HGH HOLDINGS LTD.

STAYING AHEAD of the CURVE

ANNUAL REPORT 2022

CONTENTS

This Annual Report has been reviewed by the Company's sponsor, SAC Capital Private Limited (the "Sponsor"). It has not been examined or approved by the Singapore Exchange Securities Trading Limited (the "SGX-ST") and the SGX-ST assumes no responsibility for the contents of this Annual Report, including the correctness of any of the statements or opinions made or reports contained in this Annual Report.

The contact person for the Sponsor is Mr. David Yeong (Tel (65) 6232 3210), at 1 Robinson Road, #21-00 AIA Tower, Singapore 048542.

CORPORATE PROFILE

LEASING AND SERVICE INCOME

Through our purpose-built industrial complex spanning over a land size of 75,000 square metres and a gross floor area of over 53,000 square metres, we provide a one-stop high value-added general warehousing and logistics services, industrial and office space for engineering, manufacturing, industrial training and workers' dormitory facilities. Some of our major clients include NTUC Learning Hub, Space Furniture, Germaxco Shipping Agencies and Torishima Service Solutions Asia.

SUPPLY AND MANUFACTURING OF READY-MIX CONCRETE PRODUCTS

We supply ready-mix concrete in Singapore to various customers in the construction and civil engineering sector and the ready-mix concrete is a specialised business whereby very stringent criterion are set. Ready-mix concrete refers to concrete that have been weigh-batched at the batching plant, mixed inside a mixer in the plant itself or in a mechanical concrete mixer mounted on a truck chassis while in transit from the plant. The ready-mix is thus delivered in a "ready-to-use" state to its intended destination and ultimate location at the construction site. The ready-mix concrete industry is a support industry to the construction industry, where the construction industry constitutes one of the main sectors of Singapore's economy.

MANUFACTURING PRECAST CONCRETE PRODUCTS

We provide value-added and cost competitive manufacturing solutions to the construction sector with various product mix of structural and non-structural precast concrete products, that are suitable for all types of civil and construction works. The concrete products are sold mainly to civil engineering contractors undertaking projects from government ministries and statutory boards for infrastructure works and public housing in Singapore.

UNDERGROUND CABLE INSTALLATION AND ROAD REINSTATEMENT SERVICES

We carry out civil and associated works, such as underground cable installation and road reinstatement works for various customers in the construction and civil engineering sector. Underground cable installation refers to the installation of power cables, auxiliary cables and other accessories under the ground. We are also responsible for ensuring the proper laying of cables and quality of cable joints and branch connections. Road reinstatement refers to the backfilling and reinstatement of road surfaces after any trenching or excavation works. We are also responsible for ensuring that there is sufficient depth of refilling and proper compaction and settlement. We started out by undertaking various jobs obtained through public tenders, and we are currently Grade L5 and C1 registered contractor with the Building and Construction Authority (BCA).

CHAIRMAN'S MESSAGE

DEAR SHAREHOLDERS

I am pleased to present to you an overview of the financial performance of HGH Holdings Ltd. ("the "Company") and its subsidiaries (collectively, the "Group") for the financial year ended 31 December 2022 ("FY2022").

Currently, the Group is principally engaged in the following businesses:

1. Premium Concrete Pte. Ltd. ("PC") for supply and manufacturing of ready-mix concrete.
2. W&P Precast Pte. Ltd. ("WPP") and W & P Precast Sdn. Bhd. ("WPP(M)") for supply of precast concrete products
3. Engineering Manufacturing Services (S) Pte. Ltd. ("EMS") and Germaxco Pte. Ltd. ("Germaxco") for leasing and service income; and
4. Poh Huat Heng Corporation Pte. Ltd. ("PHH") for underground cable installation and road reinstatement services

For the year under review, the supply and manufacturing of ready-mix concrete products segment overtook our leasing and service income business to become the largest contributor to Group revenue. While the latter largely maintained its performance from FY2021, the former which supplies ready-mix concrete in Singapore to various customers in the construction and civil engineering sector grew by about 40%.

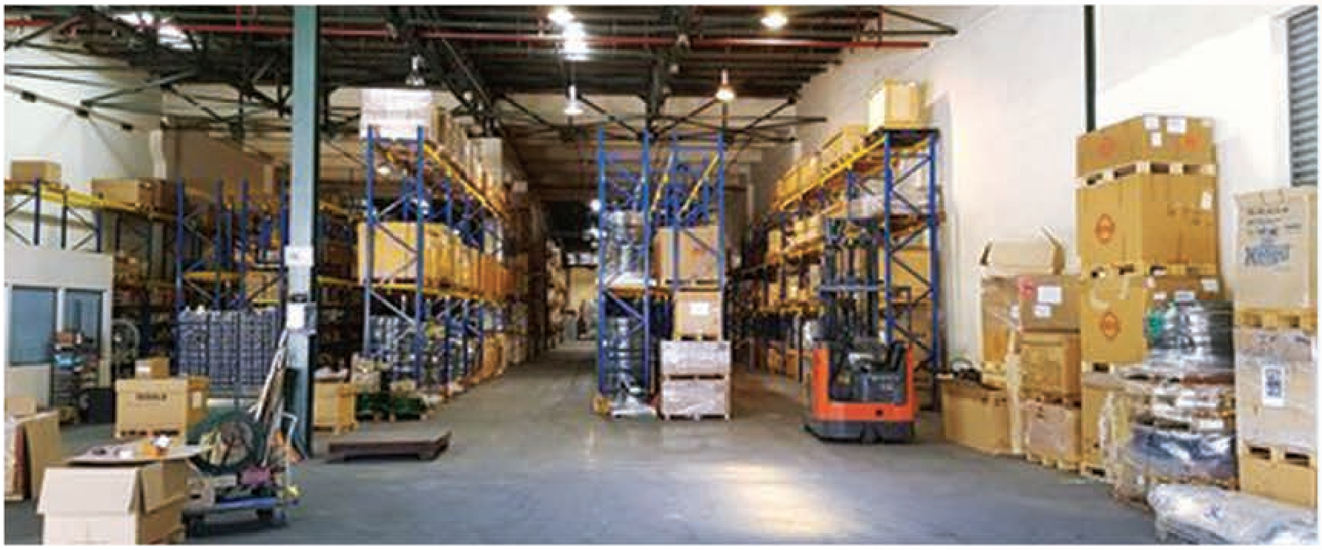
BUSINESS OUTLOOK

In the earlier part of 2022, the COVID-19 pandemic appeared more manageable with the global economy continuing to gear for recovery. However, that momentum was curtailed by the Russia-Ukraine war followed by further virus outbreaks. These challenges translated to logistic and supply chain disruptions, fuel, material, food, and commodity price hikes, as well as higher global inflation and interest rate hikes.

Even as the COVID-19 pandemic entered an endemic stage, the Group faced challenges as there was a severe shortage of foreign labour for our civil engineering and construction segments (PHH, WPP and PC). Furthermore, the cost of construction materials continued to escalate due to supply chain disruptions and prolonged war between Russia and Ukraine. These external factors narrowed our margins as we sought to manage costs while upholding service and product quality.

Despite the aforementioned challenges, we continue to expect a consistent flow of revenue contribution from EMS for the next 12 months, mainly arising from contracted leasing/service income. In light of the challenging economic situation, the Group will remain vigilant as we manage our operating costs and actively seek out new business opportunities and potential collaborations to strengthen our growth prospects in the long term.

CHAIRMAN'S MESSAGE



FINANCIAL REVIEW

For FY2022, the Group reported a total revenue of approximately S$21.59 million, an increase of 7.6% or S$1.52 million from S$20.07 million recorded in the financial year ended 31 December 2021 ("FY2021"). The increase was mainly attributable to the substantial increase in revenue generated from the supply and manufacturing of ready-mix concrete products segment.

Please refer to the Operations Review and Financial Highlights on pages 4 to 7 of this Annual Report for further information and details on the Group's financial performance and position in FY2022.

CORPORATE GOVERNANCE

HGH remains committed to maintaining high standards of corporate governance to inform the Group's culture and business practices. For more details on the Group's key corporate governance policies, please refer to the Corporate Governance Report on pages 12 to 42 of this Annual Report.

APPRECIATION

FY2022 had proven eventful, and I am thankful for the continued advice from my fellow Board members in charting the best course through the year. I would also like to thank our key management and staff for their continued dedication which enabled the Group to forge ahead.

On behalf of the Board, I would also like to express my appreciation to our customers, vendors, business partners and shareholders for their faith and support. We look forward to working closely with all stakeholders in unlocking greater sustainable value in the year ahead.

NG CHUAN HENG
Executive Chairman

OPERATIONS REVIEW AND FINANCIAL HIGHLIGHTS

GROUP'S FINANCIAL PERFORMANCE

	FY2022 S$'000	FY2021 S$'000	Change %
Revenue			
Leasing and service income	7,850	8,032	(2.3)
Supply of precast concrete products	2,466	2,521	(2.2)
Supply and manufacturing of ready-mix concrete products	9,243	6,546	41.2
Provision of underground cable installation and road reinstatements	2,029	2,972	(31.7)
Total Revenue	**21,588**	**20,071**	**7.6**
Cost of sales	(17,751)	(15,516)	14.4
Gross profit	**3,837**	**4,555**	**(15.8)**
Other income	772	997	(22.6)
Distribution costs	(1,010)	(844)	19.7
Administrative expenses	(5,238)	(5,146)	1.8
Other expenses	(157)	(1,953)	(92.0)
Reversal/(Provision) of impairment gain/(loss) on financial assets, net	184	(457)	n.m.
Finance costs	(170)	(174)	(2.3)
Loss before tax	**(1,782)**	**(3,022)**	**(41.0)**
Income tax credit	271	730	(62.9)
Total loss for the year	**(1,511)**	**(2,292)**	**(34.1)**
Other comprehensive loss -			
Items that may be reclassified subsequently to profit or loss			
- Currency translation differences arising from consolidation	54	3	n.m.
- Equity investment at FVOCI – net change in fair value	-	(35)	n.m.
Total comprehensive loss for the year	**(1,457)**	**(2,324)**	**(37.3)**

*n.m. – not meaningful

OPERATIONS REVIEW AND FINANCIAL HIGHLIGHTS

For the financial period under review, the Group's operations were principally engaged in: (a) PC for the supply and manufacturing of ready-mix concrete products; (b) WPP and WPP(M) for the supply of precast concrete products; (c) EMS and Germaxco for providing one-stop high value-added general warehousing and logistics services, industrial, office space for engineering, manufacturing, industrial training and workers' dormitory facilities; and (d) PHH providing underground cable installation and road reinstatement services.

