 | 85 |

The maturity analysis of lease liabilities is disclosed in Note 34.

(c) Amounts recognised in profit or loss

| | Group | |
|---|-----------------|-----------------|
| | 2024 S\$'000 | 2023 S\$'000 |
| Depreciation of right-of-use assets | 35 | 17 |
| Interest expense on lease liabilities | 6 | 4 |
| Lease expense not capitalised in lease liabilities | | |
| – Expense relating to short-term leases (included in cost of sales) representing total amount recognised in profit or loss (Note 30) | 3,370 | 3,736 |
| Total amount recognised in profit or loss | 3,411 | 3,757 |

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2024

24. Provisions

(i) Provision for maintenance and warranties

| | Group | |
|----------------|-----------------|-----------------|
| | 2024 S\$'000 | 2023 S\$'000 |
| At 1 January | 15,265 | 21,390 |
| Utilisation | (4,514) | (4,460) |
| Write-back | (1,620) | (1,665) |
| At 31 December | 9,131 | 15,265 |

The Group provides for maintenance and warranties claims on contracted items with customers after the substantial completion of projects. The amount of the provision for maintenance and warranties are based on past experience of the level of maintenance and rectification work. The estimation basis is reviewed on an ongoing basis and revised when appropriate.

Management reviews the estimation basis on an ongoing basis taking into consideration past claims experience and actual utilisation, and revises the provision when appropriate. During the year, the Group has written back S\$1,620,000 (2023: S\$1,665,000) of the maintenance and warranty provisions upon assessment of the claims.

(ii) Provision for project costs

This relates to provision for project and subcontractor costs to be incurred on completion. The provision was based on management's assessment of the status of the project. The estimation basis is reviewed on an ongoing basis and revised when appropriate. As at year end, the Group has determined that no provision is necessary (2023: S\$Nil).

25. Deferred income

| | Group | |
|------------------|-----------------|-----------------|
| | 2024 S\$'000 | 2023 S\$'000 |
| Government grant | 62 | 89 |

26. Share capital

| | Group and Company | | | |
|--|-----------------------|---------|-----------------------|---------|
| | 2024 | | 2023 | |
| | No. of shares '000 | S\$'000 | No. of shares '000 | S\$'000 |
| Issued and fully paid ordinary shares | | | | |
| At 1 January and 31 December | 512,104 | 59,954 | 512,104 | 59,954 |

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2024

27. Capital reserve

Capital reserve records the costs of share-based payments, in the form of 4,000,000 shares transferred from the former shareholders to certain selected employees of the Group as consideration for their services received, which is measured by reference to the fair value of the shares at the grant date.

28. Fair value adjustment reserve

Fair value adjustment reserve records the cumulative fair value changes, net of tax, of financial assets at fair value through other comprehensive income financial assets until they are disposed of or impaired.

| | Group | |
|--|-----------------|-----------------|
| | 2024 S\$'000 | 2023 S\$'000 |
| At 1 January | (225) | (157) |
| Gain/(loss) on fair value changes of financial assets at fair value through other comprehensive income during the year | 1,002 | (68) |
| At 31 December | 777 | (225) |

29. Merger deficit

The merger deficit records the difference between the purchase consideration and the share capital of a subsidiary acquired from an entity under common control.

30. Commitments

Group as lessee

The Group also has certain leases of machinery with lease terms of 12 months or less and leases of equipment with low value. The Group applies the 'short-term lease' and 'lease of low-value assets' recognition exemptions for these leases.

The following are the amounts recognised in profit or loss:

| | Group | |
|--|-----------------|-----------------|
| | 2024 S\$'000 | 2023 S\$'000 |
| Expense relating to short-term leases (included in cost of sales) representing total amount recognised in profit or loss | 3,370 | 3,736 |

The Group had total cash outflows for short-term leases of \$2,149,000 in 2024 (2023: S\$3,599,000).

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2024

30. Commitments (cont'd)

Group as lessor

The Group has entered into commercial property leases on its investment properties.

Future minimum rental receivables under non-cancellable operating leases at the end of the reporting period are as follows:

| | Group | |
|---|-----------------|-----------------|
| | 2024 S\$'000 | 2023 S\$'000 |
| Not later than one year | 194 | 172 |
| Later than one year but not later than five years | 121 | 61 |
| | 315 | 233 |

Share of capital commitment to a joint venture

The Group has committed to provide funding in the proportion of the shareholdings held by the Group in a joint venture required to develop and complete the development properties.

The Group's share of the capital expenditure contracted for at the balance sheet date but not recognised in the financial statements are as follows:

| | Group | |
|---|-----------------|-----------------|
| | 2024 S\$'000 | 2023 S\$'000 |
| Capital commitment in respect of property development expenditure | – | 32 |

31. Dividends

| | Group and Company | |
|---|-------------------|-----------------|
| | 2024 S\$'000 | 2023 S\$'000 |
| Declared and paid during the financial year: | | |
| <i>Dividends on ordinary shares:</i> | | |
| Final tax-exempt (one-tier) dividend for 2024: S\$0.015 (2023: S\$0.010) per share | 7,682 | 5,121 |
| Proposed but not recognised as a liability as at 31 December: | | |
| <i>Dividends on ordinary shares, subject to shareholders' approval at the AGM:</i> | | |
| Final tax-exempt (one-tier) dividends for 2024: S\$0.018 (2024: S\$0.015) per share | 9,218 | 7,682 |

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2024

32. Related party transactions

In addition to the information disclosed elsewhere in the financial statements, the following transactions took place between the Group and related parties at terms agreed between the parties:

Compensation of key management personnel

| | Group | |
|---|-----------------|-----------------|
| | 2024 S\$'000 | 2023 S\$'000 |
| Salaries and other remuneration | 4,201 | 3,702 |
| Defined contribution plans | 128 | 128 |
| Directors' fees | 180 | 217 |
| Total compensation paid to key management personnel | 4,509 | 4,047 |

| | Group | |
|----------------------------------|-----------------|-----------------|
| | 2024 S\$'000 | 2023 S\$'000 |
| Comprise amounts paid to: | | |
| – Directors of the Company | 2,438 | 2,177 |
| – Other key management personnel | 2,071 | 1,870 |
| | 4,509 | 4,047 |

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

33. Contingent liabilities

During the year, the Company has provided financial guarantee to a bank in a respect of bank loan of subsidiary with a balance of S\$1,755,000. The fair value of such financial guarantee is not expected to be material as the loan is collateralised against the respective entity's machineries. Accordingly, the fair value of the financial guarantees has not been recognised.

34. Financial risk management objectives and policies

The Group and the Company is exposed to financial risks arising from its operations and the use of financial instruments. The key financial risks include interest rate risk, credit risk, market price risk, liquidity risk and foreign currency risk. The board of directors reviews and agrees policies and procedures for the management of these risks. It is, and has been throughout the years under review, the Group's policy that no trading in derivatives for speculative purposes shall be undertaken. The Group and the Company do not apply hedge accounting.

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

There has been no change to the Group's exposure to these financial risks or the manner in which it manages and measures the risks.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2024

34. Financial risk management objectives and policies (cont'd)

(a) *Interest rate risk*

Interest rate risk is the risk that the fair value or future cash flows of the Group's and the Company's financial instruments will fluctuate because of changes in market interest rates. The Group's and the Company's exposure to interest rate risk arises primarily from the Group's cash and short-term deposits.

Sensitivity analysis for interest rate risk

At the end of the reporting period, if SGD interest rates had been 100 (2023: 100) basis points higher/lower with all other variables held constant, the Group's profit net of tax would have been S\$1,062,000 (2023: S\$755,000) higher/lower, arising mainly as a result of higher/lower interest income on cash and short-term deposits.