1. Revenue for FY2022 saw a slight increase of 7.6% or S$1.52 million from S$20.07 million reported in FY2021. This was due to the higher revenue generated from ready-mix concrete products segment, but was offset by the decrease in revenue generated from the other business segments, particularly provision of underground cable installation and road reinstatement services.

2. In tandem with the higher revenue, the Group's cost of sales for FY2022 increased from S$15.52 million to approximately S$17.75 million, reflecting a 14.4% or S$2.23 million increase.

3. There was a decline in the Group's other operating income by S$0.22 million or 22.5% to approximately S$0.77 million, mainly due to decreased contribution from government grants provided as COVID-19 support for FY2022.

4. The Group recorded an increase in distribution costs by S$0.17 million to approximately S$1.01 million in FY2022, mainly attributable to the higher expenses incurred by PC during the year, in tandem with the increase in revenue.

5. The Group recorded an increase in administrative costs by 1.8% or S$0.09 million to approximately S$5.24 million in FY2022, mainly due to the overall increase in administrative costs in all entities.

6. The Group recorded an impairment of intangible assets (i.e. PHH's customer relationships) amounting to S$0.85 million, PHH's amortization of S$0.42 million and impairment loss on right-of-use assets of WPP (M) of S$0.12 million in FY2021. Furthermore, EMS's intangible asset (customer relationship) was fully amortised at S$0.08 million in FY2022 as compared to S$0.49million in FY2021. These factors combined resulted in the Group's other expenses for FY2022 amounting to S$0.16 million, a S$1.80 million reduction compared to FY2021.

7. For FY2022, the Group recorded net impairment gain on financial assets of S$0.18 million as compared to the loss recorded in FY2021, mainly due to the recovery of receivables in EMS.

OPERATIONS REVIEW AND FINANCIAL HIGHLIGHTS

GROUP FINANCIAL POSITION

	FY2022 S$'000	FY2021 S$'000 Restated	Change %
ASSETS			
Non-current assets			
Property, plant and equipment	3,758	1,685	>100
Investment properties	50,399	53,509	(6)
Right-of-use assets	51	256	(80)
Intangible assets	46	101	(54)
Goodwill	-	-	
Financial assets	-	-	
	54,254	**55,551**	**(2)**
Current assets			
Inventories	229	237	(3)
Trade and other receivables	3,766	3,566	6
Other current assets	472	690	(32)
Contract assets	971	202	>100
Cash and bank balances	7,079	7,950	(11)
	12,517	**12,645**	**(1)**
TOTAL ASSETS	**66,771**	**68,196**	**(2)**
LIABILITIES			
Non-current liabilities			
Lease liabilities with financial institutions	674	13	>100
Lease liabilities	5,052	5,353	(6)
Deferred tax liabilities	7,601	8,089	(6)
Other liabilities	276	684	(60)
	13,603	**14,139**	**(4)**
Current liabilities			
Trade payables	2,301	2,261	2
Other payables and accruals	3,425	2,857	20
Lease liabilities with financial institutions	218	16	>100
Lease liabilities	472	624	(24)
Provision for defect liability	50	240	(79)
Income tax payable	212	112	89
	6,678	**6,110**	**9**
TOTAL LIABILITIES	**20,281**	**20,249**	**n.m.**
EQUITY			
Capital and reserves attributable to equity holders of the Company			
Share capital	35,225	35,225	n.m.
Reserves	11,315	12,766	(11)
	46,540	**47,991**	**(3)**
Non-controlling interests	(50)	(44)	14
TOTAL EQUITY	**46,490**	**47,947**	**(2)**

*n.m. – not meaningful

GROUP FINANCIAL POSITION

1. As at 31 December 2022, the Group's property, plant and equipment ("PPE") stood at approximately S$3.76 million, constituting approximately 6.9% of the Group's non-current assets.

2. The Group's leasehold building of EMS, which constitutes 92.9% of HGH's non-current assets, was charged with depreciation amounting to S$3.11 million during FY2022.

3. Intangible assets are in relation to the fair value of the contractual rental agreements entered into with EMS and non-contractual customer relationships with PHH and the intangible asset acquired by PC previously. For FY2022, S$0.11 million was charged for amortization.

4. For trade and other receivables, the total amount increased by S$0.20 million as compared to 31 December 2021, mainly due to higher revenue recorded and offset by impairment gain on financial assets during FY2022.

5. The Group's cash and bank balances decreased by S$0.87 million from FY2021 to FY2022.

6. Trade and other payables amounted to S$5.73 million which constituted 85.7% of the Group's current liabilities.

7. Provision for defects liability amounting to S$0.24 million in FY2021 was provided for by the contracts delivered by PHH. It was lower due to the reversal during FY2022.

8. Lease liabilities for the Group for FY2022 decreased due to repayments during the year. HGH leased additional motor vehicles from financial institutions amounting to S$1.07 million and repaid S$0.22 million during the year.

9. As at 31 December 2022, the current tax liabilities arose mainly from the net chargeable income generated by EMS for FY2022.

BOARD OF DIRECTORS

NG CHUAN HENG
Executive Chairman

Mr Ng Chuan Heng ("Mr Ng") came on board as Non-Executive Non-Independent Chairman on 17 December 2018, and was re-designated to Executive Chairman and Executive Director on 1 August 2020. He is responsible for leading and ensuring the effectiveness of the Board, including promoting a culture of openness and debate at the Board and facilitating the effective contribution of all directors. Mr Ng has over four decades of experience in the construction industry, having started off as an apprentice construction worker in the 1970s. Mr Ng's expertise lies in handling the operational aspects of the construction business, having been closely involved (at both his past and present companies) in all the day-to-day activities such as logistics, managing of workers and supervising at the construction sites.

TAN POH GUAN
Chief Executive Officer

Mr Tan Poh Guan ("Mr Tan") came on board as Executive Director on 17 December 2018, and was re-designated as Chief Executive Officer on 1 July 2020. He is responsible for the overall business development and general management of the Group. Mr Tan has extensive experience in the construction business, having handled various aspects such as planning, operations, overseeing the finances and tendering for projects. He graduated from Ngee Ann Polytechnic with a Diploma in Electrical Engineering and has completed a course on Basic Concept in Construction Productivity Enhancement offered by the Building and Construction Authority (BCA) Academy. In addition to attending the BizSAFE Workshop for CEO/Top Management, he has obtained various certifications relevant to his directorship roles (e.g. on directors' duties and finance for directors).

AMELIA VINCENT
Lead Independent Director

Ms Amelia Vincent ("Ms Amelia") joined our Company as an Independent Director on 15 June 2016 and was reappointed as our Lead Independent Director on 3 January 2020. She is the Chairperson of the Audit Committee and member of the Nominating Committee and Remuneration Committee. She is currently the Asia Pacific (APAC) Finance Director of Control Risks Group (S) Pte Ltd, a consulting company. Prior to this, she was with William Grant & Sons Singapore Pte. Ltd. where she was the Head of Finance for their Global Travel Retail business and was responsible for the financial management of the global travel retail business. She was also the finance director of Diageo for their Asia Pacific Travel Retail business unit and was in charge of strategic and commercial imperatives as well as leading the accounting, control and compliance team and also a senior director at SAVVIS INC. Her strength is in partnering with business leaders to drive strategic growth. Amelia has also spent 12 years in the technology industry, where she served in various roles of accounting, finance, commercial and strategic planning. She graduated from Nanyang Technological University with a Bachelor of Accountancy (Honours) in 1996 and received her Certified Public Accountant (CPA) in 1999.

NG SER CHIANG
Independent Director

Mr Ng Ser Chiang ("Mr David") joined our Company as an Independent Director on 15 June 2016. David is the Chairman of the Nominating Committee and member of the Audit Committee and Remuneration Committee. Currently, he is a Partner of Elitaire Law LLP, an advocates and solicitors firm in Singapore. He was previously a managing partner of Hameed & Company since February 2002 and a sole proprietor of the same company from 2004 to 2010. He graduated from the University of Wolverhampton with a Bachelor of Law in 1997 and was admitted as an advocate and solicitor of the Supreme Court of Singapore in 2000. His main area of practice is in civil and criminal litigation, corporate law as well as conveyancing. He is also a director of three other Singapore incorporated private companies.

Mr David is due for re-appointment as Director at the forthcoming AGM.

ANDREW BEK
Independent Director

Mr Andrew Bek ("Mr Bek") is our Independent Director and was appointed to our Group on 3 January 2020. Mr Bek is the Chairman of the Remuneration Committee and member of the Nominating Committee and Audit Committee. Mr Bek started his career in Arthur Andersen & Co and was there from 1988 to 1997. He later joined a manufacturing company from 1997 to 1998 overseeing the accounts and finance department. He was with Ernst & Young from 1999 to 2007. He was an Investment Director at OneEquity SG Private Limited from July 2007 to January 2020. He also serves as Independent Director of a Mainboard company listed on the SGX-ST. He formerly served as executive director of two other listed companies, both the Mainboard and Catalist board of SGX-ST.

Mr Bek is due for re-appointment as Director at the forthcoming AGM.

KEY MANAGEMENT PERSONNEL

ERIC SEAN KOO KONG CHEW

Eric Sean Koo Kong Chew is the Director of W&P Precast Pte. Ltd. and W&P Precast Sdn. Bhd.. He is responsible for the overall operations, sales and administrative matters of the companies. He graduated from the University of Bradford with a Bachelor of Business & Management (Honours) and also obtained a Graduate Diploma in Marketing from the Chartered Institute of Marketing in United Kingdom (CIMUK). He is currently a grassroots leader holding a Secretary post in Jalan Besar Neighbourhood Council in Kampong Glam (JBNC).

ALOYSIUS SENG BOCK KIM

Aloysius Seng Bock Kim is the Director of Premium Concrete Pte. Ltd..

He oversees overall business activities including operation, sales, strategic planning, and administrative matters of the business with more than 10 years of experience in the construction industry.

His work experience covers the ready-mixed concrete industry as well as the asphalt premix industry. Prior to joining the Premium Concrete Pte. Ltd., he was working as a General Manager in a construction company.

He holds a Diploma in Electronic Computer Communication Engineering from Nanyang Polytechnic.

TAN JUN HAO

Tan Jun Hao is the Operations Director of Poh Huat Heng Corporation Pte. Ltd. ("PHH"). He is responsible for liaising with and coordinating the work between internal and external parties in order to ensure that PHH meets all the relevant deadlines for each of its site projects. He obtained a Diploma in Management Studies from SIM University in 2010.

LAI CHOONG HON

Lai Choong Hon, had been re-designated from the role of Executive Director (since 18 January 2018) and Financial Controller of HGH Holdings Ltd to Financial Controller of the Group on 1 August 2020 and is responsible for all finance, treasury, reporting and accounting functions. He joined Engineering Manufacturing Services (S) Pte. Ltd. in 2004 as the Director of Finance. Prior to this, he was the Group Financial Controller of HongGuan Technologies (S) Pte. Ltd. and General Manager of Inventit Technology Pte. Ltd. (f.k.a. Hong Guan System (S) Pte. Ltd.). His stint before that was the Finance Manger of Globalfoundries Singapore Pte. Ltd. (f.k.a. Chartered Semiconductor Manufacturing Pte. Ltd.). He is a member of The Institute of Singapore Chartered Accountants (ISCA) and obtained his degree from the Chartered Institute of Management Accountants (UK) in 1990.

CORPORATE INFORMATION

BOARD OF DIRECTORS

Ng Chuan Heng
Executive Chairman and Executive Director

Tan Poh Guan
Chief Executive Officer and Executive Director

Amelia Vincent
Lead Independent Director

Ng Ser Chiang
Independent Director

Andrew Bek
Independent Director

SHARE REGISTRAR

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PRINCIPAL BANKER

United Overseas Bank Limited
80 Raffles Place
UOB Plaza
Singapore 048624

Overseas-Chinese Banking Corporation Limited
65 Chulia Street
OCBC Centre
Singapore 049513

Maybank Singapore Limited
2 Battery Road
Maybank Tower
Singapore 049907

AUDIT COMMITTEE

Amelia Vincent (Chairman)
Ng Ser Chiang
Andrew Bek

NOMINATING COMMITTEE

Ng Ser Chiang (Chairman)
Amelia Vincent
Andrew Bek

REMUNERATION COMMITTEE

Andrew Bek (Chairman)
Amelia Vincent
Ng Ser Chiang

COMPANY SECRETARY

Thum Sook Fun

REGISTERED OFFICE

60 Benoi Road
#03-02
Singapore 629906
Tel: +65 6268 7111

AUDITORS

Crowe Horwath First Trust LLP
Certified Public Accountants
9 Raffles Place
#19-20 Republic Plaza Tower 2
Singapore 048619
Date of Appointment: 21 November 2018
Partner-in-Charge: Teo Yen Lin (since financial year ended 31 December 2020)

CORPORATE GOVERNANCE REPORT

The Board of Directors (the "Board") of HGH Holdings Ltd. (the "Company", together with its subsidiaries, the "Group") continue to be committed to maintain high standards of corporate governance. Good corporate governance provides the framework for an ethical and accountable corporate environment, which will protect the interests of the Company's shareholders, promote investors' confidence and maximise long-term value of the shareholders.

This report outlines the Company's corporate governance practices and structures in the financial year ended 31 December 2022 ("FY2022") with specific reference made to each of the principles of the Code of Corporate Governance 2018 (the "Code") and accompanying Practice Guidance which was last amended on 11 January 2023 (the "Practice Guidance"), which forms part of the continuing obligations of the Listings Manual Section B: Rules of Catalist (the "Catalist Rules") of the Singapore Exchange Securities Trading Limited (the "SGX-ST"). The Code aims to promote high levels of corporate governance by putting forth Principles of good corporate governance and Provisions with which companies are expected to comply. The Practice Guidance complements the Code by providing guidance on the application of the Principles and Provisions and setting out best practices for companies.

Pursuant to Rule 710 of the Catalist Rules, the Board confirms that the Company and Group, have complied with the Principles as set out in the Code for FY2022. Where there are any deviations from the Provisions, the Company will explain how its practices are consistent with the intent of the relevant Principles.

BOARD MATTERS

The Board's conduct of its affairs

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

Provisions of the Code	Corporate Governance Report
1.1 Directors are fiduciaries who act objectively in the best interests of the company and hold Management accountable for performance. The Board puts in place a code of conduct and ethics, sets appropriate tone-from-the-top and desired organisational culture, and ensures proper accountability within the company. Directors facing conflicts of interest recuse themselves from discussions and decisions involving the issues of conflict.	The Board is entrusted with the responsibility for the overall management of the business and corporate affairs of the Group. The Board as a whole brings a wide range of business, financial and legal experience relevant to the Group. The principal functions of the Board, apart from its statutory responsibilities, are to: • set and direct the long-term vision and strategic direction of the Group; • review and approve the corporate policies, strategies, budgets and financial plans of the Company; • monitor financial performance, including approval of the half yearly financial reports of the Company; • oversee the business and affairs of the Company, establish, with the Management, the strategic and financial objectives to be implemented by the Management and monitor the performance of the Management; • approve major funding decisions, material interested party transactions and all strategic matters; • review the process of evaluating the adequacy of internal controls, risk management and compliance; • identify the key stakeholder groups and recognise how their perceptions affect the Company's reputation; • set the Company's values and standards (including ethical standards), and ensure that obligations to shareholders and other stakeholders are understood and met; and • consider sustainability issues (e.g. environmental and social factors) in the formulation of its strategies.

Provisions of the Code	Corporate Governance Report
	Every Director, in the course of carrying out his/her duties, acts in good faith, provides insights and considers at all times, the interests of the Company. The Board is a representation of the shareholders in the Company and is accountable to them through effective governance of the business. In order to address and manage conflicts of interest, Directors are required to promptly declare any actual, potential and perceived conflict of interest, in relation to a transaction or proposed transaction at a Board meeting or by written notification to the company secretary (the "Company Secretary"). In addition, the Company has in place procedures for Directors to give general notice of any interests in any corporation or firm, in order to anticipate possible conflicts of interest between the Director and the Group. This procedure is conducted upon appointment and annually, prompting Directors to update any change in interests and/or confirm its previous disclosures. Directors that are in conflict of interest with the Company, whether actual or potential, are required to recuse themselves from discussions and abstain from voting on the matter.
1.2 Directors understand the company's business as well as their directorship duties (including their roles as executive, non-executive and independent directors). Directors are provided with opportunities to develop and maintain their skills and knowledge at the company's expense. The induction, training and development provided to new and existing directors are disclosed in the company's annual report.	For newly appointed Directors who do not have prior experience as a director of a public listed company in Singapore, the Company will arrange for the SGX-ST's prescribed training courses organised by the Singapore Institute of Directors on the roles and responsibilities of a director of a listed company, or other training institutions in areas such as management, accounting, legal and industry-specific knowledge, where appropriate, in connection with their duties for the Directors. All newly appointed Directors will be given an orientation program with materials provided to help them familiarise themselves with the business and organisational structure of the Group. To enable the Directors to gain a better understanding of the Group's business, the Directors are encouraged to request for further explanations, briefings or informal discussion on the Company's operations or business with the Management. Directors are also given opportunity to visit the Group's operational facilities and meet with management staff. Where necessary, the Directors will be updated on new legislation and/or regulations which are relevant to the Group. As part of their continuing education, the Directors may attend relevant training seminars or informative talks, to apprise themselves of legal, financial and other regulatory developments, at the Company's expenses. The Directors are updated on amendments/requirements of the SGX-ST and other statutory and regulatory requirements from time to time, to enable them to make well-informed decisions and to ensure that they are competent in carrying out their expected roles and responsibilities. The Company is responsible for arranging and funding the training of Directors. The Company will arrange for Directors to attend seminars and receive training to improve themselves in the discharge of their duties as Directors. The Company also works closely with professionals to provide its Directors with updates in changes to relevant laws, regulations and accounting standards.

<table>
<tr><th>Provisions of the Code</th><th>Corporate Governance Report</th></tr>
<tr><td></td><td>With effect from 1 January 2022, all Directors are required to undergo training on sustainability matters as prescribed by the SGX-ST. In connection thereto, all Directors of the Company have attended the said training during FY2022 in fulfilment of the said requirement which organised by the Institute of Singapore Chartered Accountants and SAC Capital Private Limited on the following dates: -

<table>
<tr><th>Name of Directors</th><th>Date of Attendance</th></tr>
<tr><td>Ng Chuan Heng</td><td>7 July 2022</td></tr>
<tr><td>Tan Poh Guan</td><td>13 October 2022</td></tr>
<tr><td>Andrew Bek</td><td>15 December 2022</td></tr>
<tr><td>Amelia Vincent</td><td>18 December 2022</td></tr>
<tr><td>Ng Ser Chiang</td><td>18 December 2022</td></tr>
</table></td></tr>
<tr><td>1.3 The Board decides on matters that require its approval and clearly communicates this to Management in writing. Matters requiring board approval are disclosed in the company's annual report</td><td>While matters relating to the Group's strategies and policies require the Board's decision and approval, the Management is responsible for the day-to-day operations and administration of the Group. The Company has internal guidelines and approval limits for operational, financial and capital expenditure requirements. Under these guidelines, the matters which specifically require the Board's decision or approval are those involving:

• corporate strategy and business plan;
• investment and divestment proposals;
• funding decisions of the Group;
• nominations of Directors comprising the Board and appointment of key management personnel;
• half year and full year financial results for announcements, the annual report and accounts;
• issuance of new shares;
• material acquisitions and disposal of assets; and
• all matters of strategic importance.</td></tr>
<tr><td>1.4 Board committees, including Executive Committees (if any), are formed with clear written terms of reference setting out their compositions, authorities and duties, including reporting back to the Board. The names of the committee members, the terms of reference, any delegation of the Board's authority to make decisions, and a summary of each committee's activities, are disclosed in the company's annual report.</td><td>In order for the Board to efficiently provide strategic oversight over the Company and discharge its responsibilities more efficiently, the Board delegates specific functions to three board committees (the "Board Committees"), namely Audit Committee ("AC"), Nominating Committee ("NC") and Remuneration Committee ("RC").

Each Board Committee operates within clearly defined terms of reference, which includes the terms, composition, responsibilities and functional procedures of each committee. Each of these committees reports its activities regularly to the Board so that other Directors are kept updated as to the proceedings and matters discussed during such meetings. For specific agendas mandated to the Board Committees, the Board Committees will make recommendations to the Board for its approval and adoption at the Board level.