(b) *Credit risk*

Credit risk is the risk of loss that may arise on outstanding financial instruments should a counterparty default on its obligations. The Group's and the Company's exposure to credit risk arises primarily from contract assets, trade and other receivables. For other financial assets (including investment securities, amount due from joint venture partners and cash and short-term deposits), the Group and the Company minimise credit risk by dealing exclusively with high credit rating counterparties.

The Group trades only with recognised and creditworthy third parties or government authorities. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis with the result that the Group's exposure to bad debts is not significant.

The Group considers the probability of default upon initial recognition of asset and whether there has been a significant increase in credit risk on an ongoing basis throughout each reporting period.

The Group has determined the default event on a financial asset to be when the counterparty fails to make contractual payments, within 180 days when they fall due, which are derived based on Group's historical information. The Group also considers a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full.

To assess whether there is a significant increase in credit risk, the Group compares the risk of a default occurring on the asset as at reporting date with the risk of default as at the date of initial recognition. The Group considers available reasonable and supportive forwarding-looking information which includes the following indicators:

- Internal credit rating
- External credit rating
- Actual or expected significant adverse changes in business, financial or economic conditions that are expected to cause a significant change to the borrower's ability to meet its obligations
- Actual or expected significant changes in the operating results of the borrower
- Significant increases in credit risk on other financial instruments of the same borrower
- Significant changes in the expected performance and behaviour of the borrower, including changes in the payment status of borrowers in the group and changes in the operating results of the borrower.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2024

34. Financial risk management objectives and policies (cont'd)

(b) Credit risk (cont'd)

Regardless of the analysis above, a significant increase in credit risk is presumed if a debtor is more than 30 days past due in making contractual payment.

The Group determined that its financial assets are credit-impaired when:

- There is significant difficulty of the borrower
- A breach of contract, such as a default or past due event
- It is becoming probable that the borrower will enter into bankruptcy or other financial reorganisation
- There is a disappearance of an active market for that financial asset because of financial difficulty

The Group categorises a loan or receivable for potential write-off when a debtor fails to make contractual payments for more than 180 days past due. Financial assets are written off when there is no reasonable expectation of recovery, such as a debtor failing to engage in a repayment plan with the Group. Where loans and receivables have been written off, the Group continues to engage appropriate enforcement activities to attempt to recover the receivables due. Where recoveries are made, these are recognised in profit or loss.

Financial assets at amortised cost

The Group uses three categories of internal credit risk ratings for debt instruments and loans which reflect their credit risk and how the loss provision is determined for each of those categories. The Group assesses the qualitative and quantitative factors that are indicative of the risk of default based on experienced credit judgement. The Group compute expected credit loss for this group of financial assets using the probability of default approach. In calculating the expected credit loss rates, the Group considers implied probability of default from external rating agencies where available and historical loss rates for each category of counterparty, and adjusts for forward looking macroeconomic data such as GDP growth and central bank base rates.

A summary of the Group's internal grading category in the computation of the Group's expected credit loss model for the debt instruments and loans is as follows:

| Category | Definition of category | Basis for recognition of ECL provision | Basis for calculating interest revenue |
|----------|---|--|---|
| Level 1 | Customers have a low risk of default and a strong capacity to meet contractual cash flows | 12-month ECL | Gross carrying amount |
| Level 2 | Loans for which there is a significant increase in credit risk | Lifetime ECL | Gross carrying amount |
| Level 3 | Interest and/or principal repayment are 180 days past due. | Lifetime ECL | Amortised cost of carrying amount (net of credit allowance) |

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2024

34. Financial risk management objectives and policies (cont'd)

(b) Credit risk (cont'd)

There are no significant changes to estimation techniques or assumptions made during the reporting period.

The Group assessed the qualitative and quantitative factor that are indicative of the risk of default based on experienced credit judgement. These exposures are considered to have low credit risk. Therefore, impairment on these balances has been measured on the 12-month expected credit loss basis. There was no loss allowance provision made on debt instruments carried at amortised cost.

The gross carrying amount of financial assets of the Group and Company as at 31 December 2024, without taking into account of any collaterals held or other credit enhancements which represents the maximum exposure to loss, is S\$171,608,000 and S\$80,694,000 (2023: S\$158,991,000 and S\$80,224,000) respectively.

Trade receivables and contract assets

The Group recognises lifetime expected credit loss for trade receivables and contract assets. The expected credit losses on these financial assets are estimated based on the Group's historical credit loss experience adjusted for factors that are specific to the debtors, general economic conditions and assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate.

Summarised below is the information about the credit risk exposure on the Group's trade receivables and contract assets:

| 31 December 2024 | Contract assets S\$'000 | Current S\$'000 | Past due | | | | Total S\$'000 |
|----------------------------------|-------------------------------|--------------------|-------------------------|--------------------------|--------------------------|---------------------------------|------------------|
| | | | 1-30 days S\$'000 | 31-60 days S\$'000 | 61-90 days S\$'000 | More than 90 days S\$'000 | |
| Gross carrying amount | 63,327 | 9,401 | – | – | – | – | 72,728 |
| Loss allowance provision | – | – | – | – | – | – | – |

| 31 December 2023 | Contract assets S\$'000 | Current S\$'000 | Past due | | | | Total S\$'000 |
|-----------------------------|-------------------------------|--------------------|-------------------------|--------------------------|--------------------------|---------------------------------|------------------|
| | | | 1-30 days S\$'000 | 31-60 days S\$'000 | 61-90 days S\$'000 | More than 90 days S\$'000 | |
| Gross carrying amount | 49,758 | 17,210 | – | 48 | – | – | 67,016 |
| Loss allowance provision | – | – | – | – | – | – | – |

Information regarding loss allowance movement of trade receivables is disclosed in Note 17. During the year, there were no loss allowance provision made on trade receivables and contract assets (2023: Nil).

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2024

34. Financial risk management objectives and policies (cont'd)

(b) Credit risk (cont'd)

Cash and bank balances

The cash and bank balances are held with banks and financial institution counterparties, which are rated at least A, based on Standard & Poor's ratings. Impairment on cash and bank balances has been measured on the 12-month expected loss basis and reflects the short maturities of the exposures. The Group considers that its cash and bank balances have low credit risk based on the external credit ratings of the counterparties. There were no loss allowance provision made on cash and bank balances.

Other receivables and amount due from joint venture partners

The Group and Company have assessed that its other receivable debtors and joint venture partners have strong financial capacity to meet the contractual obligation and considered to have low credit risk. Other receivables and amount due from joint venture partners are measured on 12-month expected credit losses and subject to immaterial credit loss.

Excessive risk concentration

Concentrations arise when a number of counterparties are engaged in similar business activities, or activities in the same geographical region, or have economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. Concentrations indicate the relative sensitivity of the Group's performance to developments affecting a particular industry.

In order to avoid excessive concentrations of risk, the Group's policies and procedures include specific guidelines to focus on maintaining a diversified portfolio. Identified concentrations of credit risks are controlled and managed accordingly.

Exposure to credit risk

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

Since the Group trades only with recognised and creditworthy third parties or government authorities, there is no requirement for collateral.

Financial assets that are neither past due nor impaired

Trade and other receivables that are neither past due nor impaired are creditworthy debtors with good payment record with the Group. Cash and short-term deposits and investment securities that are neither past due nor impaired are placed with or entered into with reputable financial institutions or companies with high credit ratings and no history of default.