For further information on the duties and function as well as the composition for the respective Board Committees, please refer to the various Principles in this Corporate Governance Report.</td></tr>
</table>

<table>
<tr><th>Provisions of the Code</th><th>Corporate Governance Report</th></tr>
<tr><td>1.5 Directors attend and actively participate in Board and board committee meetings. The number of such meetings and each individual director's attendances at such meetings are disclosed in the company's annual report. Directors with multiple board representations ensure that sufficient time and attention are given to the affairs of each company.</td><td>
The Board meets regularly on a half-yearly basis and additional ad-hoc meetings may be held where circumstances require. The Company's constitution (the "Constitution") provides for meetings of the Directors to be held via telephone-conference, video-conference or similar communication equipment. The Board also approves resolutions by way of written resolutions, which are circulated to the Board together with all relevant information regarding the proposed matter. Minutes of the Board Committees meetings are made available to all Board members, if requested and in the absence of any conflict.
Dates of Board and Board Committees' meetings are scheduled in advance in consultation with all of the Directors. The number of Board and Board Committees' meetings held and the record of attendance of each Director during FY2022 are set out in the table below:
<table>
<tr><th rowspan="2">Name</th><th rowspan="2">Position</th><th colspan="4">Number of meetings attended / Number of meetings held</th></tr>
<tr><th>Board</th><th>AC</th><th>NC</th><th>RC</th></tr>
<tr><td>Ng Chuan Heng</td><td>Executive Chairman</td><td>2/2</td><td>2/2*</td><td>1/1*</td><td>1/1*</td></tr>
<tr><td>Tan Poh Guan</td><td>Executive Director and Chief Executive Officer</td><td>2/2</td><td>2/2*</td><td>1/1*</td><td>1/1*</td></tr>
<tr><td>Amelia Vincent</td><td>Lead Independent Director</td><td>2/2</td><td>2/2</td><td>1/1</td><td>1/1</td></tr>
<tr><td>Ng Ser Chiang</td><td>Independent Director</td><td>2/2</td><td>2/2</td><td>1/1</td><td>1/1</td></tr>
<tr><td>Andrew Bek</td><td>Independent Director</td><td>2/2</td><td>2/2</td><td>1/1</td><td>1/1</td></tr>
</table>
* By invitation
For the multiple board representation of the Company, please refer to Provision 4.5 set out below.
</td></tr>
<tr><td>1.6 Management provides directors with complete, adequate and timely information prior to meetings and on an on-going basis to enable them to make informed decisions and discharge their duties and responsibilities.</td><td>
The Board is provided with timely, complete and adequate information prior to Board meetings and as and when the need arises. The Board is kept updated on the Group's operations and performance on an on-going basis, through board papers, resolutions in writing, electronic communications or informal discussions.
The Company also recognises the importance of the flow of information for the Board to discharge its duties effectively.
Prior to Board meetings involving any special business to be discussed, Management will provide detailed board papers together with related materials and background or explanatory information. This may include financial statements, budgets, forecasts and progress reports of the Group's business operations, for the Board to comprehensively understand the issues to be deliberated upon and make informed decisions thereon.
During the Board's half year meetings, Management will provide half-year financial statements of the Group. Any material variance between the actual results and the budgets will be explained by the Management to the Board for their information and deliberation.
</td></tr>
</table>

Provisions of the Code	Corporate Governance Report
1.7 Directors have separate and independent access to Management, the company secretary, and external advisers (where necessary) at the company's expense. The appointment and removal of the company secretary is a decision of the Board as a whole.	The Company provides for directors, individually or as a group, to have separate and independent access to the Management, the Company Secretary and to seek external professional advice where necessary at the expense of the Company, in the furtherance of their duties and after consultation with the Chairman of the Board. The role of the Company Secretary has been clearly defined which includes, inter alia, advising the Board on all matters regarding the proper functioning of the Board, compliance with the Constitution, the Companies Act 1967 (the "Companies Act"), relevant provisions of the Securities and Futures Act and the Catalist Rules. The Company Secretary also assists on governance matters from time to time, especially when there are changes to the Board composition. The Company Secretary facilitates information flows within the Board and between the Management and Non-Executive Directors. The Company Secretary attends all Board and Board Committees' meetings and after every such meeting, minutes of meetings are circulated to Directors and Management to keep them informed of matters discussed at each meeting. In between Board meetings, the Company Secretary is responsible for the circulation of Board resolutions in writing, board papers and other information and/or documents within the Board and between Management and Non-Executive Directors, if so required. During FY2022, the Company Secretary has attended meetings of the Board and Board Committees. The minutes of such meetings were circulated to all members of the Board and Board Committees. The appointment and the removal of the Company Secretary are subject to the approval of the Board as a whole.

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.

Provisions of the Code	Corporate Governance Report
2.1 An "independent" director is one who is independent in conduct, character and judgement, 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.	The NC determines the independence of each director annually. An independent director is one who is independent in conduct, character and judgement and has no relationship with the Company, its related corporations, its substantial shareholders or its officers that can interfere, or be reasonably perceived to interfere with the exercise of the director's independent business judgement to the best interests of the Company. The NC conducted its annual review of the Directors' independence and was satisfied that the Company had complied with the guidelines of the Code which provide that majority of the Board is made up of Non-Executive Directors. The Company also complies with Rule 406(3)(c) of the Catalist Rules which took effect from 1 January 2022. which requires independent directors to comprise at least one-third of the Board. The NC and the Board take into account the existence of relationships or circumstances, including those identified by the Rule 406(3)(d) of the Catalist Rules and the Practice Guidance, that are relevant in determining a director's independence.

<table>
<tr><th>Provisions of the Code</th><th>Corporate Governance Report</th></tr>
<tr><td></td><td>Each Independent Director is required to complete a Director's Independence Checklist annually to confirm his independence based on the guidelines as set out in the Code. The Independent Directors must also confirm whether they consider themselves independent despite not having any relationship identified in the Code. The results of the self-assessment are then collated by the Company Secretary and reported to the Board.

The Board, with the concurrence of the NC, has reviewed the respective confirmations and declarations of the Independent Directors, namely Ms Amelia Vincent, Mr Ng Ser Chiang and Mr Andrew Bek, and after taking into account of their respective working experience and contributions, the Board is satisfied that each of them is independent in character and judgement.

Given their independence, respective wealth of business and working experience and professionalism in carrying out their duties, the NC had found each of Ms Amelia Vincent, Mr Ng Ser Chiang and Mr Andrew Bek suitable to continue to act as Independent Directors of the Company.

The Board has accepted the NC's recommendation that each of Ms Amelia Vincent, Mr Ng Ser Chiang and Mr Andrew Bek be considered independent. Each of Mr Andrew Bek, Ms Amelia Vincent and Mr Ng Ser Chiang have abstained from deliberating on their respective independence. Each Independent Director has recused himself/herself in the determination of his/her own independence.

The Board notes that, with effect from 11 January 2023, the independent director who have served more than nine (9) years from the date of his/her appointment either to step down or re-designated as Non-Independent Director before the next Annual General Meeting to be held in year 2024 which to comply with the Rule 406(3)(d)(iv) together with the Transitional Practice Note 2 of the Catalist Rules.

Currently, the Company does not have any Independent Director who has served for more than nine (9) years from the date of his/her first appointment.</td></tr>
<tr><td>2.2 Independent directors make up a majority of the Board where the Chairman is not independent.</td><td>Provision 2.2 of the Code requires independent directors to make up a majority of the Board where the Chairman of the Board is not independent.

Although the Executive Chairman of the Company, Mr Ng Chuan Heng is not independent in accordance with the definition of the Code, but majority of the Board members were made up of Independent Directors which is in compliance with Provision 2.2 of the Code.

The NC is of the view that the current Board composition is of an appropriate size, and comprise Directors who as a group, provide the appropriate balance and mix of skills, knowledge, experience, and are sufficiently diverse so as to foster constructive debate. No individual or small group of individuals dominates the Board's decision making.

Therefore, the NC was of the view that the Board has sufficient independent element, and its composition is appropriate to facilitate effective decision-making.</td></tr>
</table>

Provisions of the Code	Corporate Governance Report
2.3 Non-executive directors make up a majority of the Board	As at the date of this report, the Board comprises five (5) Directors: one Executive Chairman, one Executive Director and three Independent Directors, details as follows: ***Chairman of the Board*** Ng Chuan Heng — Executive Chairman ***Executive Director*** Tan Poh Guan — Executive Director cum Chief Executive Officer ***Independent Directors*** Amelia Vincent — Lead Independent Director Ng Ser Chiang — Independent Director Andrew Bek — Independent Director The Company has complied with Provision 2.3 as majority of the Board members are Non-Executive Directors.
2.4 The Board and board committees are of an appropriate size and comprise directors who as a group provide the appropriate balance and mix of skills, knowledge, experience, and other aspects of diversity such as gender and age, so as to avoid groupthink and foster constructive debate. The board diversity policy and progress made towards implementing the board diversity policy, including objectives, are disclosed in the company's annual report.	The current Board, with Independent Non-Executive Directors making up more than half of the Board, provides for a strong and independent element on the Board capable of exercising objective judgement on corporate affairs of the Group. To further strengthen good corporate governance, as the Chairman is not independent, a Lead Independent Director is appointed. The size and composition of the Board are reviewed at least annually to ensure that the Board has the appropriate mix of expertise, skills, knowledge and experience diversity for effective decision-making. The Board, in concurrence with the NC, is of the view that the current number of five (5) Directors and the composition is appropriate and effective, taking into consideration the scope and nature of the Group's operations. No individual or small group of individuals dominate the Board's decision-making. The Board's objective in its composition is to achieve a good mix of directors with diverse and appropriate professional background and experience to facilitate a robust decision-making process in the best interests of the Company and the Group. The Company recognises and embrace the benefits of diversity of experience, age, skill sets, gender and ethnics on the Board ("Board Diversity") and views Board Diversity as an essential element to support the attainment of its strategic objectives and sustainable development. The Directors are from a diverse age group (between 49 and 67) and possess the appropriate balance and mix of skills, knowledge and experience (such as legal, corporate finance and industrial) to guide and assist the Board in its endeavours. The current Board composition provides a diversity of skills, experience, and knowledge of the Company and their core competencies include relevant industry knowledge or experience, accounting, finance, business or management experience, and strategic planning aspects including gender and age. This diversity facilitates constructive debate on the business activities of the Company and enables Management to benefit from a diverse and objective set of perspectives on issues that are brought before the Board. The Board, in concurrence of the NC, is of the view that the current Directors possess the necessary competencies to provide the Management with a diverse and objective perspective on issues so as to lead and govern the Company effectively.