Financial assets that are either past due or impaired

Information regarding financial assets that are either past due or impaired is disclosed in Note 17 (Trade receivables).

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2024

34. Financial risk management objectives and policies (cont'd)

(b) Credit risk (cont'd)

Credit risk concentration profile

The Group determines concentrations of credit risk by monitoring the country and industry sector profile of its trade receivables on an on-going basis. The credit risk concentration profile of the Group's trade receivables at the end of the reporting period is as follows:

| | Group | | | |
|----------------------------|-----------------|------------|-----------------|------------|
| | 2024 S\$'000 | % of total | 2023 S\$'000 | % of total |
| By country: | | | | |
| Singapore | 9,401 | 100.0 | 17,258 | 100.0 |
| By industry sector: | | | | |
| Civil engineering | 9,401 | 100.0 | 15,062 | 87.3 |
| Properties development | – | – | 2,196 | 12.7 |
| | 9,401 | 100.0 | 17,258 | 100.0 |

At the end of the reporting period, approximately:

- 100% (2023: 87.0%) of the Group's trade receivables were due from government authorities of Singapore or government linked entities who are located in Singapore.
- Nil% (2023: Nil%) of the Group's trade receivables is due from a related party.

(c) Market price risk

Market price risk is the risk that the fair value or future cash flows of the Group's financial instruments will fluctuate because of changes in market prices (other than interest or exchange rates). The Group has investments in quoted securities which are listed in Singapore and exposed to equity price risk. These investments are classified as fair value through profit or loss and fair value through other comprehensive income financial assets. The Group does not have exposure to commodity price risk.

The Group's objective is to manage investment returns and equity price risk using a mix of investment grade shares with steady dividend yield and non-investment grade shares with higher volatility.

Sensitivity analysis for equity price risk

At the end of the reporting period, if the underlying quoted securities prices had been 3% (2023: 3%) higher/lower with all other variables held constant, the Group's profit before taxation would have been S\$440,000 (2023: S\$346,000) higher/lower, as a result of higher/lower fair value gains on quoted investment securities classified as fair value through profit or loss, and the Group's other comprehensive income would have been S\$498,000 (2023: S\$385,000) higher/lower, as a result of higher/lower fair value gains on quoted investment securities classified as fair value through other comprehensive income.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2024

34. Financial risk management objectives and policies (cont'd)

(d) Liquidity risk

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

To manage liquidity risk, the Group monitors and maintains a level of cash and cash equivalents deemed adequate by management to finance the Group's and the Company's operations and mitigate the effect of fluctuations in cash flows.

Analysis of financial instruments by remaining contractual maturities

The table below summarises the maturity profile of the Group's and the Company's financial assets and liabilities at the end of the reporting period based on contractual undiscounted repayment obligations.

| Group | 2024 | | | |
|---|--------------------------------|---------------------------------|-------------------------------|------------------|
| | One year or less S\$'000 | One to five years S\$'000 | Over five years S\$'000 | Total S\$'000 |
| Financial assets: | | | | |
| Investment securities | 8,504 | 8,070 | 9,481 | 26,055 |
| Trade receivables | 9,401 | – | – | 9,401 |
| Other receivables | 1,543 | – | – | 1,543 |
| Amounts due from joint venture partners | 57 | – | – | 57 |
| Deposits | 717 | – | – | 717 |
| Cash and short-term deposits | 159,304 | – | – | 159,304 |
| Total undiscounted financial assets | <u>179,526</u> | <u>8,070</u> | <u>9,481</u> | <u>197,077</u> |
| | | | | |
| Group | 2024 | | | |
| | One year or less S\$'000 | One to five years S\$'000 | Over five years S\$'000 | Total S\$'000 |
| Financial liabilities: | | | | |
| Trade and other payables (exclude GST payables) | (50,789) | – | – | (50,789) |
| Other payables | – | (861) | – | (861) |
| Lease liabilities | (136) | (315) | – | (451) |
| Total undiscounted financial liabilities | <u>(50,925)</u> | <u>(1,176)</u> | <u>–</u> | <u>(52,101)</u> |
| Total net undiscounted financial assets | <u>128,601</u> | <u>6,894</u> | <u>9,481</u> | <u>144,976</u> |

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2024

34. Financial risk management objectives and policies (cont'd)

(d) Liquidity risk (cont'd)

Analysis of financial instruments by remaining contractual maturities (cont'd)

| Group | 2023 | | | Total S\$'000 |
|---|--------------------------------|---------------------------------|-------------------------------|------------------|
| | One year or less S\$'000 | One to five years S\$'000 | Over five years S\$'000 | |
| Financial assets: | | | | |
| Investment securities | 6,497 | 5,692 | 7,472 | 19,661 |
| Trade receivables | 17,258 | – | – | 17,258 |
| Other receivables | 2,307 | – | – | 2,307 |
| Amounts due from joint venture partners | 27 | – | – | 27 |
| Deposits | 438 | – | – | 438 |
| Cash and short-term deposits | 132,464 | – | – | 132,464 |
| Total undiscounted financial assets | 158,991 | 5,692 | 7,472 | 172,155 |

| Group | 2023 | | | Total S\$'000 |
|---|--------------------------------|---------------------------------|-------------------------------|------------------|
| | One year or less S\$'000 | One to five years S\$'000 | Over five years S\$'000 | |
| Financial liabilities: | | | | |
| Trade and other payables (exclude GST payables) | (61,387) | – | – | (61,387) |
| Other payables | – | (494) | – | (494) |
| Lease liabilities | (23) | (72) | – | (95) |
| Total undiscounted financial liabilities | (61,410) | (566) | – | (61,976) |
| Total net undiscounted financial assets | 97,581 | 5,126 | 7,472 | 110,179 |

| Company | 2024 One year or less S\$'000 | 2023 One year or less S\$'000 |
|--|--|--|
| | | |
| Financial assets: | | |
| Other receivables | 25,808 | 64,554 |
| Cash and short-term deposits | 54,886 | 15,670 |
| Total undiscounted financial assets | 80,694 | 80,224 |
| Financial liabilities: | | |
| Trade and other payables (exclude GST payable) | (328) | (333) |
| Total undiscounted financial liabilities | (328) | (333) |
| Total net undiscounted financial assets | 80,366 | 79,891 |

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2024

34. Financial risk management objectives and policies (cont'd)

(d) Liquidity risk (cont'd)

Analysis of financial instruments by remaining contractual maturities (cont'd)

The table below shows the contractual expiry by maturity of the Company's contingent liabilities. The maximum amount of the financial guarantee contracts are allocated to the earliest period in which the guarantees could be called.

| | One year or less S\$'000 | 2024 One to five years S\$'000 | Total S\$'000 | One year or less S\$'000 | 2023 One to five years S\$'000 | Total S\$'000 |
|-----------------------------------|--------------------------------|---|------------------|--------------------------------|---|------------------|
| Company | | | | | | |
| Financial guarantees (Note 33) | — | 1,755 | 1,755 | — | — | — |

(e) Foreign currency risk

The Group holds cash and short-term deposits denominated in a currency other than the functional currency of the Group, which is SGD. At the end of the reporting period, the foreign currency balances are denominated in USD. The Group is also exposed to currency translation risk arising from its cash and short-term deposits denominated in USD.