Provisions of the Code	Corporate Governance Report
	The Board has also put in place a Board Diversity Policy and is of the view that, while it is important to promote boardroom diversity would enables the Board to avoid groupthink, foster constructive debate and make decision in the best interests of the Group. The NC will continue to review the terms of the Board Diversity Policy, where appropriate, to ensure the effectiveness and will recommend appropriate revisions or improvements to the Board for consideration and approval. The policy also available at the Company website via https://www.hghholdings.com.sg/others/. The Company embraces diversity and will consider the benefits of various aspects of diversity, including skills, experience, background, gender, age and other relevant factors in identifying Director nominees. The Board's policy in identifying directors is primarily to have an appropriate mix and diversity of members with complementary skills, core competencies and experience that could effectively contribute to the Group. The Board takes the following steps to maintain or enhance the efficacy of its composition: (a) annual review by the NC to assess if the existing attributes and core competencies of the Board are complementary and enhance the efficacy of the Board; and (b) annual evaluation by the Directors of the skill sets the other Directors possess, with a view to understand the potential gaps in the areas of expertise and competencies of the Board. The NC will consider the results of these exercises in its recommendation for the appointment of new directors and/or the re-appointment of incumbent directors. As the Group's activities continue to grow, the NC will continuously review the composition of the Board so that it will have the necessary competency to be effective. The NC will further consider other aspects of diversity such as professional and commercial experience, gender, age and other relevant qualities. The Board is of the view that the present Board has an appropriate level of independence and diversity of thought and background to enable it to make decisions in the best interests of the Group. The Board believes that the practices adopted above are consistent with the intent of Provision 2.4 of the Code. As of now, the Board has one female Director, representing 20% of the total Board membership and the Board does not have any alternate Director.
2.5 Non-executive directors and/or independent directors, led by the independent Chairman or other independent director as appropriate, meet regularly without the presence of Management. The chairman of such meetings provides feedback to the Board and/or Chairman as appropriate.	The Independent Directors will constructively challenge and assist in the development of proposals on strategy and assist the Board in reviewing the performance of Management in meeting agreed goals and objectives and monitor the reporting of performance. Their views and opinions will provide alternative perspectives to the Group's business. When challenging the Management proposals or decisions, they bring independent judgment to bear on business activities and transactions involving conflicts of interest and other complexities. When necessary or appropriate and at least once a year, the Independent Directors will have discussions among themselves without the presence of Management and provide feedback to the Board and Management after such meetings, where appropriate.

Chairman and Chief Executive Officer

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

Provisions of the Code	Corporate Governance Report
3.1 The Chairman and the Chief Executive Officer ("CEO") are separate persons to ensure an appropriate balance of power, increased accountability, and greater capacity of the Board for independent decision making.	Presently, Mr Ng Chuan Heng is Executive Chairman of the Board and Mr Tan Poh Guan is Executive Director cum CEO of the Company. The Chairman and the CEO are separate persons and are not related, which allows for greater balance of power, accountability and capacity for independent decision making. The Board is of the view that there is a strong independent element on the Board to enable exercise of objective judgment of corporate affairs of the Group by members of the Board, taking into account factors such as the number of Independent Directors on the Board, as well as the size and scope of the Group's affairs and operations.
3.2 The Board establishes and sets out in writing the division of responsibilities between the Chairman and the CEO.	The Executive Chairman's responsibilities include managing the overall business development, operations, business expansion, exploring new business opportunities and general management of the Group. Prior to each Board meeting, the Chairman, in consultation with the Management and the Company Secretary, sets the agenda for the meeting and ensures that Board members are provided with adequate and timely information. As a general rule, board papers are sent to Directors in advance in order for Directors to be adequately prepared for the meetings. The Chairman leads the meetings and ensures full discussion of each agenda. He also ensures that Board members are able to engage Management in constructive debate on various matters including strategic issues. Members of the Management team with proposals or who can provide insights into the discussion matters are invited to participate in the meetings. At each general meeting of shareholders, the Chairman plays a pivotal role in fostering constructive dialogue between the shareholders, the Board and the Management. The CEO's responsibilities, in addition to setting the strategic direction, expansion plans and business development, include managing the day-to-day business activities of the Group, executing the strategies and policies approved by the Board, reporting to the Board on the performance of the Group, providing guidance to the Group's employees, and encouraging constructive relations between the Management and the Board.
3.3 The Board has a lead independent director to provide leadership in situations where the Chairman is conflicted, and especially when the Chairman is not independent. The lead independent director is available to shareholders where they have concerns and for which contact through the normal channels of communication with the Chairman or Management are inappropriate or inadequate.	For good corporate governance, a Lead Independent Director had been appointed to provide leadership in situations where the Chairman is conflicted. The Lead Independent Director is available to the shareholders when they have concerns when contact through the normal channels to the Chairman and CEO has failed to resolve or for when such contact is inappropriate. Ms Amelia Vincent was appointed as Lead Independent Director since 3 January 2020, and she is available to shareholders when they have concerns and for which contact through the normal channels of the Executive Chairman or CEO has failed to resolve or is inappropriate.

Board Membership

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

Provisions of the Code	Corporate Governance Report
4.1 The Board establishes a Nominating Committee ("NC") to make recommendations to the Board on relevant matters relating to: (a) the review of succession plans for directors, in particular the appointment and/or replacement of the Chairman, the CEO and key management personnel; (b) the process and criteria for evaluation of the performance of the Board its board committees and directors; (c) the review of training and professional development programme for the Board and its directors; and (d) the appointment and re-appointment of directors (including alternate directors, if any).	As at the date of this report, the NC comprises the following members, all of whom are Independent Directors: Ng Ser Chiang — Chairman Amelia Vincent — Member Andrew Bek — Member The NC is guided by its written terms of reference which stipulates its principal roles as follows: • to review nominations for the appointment and re-appointment to the Board and the various committees, having regard to the Director's competencies, commitment, contribution and performance (for example, attendance, preparedness, participation and candour) including as an Independent Director; • to decide on how the Board's performance may be evaluated, and propose objective performance criteria to assess effectiveness of the Board as a whole and its Board Committees, and the contribution of each individual Director; • to decide, where a director has multiple board representations and other principal commitments, whether the Director is able to and has been adequately carrying out his duties as Director of the Company; • to ensure that all Directors submit themselves for re-nomination and re-election at regular intervals and at least once every three years; • to determine on an annual basis whether or not a director is independent; • to review of Board succession plans for Directors; and • to review of training and professional development programmes for the Board. The Board provides for appointment of alternate director only in exceptional cases such as when a director has a medical emergency. Currently, there is no alternate Director on the Board.
4.2 The NC comprises at least three directors, the majority of whom, including the NC Chairman, are independent. The lead independent director, if any, is a member of the NC.	Please refer to Provision 4.1 above on the name of the members and composition of the NC. The NC currently comprises of three (3) Independent Directors, where Ms Amelia Vincent, the Lead Independent Director of the Company, is one of the members of the NC.
4.3 The company discloses the process for the selection, appointment and re-appointment of directors to the Board, including the criteria used to identify and evaluate potential new directors and channels used in searching for appropriate candidates in the company's annual report.	New Directors are at present appointed by way of a Board resolution, after the NC approves their appointment. The NC does not usually but may consider engaging the services of search consultants to identify prospective Board candidates if the need so arises. The NC currently considers recommendations and referrals from other sources, provided the prospective candidates meet the qualification criteria established for the particular appointment. The potential candidate may be proposed by existing Directors, substantial shareholders, Management or through third party referrals. Subsequent to the review of their curriculum vitae, qualifications and experience and expertise, selected candidates will be recommended to the Board for approval.

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<tr><th>Provisions of the Code</th><th>Corporate Governance Report</th></tr>
<tr><td></td><td>
In considering the appointment of any new Director, the NC ensures that the new Director is aligned with Group’s strategic directions and possesses the necessary skills, knowledge and experience that could facilitate the Board in making sound and well-considered decisions. The selection criterion includes integrity, diversity of competencies, expertise, industry experience and financial literacy.
In evaluating candidates, the NC applies strictly the concept of meritocracy, with no specific targets towards, nor discrimination against, any age group, ethnic groups or gender although these attributes are taken into consideration in deriving a decision.
<u>Process of re-appointment of directors</u>
The NC also ensures compliance with the provisions of the Constitution which stipulates that at each annual general meeting (“AGM”), one-third of the directors shall retire from office by rotation at least once every three years. The Constitution also stipulates that new directors appointed by the Board without shareholders’ approval shall be re-elected at the next AGM following their appointment. In recommending a director for re-appointment to the Board, the NC considers each of their contribution and performance of duties, including attendance and participation at Board and Board Committees’ meetings and the time and efforts accorded to the Group’s business and affairs.
Each NC member will abstain from voting on any resolution in respect of the assessment of his/her performance and contribution for re-nomination as a Director of the Company.
Regulation 107 of the Company’s Constitution requires one-third of the Directors to retire from office at each AGM of the Company and all Directors to retire from office at least once every three years.
The Company has complied with its Constitution in relation to the retirement and re-election of its directors. The table below provides the date of first appointment and last re-appointment for each of the Directors are set out below:
<table>
<tr><th>Name</th><th>Date of initial appointment</th><th>Date of last re-appointment</th></tr>
<tr><td>Andrew Bek</td><td>3 January 2020</td><td>26 June 2020</td></tr>
<tr><td>Ng Ser Chiang</td><td>15 June 2016</td><td>28 April 2021</td></tr>
<tr><td>Amelia Vincent</td><td>15 June 2016</td><td>28 April 2021</td></tr>
<tr><td>Ng Chuan Heng</td><td>17 December 2018</td><td>28 April 2022</td></tr>
<tr><td>Tan Poh Guan</td><td>17 December 2018</td><td>28 April 2022</td></tr>
</table>
Mr Andrew Bek and Mr Ng Ser Chiang, comprising one-third of the Directors will be retiring and will be submitting themselves for re-election at the forthcoming AGM pursuant to the Regulation 107 of the Company’s Constitution.
After assessing their past/existing contributions and performance, the NC has recommended, with the concurrence of the Board, that the abovementioned two directors be re-elected as Directors of the Company.
</td></tr>
</table>

Provisions of the Code	Corporate Governance Report
4.4 The NC determines annually, and as and when circumstances require, if a director is independent, having regard to the circumstances set forth in Provision 2.1. Directors disclose their relationships with the company, its related corporations, its substantial shareholders or its officers, if any, which may affect their independence, to the Board. If the Board, having taken into account the views of the NC, determines that such directors are independent notwithstanding the existence of such relationships, the company discloses the relationships and its reasons in its annual report.	Each Independent Director of the Company will confirm his/her independence (or otherwise) based on a checklist annually. The checklist is drawn up based on the guidelines provided under the Code. In FY2022, the NC has reviewed the independence of the Independent Directors, having regard to the circumstances set forth in Provision 2.1 of the Code, its Practice Guidance and the Catalist Rules. Details of the review process are set out under Provision 2.1 of this report. The NC is also committed to reassess the independence of each Independent Director as and when warranted.
4.5 The NC ensures that new directors are aware of their duties and obligations. The NC also decides if a director is able to and has been adequately carrying out his or her duties as a director of the company. The company discloses in its annual report the listed company directorships and principal commitments of each director, and where a director holds a significant number of such directorships and commitments, it provides the NC's and Board's reasoned assessment of the ability of the director to diligently discharge his or her duties	When a director has multiple board representations and other principal commitments, the NC considers whether or not the Director is able to and has adequately carried out his/her duties as a Director of the Company. The NC has determined that as a general rule, the maximum listed company board representation that an Independent Director can hold, whether the company is listed in Singapore or elsewhere, is five (5) or any other number as determined by the NC on a case-by-case basis. As at the date of this report, none of the Directors hold more than five (5) listed company board representations. The NC is of the opinion that the multiple board representations held by Directors of the Company do not impede their performance in carrying out their duties to the Company. The NC is satisfied that the respective Directors have been carrying out their duties appropriately. Please refer to page 8 under the "Board of Directors profile" section of the Annual Report for the listed company directorships and other principal commitments of the Directors.