Sensitivity analysis for foreign currency risk

The following table demonstrates the sensitivity of the Group's profit before tax to a reasonably possible change in the USD exchange rates against the functional currency of the Group (SGD), with all other variables held constant.

| | 2024 S\$'000 | 2023 S\$'000 |
|------------------------------|-----------------|-----------------|
| USD/SGD | | |
| – Strengthened 3% (2023: 2%) | 48 | 52 |
| – Weakened 3% (2023: 2%) | (48) | (52) |

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2024

35. Fair value of assets and liabilities

(a) Fair value hierarchy

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

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

Fair value measurements that use inputs of different hierarchy levels are categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

(b) Assets and liabilities measured at fair value

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

| | Group 2024 | | | |
|---|---|--|---|------------------|
| | Fair value measurements at the end of the reporting period using | | | |
| | Quoted prices in active markets for identical instruments (Level 1) S\$'000 | Significant observable inputs other than quoted prices (Level 2) S\$'000 | Significant unobservable inputs (Level 3) S\$'000 | Total S\$'000 |
| Assets measured at fair value | | | | |
| Financial assets: | | | | |
| Financial assets at fair value through profit or loss (Note 14) | | | | |
| – Debt instruments (quoted) | 14,309 | – | – | 14,309 |
| – Equity instruments (quoted) | 349 | – | – | 349 |
| Financial assets at fair value through other comprehensive income (Note 14) | | | | |
| – Equity instruments (quoted) | 16,610 | – | – | 16,610 |
| Financial assets as at 31 December 2024 | 31,268 | – | – | 31,268 |
| Non-financial assets: | | | | |
| Investment properties (Note 10) | | | | |
| – Office premises | – | – | 1,800 | 1,800 |
| – Workshop | – | – | 1,500 | 1,500 |
| Non-financial assets as at 31 December 2024 | – | – | 3,300 | 3,300 |

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2024

35. Fair value of assets and liabilities (cont'd)

(b) Assets and liabilities measured at fair value (cont'd)

The following table shows an analysis of each class of assets measured at fair value at the end of the reporting period: (cont'd)

| | Group 2023 | | | |
|---|---|--|---|------------------|
| | Fair value measurements at the end of the reporting period using | | | |
| | Quoted prices in active markets for identical instruments (Level 1) S\$'000 | Significant observable inputs other than quoted prices (Level 2) S\$'000 | Significant unobservable inputs (Level 3) S\$'000 | Total S\$'000 |
| Assets measured at fair value | | | | |
| Financial assets: | | | | |
| Financial assets at fair value through profit or loss (Note 14) | | | | |
| – Debt instruments (quoted) | 11,519 | – | – | 11,519 |
| – Equity instruments (quoted) | 25 | – | – | 25 |
| Financial assets at fair value through other comprehensive income (Note 14) | | | | |
| – Equity instruments (quoted) | 12,822 | – | – | 12,822 |
| Financial assets as at 31 December 2023 | 24,366 | – | – | 24,366 |
| Non-financial assets: | | | | |
| Investment properties (Note 10) | | | | |
| – Office premises | – | – | 1,800 | 1,800 |
| – Workshop | – | – | 1,400 | 1,400 |
| Non-financial assets as at 31 December 2023 | – | – | 3,200 | 3,200 |

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2024

35. Fair value of assets and liabilities (cont'd)

(c) Level 3 fair value measurements

Information about significant unobservable inputs used in Level 3 fair value measurements

The following table shows the information about fair value measurements using significant unobservable inputs (Level 3):

| Description | Fair value at 31 December 2024 S\$'000 | Valuation techniques | Significant unobservable inputs | Range (weighted average) |
|--|---|----------------------------|---------------------------------------|---|
| Recurring fair value measurements | | | | |
| Investment properties: | | | | |
| – Office premises | 1,800 | Market comparable approach | Market price per square metre* | S\$21,000 per square metre |
| – Workshop | 1,500 | Market comparable approach | Market price per square metre* | S\$3,300 to S\$3,600 per square metre |
| Description | Fair value at 31 December 2023 S\$'000 | Valuation techniques | Significant unobservable inputs | Range (weighted average) |
| Recurring fair value measurements | | | | |
| Investment properties: | | | | |
| – Office premises | 1,800 | Market comparable approach | Market price per square metre* | S\$19,000 to S\$22,000 per square metre |
| – Workshop | 1,400 | Market comparable approach | Market price per square metre* | S\$3,100 to S\$3,300 per square metre |

* Adjustments are made for any difference in the nature, location or condition of the specific property.

For office premises and workshop, a significant increase/(decrease) in market price per square metre based on external valuation expert's assumptions would result in a significantly higher/(lower) fair value measurement.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2024

35. Fair value of assets and liabilities (cont'd)

(c) Level 3 fair value measurements (cont'd)

Information about significant unobservable inputs used in Level 3 fair value measurements (cont'd)

While the Group believes that its estimate of fair value is appropriate, the use of different methodologies or assumptions could lead to different measurements of fair value.

The Group believes that there are no reasonably possible alternative assumptions that will result in a significant change in fair value of the investment properties for the years ended 31 December 2024 and 2023.

Movement in Level 3 assets measured at fair value

| | Group | |
|--|-----------------|-----------------|
| | 2024 S\$'000 | 2023 S\$'000 |
| Fair value measurements using significant unobservable inputs (Level 3) | | |
| Investment properties: | | |
| At 1 January | 3,200 | 3,000 |
| Gain on fair value of investment property | 100 | 200 |
| At 31 December | 3,300 | 3,200 |

Valuation policies and procedures

It is the Group's policy to engage external valuation experts to perform valuation. The management is responsible for selecting and engaging valuation experts that possess the relevant credentials and knowledge on the subject of valuation, valuation methodologies and SFRS(I) 13 *Fair Value Measurement* guidance to perform the valuation.

The Group revalues its properties and the valuation techniques used is the comparison method that considers the sales of similar properties that have been transacted in the open market with adjustments made for differences in factors that affect value. The appropriateness of the valuation methodologies and assumptions adopted are reviewed along with the appropriateness and reliability of the inputs used in the valuations.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2024

36. Financial instruments by category

Set out below is the carrying amount of each of the categories of the Group's and the Company's financial instruments that are carried in the financial statements:

| Group | Note | Assets at amortised cost S\$'000 | Equity instruments at FVTPL S\$'000 | Equity instruments at FVOCI S\$'000 | Debt instruments at FVTPL S\$'000 | Liabilities at amortised cost S\$'000 |
|--|------|---|--|--|--|--|
| At 31 December 2024 | | | | | | |
| Assets | | | | | | |
| Investment securities (non-current) | 14 | – | – | 16,610 | – | – |
| Investment securities (current) | 14 | 7,955 | 349 | – | 14,309 | – |
| Trade receivables | 17 | 9,401 | – | – | – | – |
| Other receivables | 18 | 1,543 | – | – | – | – |
| Amounts due from joint venture partners | 19 | 57 | – | – | – | – |
| Deposits | 20 | 717 | – | – | – | – |
| Cash and short-term deposits | 21 | 159,304 | – | – | – | – |
| Liabilities | | | | | | |
| Trade and other payables (exclude GST payables) | 22 | – | – | – | – | 50,789 |
| Other payables | 22 | – | – | – | – | 861 |
| Lease liabilities | 23 | – | – | – | – | 411 |
| | | 178,977 | 349 | 16,610 | 14,309 | 52,061 |
| Group | Note | Assets at amortised cost S\$'000 | Equity instruments at FVTPL S\$'000 | Equity instruments at FVOCI S\$'000 | Debt instruments at FVTPL S\$'000 | Liabilities at amortised cost S\$'000 |
| At 31 December 2023 | | | | | | |
| Assets | | | | | | |
| Investment securities (non-current) | 14 | – | – | 12,822 | – | – |
| Investment securities (current) | 14 | 4,980 | 25 | – | 11,519 | – |
| Trade receivables | 17 | 17,258 | – | – | – | – |
| Other receivables | 18 | 2,307 | – | – | – | – |
| Amounts due from joint venture partners | 19 | 27 | – | – | – | – |
| Deposits | 20 | 438 | – | – | – | – |
| Cash and short-term deposits | 21 | 132,464 | – | – | – | – |
| Liabilities | | | | | | |
| Trade and other payables (exclude GST payables) | 22 | – | – | – | – | 61,387 |
| Other payables | 22 | – | – | – | – | 494 |
| Lease liabilities | 23 | – | – | – | – | 85 |
| | | 157,474 | 25 | 12,822 | 11,519 | 61,966 |

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2024

36. Financial instruments by category (cont'd)

Set out below is the carrying amount of each of the categories of the Group's and the Company's financial instruments that are carried in the financial statements: (cont'd)

| | Note | Assets at amortised cost S\$'000 | Liabilities at amortised cost S\$'000 |
|--|------|---|--|
| Company | | | |
| At 31 December 2024 | | | |
| Assets | | | |
| Other receivables | 18 | 25,808 | – |
| Cash and short-term deposits | 21 | 54,886 | – |
| Liabilities | | | |
| Trade and other payables (exclude GST payable) | 22 | – | (328) |
| | | 80,694 | (328) |
| Company | | | |
| At 31 December 2023 | | | |
| Assets | | | |
| Other receivables | 18 | 64,554 | – |
| Cash and short-term deposits | 21 | 15,670 | – |
| Liabilities | | | |
| Trade and other payables (exclude GST payable) | 22 | – | (333) |
| | | 80,224 | (333) |

37. Capital management

Capital includes debt and equity items as disclosed in the table below.

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

The Group manages its capital structure and makes adjustment to it, in the light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes during the years ended 31 December 2024 and 2023.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2024

37. Capital management (cont'd)

The Group monitors its capital structure as follows:

| | | Group | |
|--|------|-----------------|-----------------|
| | Note | 2024 S\$'000 | 2023 S\$'000 |
| Cash and short-term deposits | 21 | 159,304 | (132,464) |
| Net cash | | (159,304) | (132,464) |
| Equity attributable to owners of the Company | | 283,992 | 258,685 |

The Group will continue to be guided by prudent financial policies of which gearing is an important aspect.

38. Segment information

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

- Civil engineering: Infrastructure construction and civil engineering works for bridges, expressways, tunnels and other related infrastructure works.
- Properties development: Development of properties in the residential and industrial sectors.
- Properties investment: Investment properties held to earn rentals and/or for capital appreciation and others.

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

The three operating segments are independently managed by the respective segment managers responsible for the performance of the respective segments under their charge. The segment managers report directly to the management of the Company who review the segment results every quarter for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on profit margins of the products and services.

Corporate overheads, taxes and investment securities are managed on a group basis and are not allocated to operating segments.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2024

38. Segment information (cont'd)

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

| At 31 December 2024 | Civil engineering S\$'000 | Properties development S\$'000 | Properties investment S\$'000 | Adjustments S\$'000 | Notes | Per consolidated financial statements S\$'000 |
|---|---------------------------------|--------------------------------------|-------------------------------------|------------------------|-------|---|
| Revenue: | | | | | | |
| External customers, representing total revenue | 150,164 | 33,110 | 182 | – | | 183,456 |
| Results: | | | | | | |
| Depreciation | 2,289 | – | – | – | | 2,289 |
| Dividend income from investment securities | – | – | – | 151 | | 151 |
| Gain on disposal of property, plant and equipment | 1,405 | – | – | – | | 1,405 |
| Gain on fair value of investment property | – | – | – | 100 | | 100 |
| Gain on fair value of investment securities – net | – | – | – | 558 | | 558 |
| Interest income | – | 13 | – | 6,232 | | 6,245 |
| Share of results of joint venture | – | 62 | – | – | | 62 |
| Unrealised gain on foreign exchange | – | – | – | 119 | | 119 |
| Segment profit | 17,096 | 16,449 | 61 | 4,052 | A | 37,658 |
| Assets: | | | | | | |
| Investment in joint venture | – | 3,752 | – | – | | 3,752 |
| Additions to non-current assets | 3,666 | – | – | – | B | 3,666 |
| Segment assets | 249,944 | 56,988 | 3,722 | 41,883 | C | 352,537 |
| Segment liabilities | 59,785 | 3,727 | 31 | 4,531 | D | 68,074 |

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2024

38. Segment information (cont'd)

| At 31 December 2023 | Civil engineering S\$'000 | Properties development S\$'000 | Properties investment S\$'000 | Adjustments S\$'000 | Notes | Per consolidated financial statements S\$'000 |
|---|---------------------------------|--------------------------------------|-------------------------------------|------------------------|-------|---|
| Revenue: | | | | | | |
| External customers, representing total revenue | 169,377 | 32,405 | 180 | – | | 201,962 |
| Results: | | | | | | |
| Depreciation | 2,271 | – | – | – | | 2,271 |
| Dividend income from investment securities | – | – | – | 109 | | 109 |
| Gain on disposal of property, plant and equipment | 649 | – | – | – | | 649 |
| Gain on fair value of investment property | – | – | – | 200 | | 200 |
| Loss on fair value of investment securities – net | – | – | – | (680) | | (680) |
| Interest income | – | 422 | – | 4,948 | | 5,370 |
| Share of results of joint venture | – | (440) | – | – | | (440) |
| Unrealised gain on foreign exchange | – | – | – | 180 | | 180 |
| Segment profit | 11,447 | 16,658 | 59 | 2,722 | A | 30,886 |
| Assets: | | | | | | |
| Investment in joint venture | | 14,049 | – | – | | 14,049 |
| Additions to non-current assets | 782 | – | – | – | B | 782 |
| Segment assets | 214,697 | 89,916 | 3,375 | 33,008 | C | 340,996 |
| Segment liabilities | 74,923 | 3,636 | 30 | 3,332 | D | 81,921 |

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

- A. The following items are added to/(deducted from) segment profit to arrive at “Profit before taxation” presented in the consolidated income statement:

| | Group 2024 S\$'000 | 2023 S\$'000 |
|-----------------------|--------------------------|-----------------|
| Other income | 9,303 | 7,487 |
| Corporate overheads | (5,251) | (4,086) |
| Other operating costs | – | (679) |
| | 4,052 | 2,722 |

- B. Additions to non-current assets consist of additions to property, plant and equipment.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2024

38. Segment information (cont'd)

- C. The following items are added to segment assets to arrive at total assets reported in the consolidated balance sheets:

| | Group | |
|-----------------------------|---------------|---------------|
| | 2024 | 2023 |
| | S\$'000 | S\$'000 |
| Investment in joint venture | 1,350 | 1,350 |
| Investment securities | 39,223 | 29,346 |
| Deferred tax assets | 1,310 | 2,312 |
| | 41,883 | 33,008 |

- D. The following items are added to segment liabilities to arrive at total liabilities reported in the consolidated balance sheets:

| | Group | |
|------------------------|--------------|--------------|
| | 2024 | 2023 |
| | S\$'000 | S\$'000 |
| Provision for taxation | 4,464 | 3,246 |
| Lease liabilities | 67 | 85 |
| Other payables | – | 1 |
| | 4,531 | 3,332 |

Geographical information

The Group derives all of its revenues from external customers based in Singapore and its non-current assets are solely located in Singapore for the years ended 31 December 2024 and 2023.