Board Performance

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

Provisions of the Code	Corporate Governance Report
5.1 The NC recommends for the Board's approval the objective performance criteria and process for the evaluation of the effectiveness of the Board as a whole, and of each board committee separately, as well as the contribution by the Chairman and each individual director to the Board.	The Board has adopted the process and objective performance criteria proposed by the NC, to implement an annual assessment of the effectiveness of the Board as a whole and its Board Committees and the contribution by each individual Director to the effectiveness of the Board. The assessment is generally conducted by requesting each individual Director to complete evaluation questionnaires. Each individual Director completes an evaluation questionnaire assessing the Board as a whole and the individual Directors as well as the Chairman. In addition, Directors who are also Board Committee members are required to complete the relevant evaluation questionnaire for each committee that they are a member of. The Chairman of the NC collates the results of these evaluation forms and discusses the results collectively with other NC members to address any areas for improvement and, where appropriate, obtain approval from the Board for implementation. For FY2022, all Directors were requested to complete a Board performance checklist including individual Director Peer Performance and the Chairman which assessed the effectiveness of the Board, the Directors and the Board Chairman. In addition, each Director was also requested to complete a Board Committees' performance checklist which assessed the performance of the respective Board Committees. The Board performance checklist included assessment criteria such as the size of the Board; the degree of independence of the Board; information flow from management; and adequacy of the Board and Board Committees' meetings held to enable proper consideration of issues. The findings of such performance evaluation exercise were analysed with a view to further enhance the effectiveness of the Board. This evaluation exercise provides an opportunity to obtain feedback from each Director on whether the Board's procedures and processes have allowed him/her to discharge his/her duties and to propose changes to enhance Board's effectiveness. To ensure confidentiality, completed evaluation forms by all Directors were submitted to the Company Secretary for collation. The results of the performance evaluation were presented first to the NC for review and discussion and then to the Board. The Board was satisfied with the results of the annual evaluation assessment for FY2022.

Provisions of the Code	Corporate Governance Report
5.2 The company discloses in its annual report how the assessments of the Board, its board committees and each director have been conducted, including the identity of any external facilitator and its connection, if any, with the company or any of its directors.	The NC decides on how the Board's performance is to be evaluated and proposes objective performance criteria, subject to the Board's approval, which addresses the level of participation, attendance at Board and Board committees' meetings, the individual Director's functional expertise, and how the Board has enhanced long-term shareholders' value. The performance criteria approved by the Board addresses how the Board has enhanced long term shareholders value and are not changed from year to year. If circumstances deem it necessary for any of the criteria to be changed, the Board will have to propose the changes and justify its decisions. The Board evaluation criteria carried out for FY2022 covers the following areas:- i) Board size and composition; ii) Board independence; iii) Board process; iv) Board information and accountability; and v) Standard of Conduct. The evaluation of the Chairman by all the Board members and the results are reviewed by the Board. The assessment of the Chairman based on his ability and duties, facilitate open communication and discussion and decision making as well his knowledge and ethics. Individual Director evaluation is evaluated annually by every one of the Director of the Company. Some of the factors are taken into consideration include the value of contribution to the strategy, attendance and availability at board meetings, interactive skills, industry knowledge and its experience. The NC has reviewed the overall performance of the Board and Board Committees in terms of their role and responsibilities and the conduct of their affairs, based on the performance evaluation exercise carried out for FY2022. Through the evaluation exercise and assessment of each Director's contribution, the NC is of the view that the performance of the Board as a whole and its Board Committees and the contribution by each Director to the effectiveness of the Board has been satisfactory. Each member of the NC shall abstain from voting on any resolution in respect of the assessment of his/her performance or re-nomination as a Director. In FY2022, the Board did not engage an independent external consultant to facilitate the annual review of the performance of the Board and the Board Committees.

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.

Provisions of the Code	Corporate Governance Report
6.1 The Board established a Remuneration Committee ("RC") to review and make recommendations to the Board on: (a) a framework of remuneration for the Board and key management personnel; and (b) the specific remuneration packages for each director as well as for the key management personnel.	As at the date of this report, the RC comprises entirely Independent Directors and the members of the RC are: Andrew Bek Chairman Amelia Vincent Member Ng Ser Chiang Member The RC is guided by its written terms of reference, which stipulates its principal responsibilities as follows: • to recommend to the Board a general framework of remuneration for Board members and key management personnel; • to determine specific remuneration packages for each Director as well as for the key management personnel. The RC's recommendations are submitted for endorsement by the entire Board. All aspects of remuneration, including but not limited to Directors' and senior management's fees, salaries, allowances, bonuses, options, share-based incentives, awards and benefits in kind are covered by the RC; • to determine the appropriateness of the remuneration of Non-Executive Directors taking into account factors such as effort and time spent, and their responsibilities; • to review and recommend to the Board the terms of renewal of the service agreements of Executive Directors; • to consider the disclosure requirements for Directors' and key executives' remuneration as required by the SGX-ST; • to review and recommend the level and structure of remuneration to align with the long-term interest and risk policies of the Company in order to attract, retain and motivate the Directors and key management personnel; • to review the Company's obligations arising in the event of termination of the employment of Directors and key management personnel; and • to carry out such other duties as may be agreed to by the RC and the Board. The RC is established for the purpose of ensuring that there is a formal and transparent procedure for fixing the remuneration packages of individual Directors and key management personnel. The overriding principle is that no Director should be involved in deciding his/her own remuneration. The RC recommends to the Board for endorsement, a framework of compensation that covers aspects of remuneration including Directors' fees, salaries, allowances, bonuses, benefits-in-kind and specific remuneration packages for the Board and key management personnel to ensure that the structure is competitive and sufficient to attract, retain and motivate senior management to run the Company successfully in order to maximise Shareholder value.

Provisions of the Code		Corporate Governance Report
6.2	The RC comprises at least three directors. All members of the RC are non-executive directors, the majority of whom, including the RC Chairman, are independent.	Please refer to Provision 6.1 above on the name of the members and composition of the RC.
6.3	The RC considers all aspects of remuneration, including termination terms, to ensure they are fair.	In reviewing the service agreements of the Executive Director and key management personnel of the Company, the RC will review the Company's obligations arising in the event of termination of these service agreements, to ensure that such service agreements contain fair and reasonable termination clauses which are not overly generous. The RC aims to be fair and avoid rewarding poor performance.
6.4	The company discloses the engagement of any remuneration consultants and their independence in the company's annual report	In reviewing the remuneration packages, the RC takes into account the current market circumstances and the need to attract and retain Directors of experience and good standing. The RC has full authority to obtain external professional advice on matters relating to remuneration should the need arise. During FY2022, the RC did not require the services of an external remuneration consultant. Nevertheless, the RC has explicit authority to investigate any matter within its terms of reference and to seek external expert advice should such need arise, at the Company's expense.

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.

Provisions of the Code		Corporate Governance Report
7.1	A significant and appropriate proportion of executive directors' and key management personnel's remuneration is structured so as to link rewards to corporate and individual performance. Performance-related remuneration is aligned with the interests of shareholders and other stakeholders and promotes the long-term success of the company	The Company's remuneration policy is one that seeks to attract, retain and motivate talent to achieve the Company's business vision and create sustainable value for its stakeholders. In setting remuneration packages, the RC ensures that the Executive Director and key management personnel are adequately but not excessively remunerated as compared to the industry and comparable companies. The Company has a remuneration policy which comprises of a fixed component and a variable component. The fixed component comprises of basic salary, transport allowance and director's fees (if applicable), and the variable component comprises of bonuses and other benefits that are linked to the performance of the Company and the individual. The remuneration packages of the Executive Director and key management personnel are reviewed by the RC to ensure that their interests are aligned with the interests of the shareholders and to ensure that the remuneration is commensurate with their performance and the performance of the Company.

Provisions of the Code	Corporate Governance Report
7.2 The remuneration of non-executive directors is appropriate to the level of contribution, taking into account factors such as effort, time spent, and responsibilities.	No Director is involved in deciding his/her own remuneration. Independent Directors are paid Directors' fees annually on a standard fee basis. The RC takes into consideration the level of contribution, effort and time spent, and scope of responsibilities in determining the remuneration of Non-Executive Directors. Each of the Non-Executive Directors are entitled to Director's fees, subject to review by the RC and the Board at the Board meeting and approval by the shareholders at each AGM. The Non-Executive Directors shall abstain from reviewing and approving his/her own Director's fees. Save for the Director's fees as disclosed, Ms Amelia Vincent, Mr Ng Ser Chiang and Mr Andrew Bek do not receive any other remuneration from the Company.
7.3 Remuneration is appropriate to attract, retain and motivate the directors to provide good stewardship of the company and key management personnel to successfully manage the company for the long term.	As at the date of this report, the Company does not use contractual provisions to allow the Group to reclaim incentive components of remuneration from Executive Director and key management personnel in exceptional circumstances of misstatement of financial results, or misconduct resulting in financial loss to the Company. The Executive Directors owe fiduciary duties to the Company and the Company should be able to avail itself to remedies against the Executive Director in the event of such breach of fiduciary duties. The Company had no long-term incentive schemes in place during FY2022.

Disclosure on 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.