Information about major customers

During the financial year ended 31 December 2024, revenue from a major customer from the construction segment amounted to S\$126,008,000 (2023: S\$89,358,000).

39. Authorisation of financial statements for issue

The financial statements for the year ended 31 December 2024 were authorised for issue in accordance with a resolution of the directors on 28 March 2025.

STATISTICS OF SHAREHOLDINGS

As at 11 March 2025

| | | |
|--|---|------------------|
| ISSUED AND FULLY PAID | : | S\$59,954,000 |
| NUMBER OF SHARES | : | 512,103,991 |
| CLASS OF SHARES | : | ORDINARY SHARES |
| VOTING RIGHTS | : | 1 VOTE PER SHARE |
| NUMBER OF TREASURY SHARES AND SUBSIDIARY HOLDINGS HELD | : | NIL |

| SIZE OF SHAREHOLDINGS | NO. OF SHAREHOLDERS | % | NO. OF SHARES | % |
|-----------------------|---------------------|--------|---------------|--------|
| 1 – 99 | 4 | 0.23 | 56 | 0.00 |
| 100 – 1,000 | 78 | 4.42 | 54,600 | 0.01 |
| 1,001 – 10,000 | 624 | 35.37 | 4,289,300 | 0.84 |
| 10,001 – 1,000,000 | 1,019 | 57.77 | 66,086,095 | 12.90 |
| 1,000,001 & ABOVE | 39 | 2.21 | 441,673,940 | 86.25 |
| TOTAL | 1,764 | 100.00 | 512,103,991 | 100.00 |

| TWENTY LARGEST SHAREHOLDERS | NO. OF SHARES | % |
|--|---------------|-------|
| CHUA LEONG HAI @ CHUA LEANG HAI | 195,221,647 | 38.12 |
| CHUA AIK KHOON (CAI YIQUN) | 29,847,663 | 5.83 |
| CHUA SIOK HONG | 26,298,442 | 5.14 |
| CHUA SIOK PENG (CAI SHUPING) | 26,119,265 | 5.10 |
| CHUA SIOK KHENG (CAI SHUQING) | 26,087,569 | 5.09 |
| CHUA BOE | 14,394,336 | 2.81 |
| PEH TIEW HOI OR CHUA YEN JOO (CAI YANRU) | 12,874,292 | 2.51 |
| DBS NOMINEES PTE LTD | 11,712,500 | 2.29 |
| NG SING | 9,451,760 | 1.85 |
| CHUA BEE KIM | 8,915,376 | 1.74 |
| TAN AH CHON | 7,243,032 | 1.41 |
| CHUA HOO SAI OR TI POH CHOO | 7,203,236 | 1.41 |
| CHUA SEE | 6,407,501 | 1.25 |
| PHILLIP SECURITIES PTE LTD | 5,150,306 | 1.01 |
| PEH LING PING (PEH MENG HOONG) | 4,477,150 | 0.87 |
| PEH MENG HING | 4,477,149 | 0.87 |
| PEH CHANG YEW @ PEH BENG KIAT | 4,037,149 | 0.79 |
| HSBC (SINGAPORE) NOMINEES PTE LTD | 3,594,200 | 0.70 |
| TEO CHIN YEE (ZHANG JINYI) | 2,920,000 | 0.57 |
| ENG KOON HOCK | 2,689,500 | 0.53 |
| | 409,122,073 | 79.89 |

Based on the information available to the Company as at 11 March 2025, approximately 36.73% of the issued ordinary shares of the Company is held by the public and, therefore, Rule 723 of the Listing Manual issued by the Singapore Exchange Securities Limited is complied with.

| SUBSTANTIAL SHAREHOLDERS | NO. OF SHARES | % |
|--------------------------------|---------------|-------|
| CHUA LEONG HAI @CHUA LEANG HAI | 195,221,647 | 38.12 |
| CHUA AIK KHOON (CAI YIQUN) | 29,847,663 | 5.83 |
| CHUA SIOK HONG | 26,298,442 | 5.14 |
| CHUA SIOK PENG (CAI SHUPING) | 26,119,265 | 5.10 |
| CHUA SIOK KHENG (CAI SHUQING) | 26,087,569 | 5.09 |

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Annual General Meeting of **HOCK LIAN SENG HOLDINGS LIMITED** (the “**Company**”) will be held at The Singapore Island Country Club (SICC), Ballroom 3, Level 3, Island location, 180 Island Club Road, Singapore 578774 on Wednesday, 23 April 2025 at 9.30 a.m. for the following purposes:

AS ORDINARY BUSINESS

1. To receive and adopt the Directors’ Statement and the Audited Financial Statements of the Company and the Group for the financial year ended 31 December 2024 together with the Auditors’ Report thereon. **(Resolution 1)**
2. To declare a first and final dividend (tax exempt one-tier) of 1.8 Singapore cents per ordinary share for the financial year ended 31 December 2024. **(Resolution 2)**
3. To re-elect the following Directors who will be retiring pursuant to Regulations 97 and 101 of the Constitution of the Company and who being eligible, offer themselves for re-election as Directors of the Company:
 - (i) Ms Chua Siok Peng – Regulation 97 **(Resolution 3)**
 - (ii) Mr Hoon Tai Meng – Regulation 97 **(Resolution 4)**

[See Explanatory Note (i)]
4. To note the retirement of Mr. Kee Guan Chua as Director of the Company who is retiring pursuant to Regulation 97 of the Constitution of the Company and will not be seeking for re-election.
5. To approve the payment of Directors’ fees of S\$180,000 for the financial year ended 31 December 2024 (FY2023: S\$217,000). **(Resolution 5)**
6. To re-appoint Messrs Ernst & Young LLP, Certified Public Accountants, as the Auditors of the Company and to authorise the Directors of the Company to fix their remuneration. **(Resolution 6)**
7. To transact any other ordinary business which may properly be transacted at an Annual General Meeting.

AS SPECIAL BUSINESS

To consider and if thought fit, to pass the following resolutions as Ordinary Resolutions, with or without any modifications:

8. **Authority to issue shares in the capital of the Company pursuant to Section 161 of the Companies Act 1967 and Rule 806 of the Listing Manual of the Singapore Exchange Securities Trading Limited**

That pursuant to Section 161 of the Companies Act 1967 and Rule 806 of the Listing Manual of the Singapore Exchange Securities Trading Limited (“**SGX-ST**”), the Directors of the Company be authorised and empowered to:

- (A) (i) issue shares in the Company (“**shares**”) whether by way of rights, bonus or otherwise;
- (ii) make or grant offers, agreements or options (collectively, “**Instruments**”) that might or would require shares to be issued, including but not limited to the creation and issue of (as well as adjustments to) options, warrants, debentures or other instruments convertible into shares;

NOTICE OF ANNUAL GENERAL MEETING

- (iii) issue additional Instrument arising from adjustments made to the number of Instruments previously issued in the event of rights, bonus or capitalisation issues;

at any time and upon such terms and conditions and for such purposes and to such persons as the Directors of the Company may in their absolute discretion deem fit; and

- (B) (notwithstanding the authority conferred by this Resolution may have ceased to be in force) issue shares pursuant to any Instrument made or granted by the Directors of the Company while this Resolution was in force,

provided that:

- (1) the aggregate number of shares (including shares to be issued pursuant to the Instruments, made or granted pursuant to this Resolution) and Instruments to be issued pursuant to this Resolution shall not exceed fifty per centum (50%) of the total number of issued shares (excluding treasury shares and subsidiary holdings) in the capital of the Company (as calculated in accordance with sub-paragraph (2) below), of which the aggregate number of shares and Instruments to be issued other than on a *pro rata* basis to existing shareholders of the Company shall not exceed twenty per centum (20%) of the total number of issued shares (excluding treasury shares and subsidiary holdings) in the capital of the Company (as calculated in accordance with sub-paragraph (2) below);
- (2) (subject to such calculation as may be prescribed by the SGX-ST) for the purpose of determining the aggregate number of shares and Instruments that may be issued under sub-paragraph (1) above, the percentage of issued shares and Instruments shall be based on the number of issued shares (excluding treasury shares and subsidiary holdings) in the capital of the Company at the time of the passing of this Resolution, after adjusting for:
 - (a) new shares arising from the conversion or exercise of the Instruments or any convertible securities;
 - (b) new shares arising from exercising share options or vesting of share awards, provided the options or awards were granted in compliance with Part VIII of Chapter 8 of the Listing Manual of the SGX-ST; and
 - (c) any subsequent bonus issue, consolidation or subdivision of shares;

Adjustments in accordance with sub-paragraphs (2)(a) or (2)(b) 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 of passing of the Share Issue Mandate.