Provisions of the Code	Corporate Governance Report
8.1 The company disclose in its annual report the policy and criteria for setting remuneration, as well as names, amounts and breakdown of remuneration of: (a) each individual director and the CEO; and (b) at least the top five key management personnel (who are not directors or the CEO) in bands no wider than S$250,000 and in aggregate the total remuneration paid to these key management personnel.	The RC recommends to the Board a framework of remuneration for the Directors and key management personnel taking into account employment conditions within the industry and the Group's performance to ensure that the package is competitive and sufficient to attract, retain and motivate them to run the Group successfully in order to maximise shareholders' value. Each of the RC member shall abstain from the decision-making process concerning his/her own remuneration. The Company advocates a performance-based remuneration system for Executive Director and key management personnel that is flexible and responsive to the market, comprising a base salary and other fixed allowances, as well as variable performance bonus which is based on the Group's performance and the individual's performance, such as management skills, process skills, people skills and business planning skills. This is designed to align remuneration with the interests of shareholders and link rewards to corporate and individual performance so as to promote the long-term sustainability of the Group. In view of the above, the Company has chosen to make disclosure in relation thereto in bands of S$250,000 with a breakdown in percentage. The Company is of the view that such disclosures would provide adequate information on the remuneration policies and practice of the Group while maintaining the confidentiality of the Directors' remuneration matters.

<table>
<tr><th>Provisions of the Code</th><th>Corporate Governance Report</th></tr>
<tr><td></td><td>
Remuneration of Directors in FY2022
<table>
<tr><th>Name</th><th>Base Salary</th><th>Bonus</th><th>Director's Fees</th><th>Others</th><th>Total</th></tr>
<tr><td colspan="6">Above S$500,000 and below S$750,000</td></tr>
<tr><td>Ng Chuan Heng</td><td>72%</td><td>21%</td><td>–</td><td>7%</td><td>100%</td></tr>
<tr><td>Tan Poh Guan</td><td>79%</td><td>13%</td><td>–</td><td>8%</td><td>100%</td></tr>
<tr><td colspan="6">Below S$250,000</td></tr>
<tr><td>Amelia Vincent</td><td>–</td><td>–</td><td>100%</td><td>–</td><td>100%</td></tr>
<tr><td>Ng Ser Chiang</td><td>–</td><td>–</td><td>100%</td><td>–</td><td>100%</td></tr>
<tr><td>Andrew Bek</td><td>–</td><td>–</td><td>100%</td><td>–</td><td>100%</td></tr>
</table>
Remuneration of Key Management Personnel in FY2022
<table>
<tr><th>Name</th><th>Base Salary</th><th>Bonus</th><th>Other</th><th>Total</th></tr>
<tr><td colspan="5">S$250,000 to S$500,000</td></tr>
<tr><td>Tan Jun Hao</td><td>81%</td><td>13%</td><td>6%</td><td>100%</td></tr>
<tr><td>Seng Bock Kim, Aloysius</td><td>60%</td><td>21%</td><td>19%</td><td>100%</td></tr>
<tr><td>Below S$250,000</td><td></td><td></td><td></td><td></td></tr>
<tr><td>Lai Choong Hon</td><td>72%</td><td>12%</td><td>16%</td><td>100%</td></tr>
<tr><td>Eric Sean Koo Kong Chew</td><td>84%</td><td>8%</td><td>8%</td><td>100%</td></tr>
</table>
The aggregate remuneration paid to key management personnel (who are not Directors or CEO) for FY2022 was approximately S$1,113,561.

There are no termination, retirement or post-employment benefits that are granted to the Directors and the key management personnel of the Group.

The Board is of the view that full disclosure of the specific remuneration of each individual Director and key management personnel is not in the best interests of the Company, taking into account the sensitive nature of the subject, the competitive business environment the Group operates in and the potential negative impact such disclosure will have on the Group.
</td></tr>
<tr><td>8.2 The company discloses the names and remuneration of employees who are substantial shareholders of the company, or are immediate family members of a director, the CEO or a substantial shareholder of the company, and whose remuneration exceeds S$100,000 during the year, in bands no wider than S$100,000, in its annual report. The disclosure states clearly the employee's relationship with the relevant director or the CEO or substantial shareholder.</td><td>Save for Mr Tan Jun Hao and Mr Tan Poh Guan (Executive Director cum CEO) who are relatives, there were no employees who are the substantial shareholders of the Company, or are immediate family members of a director, the CEO or a substantial shareholder of the Company whose remuneration exceeded S$100,000 during FY2022.</td></tr>
</table>

Provisions of the Code	Corporate Governance Report
8.3 The company discloses in its annual report all forms of remuneration and other payments and benefits, paid by the company and its subsidiaries to directors and key management personnel of the company. It also discloses details of employee share schemes.	Please refer to the Provision 8.1 on Remuneration of Directors and key management personnel above. Currently, the Company do not implement any employee share scheme. During FY2022 under review, there was no termination, retirement or post-employment benefits to any director or KMP.

ACCOUNTABILITY AND AUDIT

Risk Management and Internal Controls

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

Provisions of the Code	Corporate Governance Report
9.1 The Board determines the nature and extent of the significant risks which the company is willing to take in achieving its strategic objectives and value creation. The Board sets up a Board Risk Committee to specifically address this, if appropriate.	The Board as a whole is responsible for risk management and no separate risk committee has been established. The Management regularly reviews the Company's business and operational activities and control policies and procedures, and highlights areas of significant risks to the Board. The Board then determines the Company's levels of risk tolerance and risk policies, and oversees the Management in the design, implementation and monitoring of the Group's risk management and internal control systems. The Group has also considered the various financial risks, details of which are disclosed in the notes to the accompanying audited financial statements. The Group's internal controls and systems are designed to provide reasonable assurance as to the integrity and reliability of the financial information and to safeguard and maintain accountability of its assets. Procedures are in place to identify major business risks and evaluate potential financial consequences, as well as for the authorisation of capital expenditures and investments. Comprehensive budgeting systems are in place to develop annual budgets covering key aspects of the business of the Group. Actual performance is compared against budgets and periodical revised forecasts for the year. The Board, together with the AC, reviews annually the adequacy and effectiveness of the Company's risk management and internal control systems, including financial, operational, compliance and information technology controls. Such review is carried out internally and with the assistance of the internal and external auditors. Any material non-compliance or lapses in internal controls, together with recommendations for improvement from the internal and external auditors are reported to the AC. The AC reviews the internal and external auditor's comments to ensure that there are adequate internal controls in the Group. The Board, with the concurrence of the AC, is satisfied with the adequacy and effectiveness of the Group's internal controls addressing financial, operational, compliance, information technology controls and risk management to which the Group is exposed in its current business environment as at 31 December 2022.

Provisions of the Code	Corporate Governance Report
	No material internal control weaknesses had been raised by the internal auditors in the course of their audits for FY2022. This is based on the internal controls established and maintained by the Group, work performed by the internal and external auditors and reviews performed by Management and the Board.
9.2 The Board requires and discloses in the company's annual report that it has received assurance from: (a) the CEO and the Chief Financial Officer ("CFO") that the financial records have been properly maintained and the financial statements give a true and fair view of the company's operations and finances; and (b) the CEO and other key management personnel ("KMP") who are responsible, regarding the adequacy and effectiveness of the company's risk management and internal control systems	In FY2022, based on the management representation, enquiries made thereof and in accordance with the requirements of the Catalist Rules, the Board issued negative assurance statements in its half-yearly financial results announcements, confirming to the best of its knowledge that nothing had come to the attention of the Board which might render the financial statements false or misleading in any material aspect. The CEO and the Financial Controller of the Group have given assurance to the Board that as at the end of FY2022, the financial records have been properly maintained and the financial statements give a true and fair view of the Group's operations and finances. Also, the CEO and KMPs have also provided their assurance to the Board that the Group's risk management and internal control systems are adequate and effective to address the financial, operational, compliance and information technology risks in the context of the current scope of the Group's business operations as at 31 December 2022. Based on the assurance from the CEO, Financial Controller and KMPs referred to in the preceding paragraph, the various internal controls put in place by the Group, the works performed and reports submitted by the external and internal auditors of the Group and the reviews carried out by the Board and the AC, the Board, with the concurrence of the AC, is satisfied with the adequacy and effectiveness of the Group's the risk management and internal control systems (including financial, operational, compliance and information technology controls and risk management systems) as at 31 December 2022.

Audit Committee

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

Provisions of the Code	Corporate Governance Report
10.1 The duties of the AC include: (a) reviewing the significant financial reporting issues and judgements so as to ensure the integrity of the financial statements of the company and any announcements relating to the company's financial performance; (b) reviewing at least annually the adequacy and effectiveness of the company's internal controls and risk management systems;	The AC is authorised to investigate any matter falling within its written terms of reference and has full access to and co-operation of the Management. The AC has full discretion to invite any Director or key management personnel to attend its meetings, as well as reasonable resources to enable it to discharge its functions properly. In performing its functions, the AC also reviews the assistance given by the Company's officers to the external auditors and internal auditors. Further to the above, the AC has an explicit authority to investigate any matter within its terms of reference and is authorised to obtain independent professional advice. It has full access to and co-operation of the Management and reasonable resources to enable it to discharge its duties properly. It also has full discretion to invite any Director or executive officer or any other person to attend its meetings. In the event that a member of the AC is interested in any matter being considered by the AC, he/she shall abstain from reviewing that particular transaction or voting on that particular resolution.

Provisions of the Code	Corporate Governance Report
(c) reviewing the assurance from the CEO and the CFO on the financial records and financial statements; (d) making recommendations to the Board on: (i) the proposals to the shareholders on the appointment and removal of external auditors; and (ii) the remuneration and terms of engagement of the external auditors; (e) reviewing the adequacy, effectiveness, independence, scope and results of the external audit and the company's internal audit function; and (f) reviewing the policy and arrangements for concerns about possible improprieties in financial reporting or other matters to be safely raised, independently investigated and appropriately followed up on. The company publicly discloses, and clearly communicates to employees, the existence of a whistle-blowing policy and procedures for raising such concerns.	The AC is regulated under its written terms of reference. The principal functions of the AC include: • reviewing the adequacy and effectiveness of the Group's internal controls, including financial, operational, compliance and information technology controls and reporting to the Board annually; • reviewing the adequacy and effectiveness of the internal audit function; • reviewing the internal and external auditors' annual audit plan; • reviewing the internal and external auditors' reports and the independence and objectivity of the external auditors; • reviewing the co-operation given by the Company's officers to the internal and external auditors; • ensuring the integrity of the financial statements of the Group before submission to the Board for approval of release of the results announcement on SGXNET; • nominating external auditors for appointment and re-appointment and approving the remuneration and terms of engagement of the external auditors; • meeting with the internal auditors and external auditors without the presence of the management at least once a year; • reviewing internal control procedures; and • reviewing and ratify all interested person transactions, if any, to ensure that they comply with the approved internal control procedures and have been conducted on an arm's length basis. In addition to the activities undertaken to fulfil its responsibilities, the AC is kept abreast by the Management, the external auditors and the internal auditors on changes to the accounting standards, stock exchange rules and other codes and regulations which could have an impact on the Group's business and financial statements. **<u>Activities of the AC</u>** The AC met twice in FY2022. Details of the members' attendance at the meetings are set out at page 15 in this Annual Report. The meeting materials are circulated to the Directors by the Company Secretary. The Financial Controller, Company Secretary, internal auditors and external auditors are invited to these meetings. During the FY2022, the AC has reviewed the internal audit plans for FY2022 presented by the internal auditors. The AC has also reviewed the half-yearly and yearly financial statements together with the Management, the Financial Controller and the external auditors regarding the significant accounting policies, judgment and estimates applied by the management in preparing the annual financial statements. Following the review and discussions, the AC then recommended to the Board for further review and approval of the audited annual financial statements. Apart from the above, the AC commissions and reviews the findings of internal investigations into matters where there is suspicion of fraud or irregularity, 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 operational results and/or financial position.