- (3) in exercising the authority conferred by this Resolution, the Company shall comply with the rules, guidelines and measures issued by the SGX-ST 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
- (4) unless revoked or varied by the Company in General Meeting, the authority conferred by this Resolution shall continue in force (i) 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 or (ii) in the case of shares to be issued in pursuance of the Instruments, made or granted pursuant to this Resolution, until the issuance of such shares in accordance with the terms of the Instruments.

(Resolution 7)

[See Explanatory Note (ii)]

NOTICE OF ANNUAL GENERAL MEETING

9. Renewal of the Share Buy-Back Mandate

That:

- (a) for the purpose of the Companies Act 1967, the exercise by the Directors of the Company of all the powers of the Company to purchase or otherwise acquire the issued ordinary shares in the capital of the Company ("**Shares**") (excluding treasury shares and subsidiary holdings) not exceeding in aggregate the Prescribed Limit (as hereafter defined), at such price or price(s) as may be determined by the Directors of the Company from time to time up to the Maximum Price (as hereinafter defined), whether by way of:
 - (i) on-market purchase, transacted on the SGX-ST through the ready market on the SGX-ST trading system, through one or more duly licensed stockbrokers appointed by the Company for such purpose ("**On-Market Share Buy-Back**"); and/or
 - (ii) off-market purchase effected pursuant to an equal access scheme in accordance with Section 76C of the Act ("**Off-Market Share Buy-Back**"),

and otherwise in accordance with all other laws and regulations, including but not limited to, the listing rules of the SGX-ST as may for the time being be applicable, be and is hereby authorised and approved generally and unconditionally

(the "**Share Buy-Back Mandate**");

- (b) unless varied or revoked by the Company in general meeting, the authority conferred on the Directors of the Company pursuant to the Share Buy-Back Mandate may be exercised by the Directors of the Company at any time and from time to time during the period commencing from the date of the passing of this Resolution and expiring on the earlier of:
 - (i) the conclusion of the next Annual General Meeting of the Company or the date by which such Annual General Meeting is required by law to be held;
 - (ii) the date on which the purchases or acquisitions of Shares by the Company pursuant to the Share Buy-Back Mandate are carried out to the full extent mandated; or
 - (iii) the date on which the authority conferred by the proposed Share Buy-Back Mandate is revoked or varied by ordinary resolution of the Company in a general meeting;
- (c) in this ordinary resolution:

"**Average Closing Price**" means the average of the closing market prices of the Shares over the last consecutive five (5) Market Days, on which transactions in the Shares were recorded on the SGX-ST, immediately before the date of the On-Market Share Buy-Back or, as the case may be, the date of the making of the offer pursuant to the Off-Market Share Buy-Back, and deemed to be adjusted, in accordance with the listing rules of the SGX-ST, for any corporate action that occurs during the relevant five (5) day period and the date of the making of the offer pursuant to the Off-Market Share Buy-Back; and

"**date of the making of the offer**" means the day on which the Company announces its intention to make an offer for the purchase or acquisition of Shares from Shareholders, stating the purchase price (which shall not be more than the Maximum Price calculated on the foregoing basis) for each Share and the relevant terms of the equal access scheme for effecting the Off-Market Share Buy-Back;

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“Maximum Price” in relation to a Share to be purchased or acquired, means the purchase price (excluding brokerage, commission, applicable goods and services tax and other related expenses) which shall not exceed:

- (i) in the case of an On-Market Share Buy-Back, 105% of the Average Closing Price of the Shares; and
- (ii) in the case of an Off-Market Share Buy-Back, 120% of the Average Closing Price of the Shares; and

“Prescribed Limit” means that number of issued Shares representing 10% of the total number of issued Shares as at the date of the passing of this Resolution (excluding any Shares which are held as treasury shares and subsidiary holdings as at that date); and

- (d) the Directors of the Company and/or any of them be and are hereby authorised to complete and do all such acts and things (including executing such documents as may be required) as they and/or he may in their/his absolute discretion consider expedient or necessary to give effect to the transactions contemplated and/or authorised by the Share Buy-Back Mandate and/or this Resolution.

(Resolution 8)

[See Explanatory Note (iii)]

By Order of the Board

Cheok Hui Yee
Kong Wei Fung
Company Secretaries
Singapore

7 April 2025

Explanatory Notes:

- (i) (a) Ms Chua Siok Peng will, upon re-election as Director of the Company, remain as Executive Director and Chief Executive Officer and will be considered non-independent. Please refer to “Additional information on directors seeking re-election” for the detailed information required pursuant to Rule 720(6) of the Listing Manual of the SGX-ST.
- (b) Mr Hoon Tai Meng will, upon re-election as a Director of the Company, remain as Lead Independent Director, Chairman of Audit and Risk Management Committee and a member of Nominating Committee, Remuneration Committee and Board Safety Committee and will be considered independent pursuant to Rule 704(8) of the Listing Manual of the SGX-ST. Please refer to “Additional information on directors seeking re-election” the detailed information required pursuant to Rule 720(6) of the Listing Manual of the SGX-ST.

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- (ii) Resolution 7 in item 8 above, if passed, will empower the Directors of the Company from the date of this Annual General Meeting until the date of the next Annual General Meeting of the Company, or the date by which the next Annual General Meeting of the Company is required by law to be held or such authority is varied or revoked by the Company in a general meeting, whichever is the earlier, to issue shares, make or grant instruments convertible into shares and to issue shares pursuant to such instruments, up to a number not exceeding, in total, fifty per centum (50%) of the total number of issued shares (excluding treasury shares and subsidiary holdings) in the capital of the Company, of which up to twenty per centum (20%) may be issued other than on a *pro rata* basis to existing shareholders of the Company.

For determining the aggregate number of shares that may be issued, the percentage of issued shares in the capital of the Company will be calculated based on the total number of issued shares (excluding treasury shares and subsidiary holdings) in the capital of the Company at the time this Resolution is passed after adjusting for new shares arising from the conversion or exercise of the Instruments or any convertible securities, the exercise of share options or the vesting of share awards which were issued and outstanding or subsisting at the time when this Resolution is passed and any subsequent bonus issue, consolidation or subdivision of shares.

- (iii) Resolution 8 in item 9 above, if passed, will empower the Directors of the Company, from the date of this Annual General Meeting until 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, to repurchase ordinary shares of the Company by way of On-Market Share Buy-Back or Off-Market Share Buy-Back of up to 10% of the total number of issued shares (excluding treasury shares and subsidiary holdings) in the capital of the Company at the Maximum Price as defined in the Appendix to the Annual Report dated 7 April 2025 (the “**Appendix**”). The rationale for, the authority and limitation on, the sources of funds to be used for the purchase or acquisition including the amount of financing and the financial effects of the purchase or acquisition of ordinary shares by the Company pursuant to the Share Buy-Back Mandate on the audited consolidated financial accounts of the Group (as defined in the Appendix) for the financial year ended 31 December 2024 are set out in greater detail in the Appendix.

Notes:

1. The Annual General Meeting (“**AGM**”) will be held, in a wholly physical format, at The Singapore Island Country Club (SICC), Ballroom 3, Level 3, Island location, 180 Island Club Road, Singapore 578774 on Wednesday, 23 April 2025 at 9.30 a.m. **There will be no option for shareholders to participate virtually.**
2. The documents and information relating to the AGM (including the Annual Report, Notice of AGM and Proxy Form) have been made available on SGXNet at the URL <https://www.sgx.com/securities/company-announcements> and the Company’s website at the URL <https://www.hlsgroup.com.sg/>.

Nevertheless, printed copies of the Notice of AGM and the Proxy Form will be despatched to shareholders. Shareholders may request physical copies of the Annual Report and/or Circular by filling out the Request Form and returning it to the Company by post to the Company’s registered office at 80 Marine Parade Road, #16-08 Parkway Parade, Singapore 449269 by mail; or if by electronic mail to info@hlsroup.com.sg enclosing a clear scanned completed and signed Request Form, to be received by the Company no later than 15 April 2025.

3. If a member wishes to submit questions related to the resolutions tabled for approval at the AGM prior to the AGM, all questions must be submitted by no later than 9.30 a.m. on 15 April 2025 through email to info@hlsroup.com.sg and provide the following particulars, for verification purpose:
 - full name as it appears on his/her/its CDP and/or SRS share records;
 - NRIC/Passport/UEN number;
 - contact number and email address; and
 - the manner in which you hold in the Company (e.g. via CDP and/or SRS).

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Please note that the Company will not be able to answer questions from persons who provide insufficient details to enable the Company to verify his/her/its shareholder status.

Alternatively, member may also ask question during the AGM.

The Company will endeavour to address all substantial and relevant questions received from shareholders by 17 April 2025, being not less than forty-eight (48) hours before the closing date and time for the lodgement of the proxy form, via SGXNet and the Company's website. The Company will also address any subsequent clarifications sought or follow-up questions during the AGM in respect of substantial and relevant matters. Where substantially similar questions are received, the Company will consolidate such questions and consequently not all questions will be individually addressed. The responses from the Board and the Management of the Company shall thereafter be published on (i) the SGXNet at the URL <https://www.sgx.com/securities/company-announcements>; and (ii) the Company's website at the URL <https://www.hlsgroup.com.sg/>, together with the minutes of the AGM, within one (1) month after the conclusion of the AGM. The minutes will include the responses to substantial and relevant questions received from shareholders which are addressed during the AGM.

4. A member of the Company (other than a Relevant Intermediary*) entitled to attend and vote at the AGM is entitled to appoint not more than two (2) proxies to attend and vote in his/her stead. A member shall specify the proportion of his/her/its shareholding to be represented by each proxy in the instrument appointing the proxies, failing which the nomination shall be deemed to be alternative. A proxy need not be a member of the Company.
5. A Relevant Intermediary may appoint more than two (2) proxies, but each proxy must be appointed to exercise the rights attached to a different share or shares held by him/her (which number and class of shares shall be specified).
6. The instrument appointing a proxy must be submitted to the Company in the following manner:
 - (a) depositing it at the Registered Office of the Company at 80 Marine Parade Road, #16-08 Parkway Parade, Singapore 449269, or
 - (b) if submitted electronically, be received by the Company at info@hlsgroup.com.sg or main@zicoholdings.com

not less than seventy-two (72) hours before the time appointed for the AGM, and in default the instrument of proxy shall not be treated as valid.
7. The instrument appointing a proxy must be under the hand of the appointor or of his/her attorney duly authorised in writing. Where the proxy form is executed by a corporation, it must be executed either under its seal or under the hand of an officer or attorney duly authorised. Where the proxy form is executed by an attorney on behalf of the appointor, the letter or power of attorney or a duly certified copy thereof must be lodged with the instrument, failing which the instrument may be treated as invalid.
8. An investor who holds shares under the Central Provident Fund Investment Scheme ("**CPF Investor**") and/or the Supplementary Retirement Scheme ("**SRS Investor**") (as may be applicable) and wishes to appoint a proxy should approach their respective CPF/SRS Approved Nominees (CPF Agent Banks or SRS Operators) to submit their votes at least seven (7) working days before the AGM.

*A Relevant Intermediary is:

- (a) a banking corporation licensed under the Banking Act 1970 or a wholly-owned subsidiary of such a banking corporation, whose business includes the provision of nominee services and who holds shares in that capacity; or

NOTICE OF ANNUAL GENERAL MEETING

- (b) a person holding a capital markets services licence to provide custodial services for securities under the Securities and Futures Act 2001 and who holds shares in that capacity; or
- (c) the Central Provident Fund Board established by the Central Provident Fund Act 1953, in respect of shares purchased under the subsidiary legislation made under that Act providing for the making of investments from the contributions and interest standing to the credit of members of the Central Provident Fund, if the Board holds those shares in the capacity of an intermediary pursuant to or in accordance with that subsidiary legislation.

Personal data privacy:

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

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CORPORATE INFORMATION

Board of Directors

Chua Leong Hai (Executive Chairman)

Chua Siok Peng
Hoon Tai Meng (Lead Independent Director)
Kee Guan Chua
Lim Bok Ngam
David Tan Chao Hsiung
Chua Sher Kiong

Audit and Risk Management Committee

Hoon Tai Meng (Chairman)

Lim Bok Ngam
David Tan Chao Hsiung

Nominating Committee

Lim Bok Ngam (Chairman)

Hoon Tai Meng
Chua Leong Hai
David Tan Chao Hsiung

Remuneration Committee

David Tan Chao Hsiung (Chairman)

Hoon Tai Meng
Lim Bok Ngam

Board Safety Committee

Lim Bok Ngam (Chairman)

Hoon Tai Meng
David Tan Chao Hsiung

Company Secretaries

Cheok Hui Yee
Kong Wei Fung

Registered Office

80 Marine Parade Road
#16-08 Parkway Parade
Singapore 449269
Tel: (65) 6344 0555 | Fax: (65) 6440 9049
Website: www.hlsgroup.com.sg
Email: info@hlsgroup.com.sg

Share Registrar

B.A.C.S. Private Limited

77 Robinson Road
#06-03 Robinson 77
Singapore 068896

Independent Auditor

Ernst & Young LLP

Public Accountants and
Chartered Accountants
One Raffles Quay
North Tower, Level 18
Singapore 048583
(Partner-in-charge: Low Yen Mei
appointed since financial year
ended 31 December 2023)

Principal Bankers

United Overseas Bank Limited
Oversea-Chinese Banking
Corporation Limited
Malayan Banking Berhad
Hong Kong Shanghai Banking
Corporation Limited
Bank of Singapore Limited

Company Registration Number

200908903E



HOCK LIAN SENG HOLDINGS LIMITED

Company Registration No.: 200908903E

80 Marine Parade Road, #16-08 Parkway Parade

Singapore 449269

Tel: (65) 6344 0555 | Fax: (65) 6440 9049

www.hlsgroup.com.sg