<table>
<tr><th>Provisions of the Code</th><th>Corporate Governance Report</th></tr>
<tr><td></td><td>
<u>Evaluation of external auditors</u>
During FY2022, the AC reviewed the Audit Planning Memorandum prepared by Group's external auditors. The AC discussed with the Group's external auditors on their terms of engagement, materiality level of their work, significant risks assessment, areas of audit focus and audit quality indicators, before the commencement of their audit work.
The AC undertook a review of the independence and objectivity of the external auditors annually, taking into consideration the nature and extent of any non-audit services provided to the Company by the external auditors, and is satisfied that the nature and extent of such services will not prejudice the independence and objectivity of the external auditors.
The external auditors also provide regular updates and periodic briefings to the AC on changes or amendments to accounting standards to enable the members of the AC to keep abreast of such changes and its corresponding impact on the financial statements, if any. This includes the recent adoption of the Singapore Financial Reporting Standards (International) (SFRS(I)) and its impact on the Group's accounting policies and methods of computation.
Significant matters that were discussed with the Management and the external auditors have been included as key audit matters in the Independent Auditor's Report for FY2022 on pages 47 and 48 of this Annual Report.
<table>
<tr><th>Key audit matters</th><th>How does the AC address the matter</th></tr>
<tr><td>Impairment assessment of non-financial assets</td><td> The AC has reviewed the Management's approach as well as the reasonableness of the estimates and key assumptions used in determining the value for the goodwill which includes (a) budgeted gross margin; (b) growth rate and perpetual growth rate; and (c) discount rate by comparing to the CGU's historical financial performance and the market conditions to access the likely achievability of the cash flow forecasts.
The AC was satisfied that the approach was appropriate and the key assumptions were reasonable. The external auditors have included this item as a key audit matter in the Independent Auditor's Report for the financial year ended 31 December 2022. Please refer to page 47 and 48 of this Annual Report. </td></tr>
</table>
The aggregate amount of audit fees paid and payable by the Group to the current external auditors, Crowe Horwath First Trust LLP, for FY2022 is approximately S$95,000. There were no non-audit services provided by the external auditors for the FY2022.
The AC has recommended to the Board the nomination of Crowe Horwath First Trust LLP for re-appointment as auditors of the Company at forthcoming AGM. The Company is of the view that it has complied with Rule 712 and 715 of the Catalist Rules in relation to its external auditors.
</td></tr>
</table>

Provisions of the Code	Corporate Governance Report
	Whistle-Blowing Policy The Company has reviewed arrangements by which the staff of the Company may, in confidence, raise concerns about possible improprieties in matters of financial reporting or management, with the objective of ensuring that arrangements are in place for the independent investigation of such matters for appropriate follow-up action, ensures that the identification of the whistle-blower is still kept as confidential and provides assurance that whistle-blower will be protected from reprisal within the limits of the law or victimization for whistle blowing in good faith. In this regard, the AC has adopted a whistle-blowing policy in 2008 and further enhanced during FY2021 (the “Whistle-Blowing Policy”). The AC is tasked with overseeing the administration of the Whistle-Blowing Policy. The Whistle-Blowing Policy encourages employees and external parties to raise concerns, in confidence, about possible irregularities to the Chairman of the AC cum Lead Independent Director, Ms Amelia Vincent, or independent Director, Mr Andrew Bek or Mr Ng Ser Chiang (“Independent Parties”). The email communication for the Independent Parties has set out in the Whistle-Blowing Policy. Since the adoption of the Whistle-Blowing Policy, there were no complaints, concerns or issues received by the AC via the channel set out in the Whistle-Blowing Policy. The policy and procedures for raising any concerns is communicated to all employees of the Group during the orientation for new employees.
10.2 The AC comprises at least three directors, all of whom are non-executive and the majority of whom, including the AC Chairman, are independent. At least two members, including the AC Chairman, have recent and relevant accounting or related financial management expertise or experience.	As at the date of this report, the AC comprises entirely Independent Directors and the members of the AC are: Amelia Vincent Chairman Ng Ser Chiang Member Andrew Bek Member Please refer to Provision 10.1 for the AC’s key terms of reference and duties. The Board considers that the members of the AC are appropriately qualified to fulfil their responsibilities as the members bring with them invaluable managerial and professional expertise in the accounting and financial management. For more details about the AC members, kindly refer to the “Board of Directors” section at pages 8 to 9 of the Annual Report.
10.3 The AC does not comprise former partners or directors of the company’s existing auditing firm or auditing corporation: (a) within a period of two years commencing on the date of their ceasing to be a partner of the auditing firm or director of the auditing corporation; and in any case, (b) for as long as they have any financial interest in the auditing firm or auditing corporation.	None of the members of the AC is a former partner or director of the Company’s existing auditing firm.

Provisions of the Code	Corporate Governance Report
10.4 The primary reporting line of the internal audit function is to the AC, which also decides on the appointment, termination and remuneration of the head of the internal audit function. The internal audit function has unfettered access to all the company's documents, records, properties and personnel, including the AC, and has appropriate standing within the company.	The Board recognises the importance of maintaining a system of internal controls, procedures and processes for the Group to safeguard shareholders' investments and the Group's assets. The AC's responsibilities over the Group's internal controls and risk management are complemented by the work of the internal auditors. The primary reporting line of the internal audit function, which has been outsourced to CLA Global TS Risk Advisory Pte. Ltd.* ("CLA Global TS") (formerly known as Nexia TS Public Accounting Corporation), is to the AC, which also endorses the appointment, termination and remuneration of the internal auditors. The internal auditors have unfettered access to all the Company's documents, records, properties and personnel, including the AC, and has appropriate standing within the Company.
	*CLA is an independent network member of CLA Global Limited, a leading global organization comprises independent accounting and advisory firms. CLA Global TS is a corporate member of the Institute of Internal Auditors Singapore. CLA Global TS possesses vast experience in providing internal audits, risk management services and advisory services in the region. CLA Global TS is staffed with professionals with relevant qualifications and experience. The engagement team assigned comprises of 2 staff members led by the Manager of 8 years internal audit experience and headed by Ms Pamela Chen who has more than 16 years performing audits for listed companies. Upon the recommendation by the AC, the Board has approved the re-engagement of CLA Global TS as internal auditors of the Group in the ensuing year ending 31 December 2023. The Company's internal audit function is independent of the external audit. At the beginning of each financial year, an annual internal audit plan which entails the review of the selected functions or business units of the Group is developed and agreed by the AC. The audit plan has been devised in such a way that all the major functions or business units will be internally audited within an internal audit cycle. Having reviewed the audit plan of CLA Global TS, the AC was satisfied that the Company's internal audit function was adequately resourced to perform the work for the Group. For FY2022, the AC had reviewed the adequacy and effectiveness of the internal audit function to ensure that internal audits were conducted effectively, and that Management provided the necessary co-operation to enable the internal auditors to perform the function. For FY2022, after having reviewed the internal audit reports and remedial actions implemented by Management, the AC was satisfied that the internal audit functions were independent, effective and adequately resourced.
10.5 The AC meets with the external auditors, and with the internal auditors, in each case without the presence of Management, at least annually.	The AC meets with the external and internal auditors without the presence of Management at least once a year. The AC meets with the auditors to discuss the results of their examinations and their evaluations of the systems of internal accounting controls.

SHAREHOLDER RIGHTS AND ENGAGEMENT

Shareholder Rights and conduct of general meetings

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

Provisions of the Code	Corporate Governance Report
11.1 The company provides shareholders with the opportunity to participate effectively in and vote at general meetings of shareholders and informs them of the rules governing general meetings of shareholders.	<u>FY2020 AGM and FY2021 AGM</u> In view of the COVID-19 pandemic, the Company's FY2020 and FY2021 AGMs were convened and held by electronic means pursuant to COVID-19 (Temporary Measures) (Alternative Arrangements for Meetings for Companies, Variable Capital Companies, Business Trusts, Unit Trusts and Debenture Holders) Order 2020 ("Order"). Alternative arrangements relating to attendance via electronic means (including arrangements by which the meeting can be electronically accessed via live audio-visual webcast or live audio-only stream), submission of questions, addressing of substantial and relevant questions and voting by appointing the chairman of the meeting as proxy in advance of the AGM, were put in place for FY2020 AGM and FY2021 AGM, which were held on 28 April 2021 and 28 April 2022 respectively. <u>FY2022 AGM</u> The Company will hold a physical FY2022 AGM. The paragraphs below set out the Company's practice for the FY2022 AGM which is the usual proceedings adopted by the Company prior to the pandemic and the implementation of the Order. Shareholders are entitled to attend the general meetings and are given the opportunity to communicate their views and to participate effectively in and vote at the general meetings of the Company. The Company ensures that all shareholders have equal opportunity to participate effectively in and vote at general meetings in person and held in Singapore to give the opportunity to air their views and ask Directors or the Management questions regarding the Group. Shareholders are encouraged to attend the AGMs to ensure a high level of accountability and to stay informed of the Group's strategies and goals. The AGM is the principal forum for dialogue with shareholders. The rights of shareholders, including the details of the rules governing voting procedures at general meetings, are contained in the Company's Constitution and are also set out in applicable laws including the Companies Act. Notices of all general meetings will be announced on SGXNet. The Company will comply with its Constitution, the Companies Act and the Catalist Rules in respect of the requisite notice periods for convening general meetings. The notice of an AGM is accompanied by the Company's annual report. Any notice of an extraordinary general meeting will also be accompanied by a circular or letter to shareholders, providing sufficient detail on the proposals to be considered at the meeting.

Provisions of the Code	Corporate Governance Report
	At general meetings of the Company, shareholders are given the opportunity to communicate their views and ask the Directors and Management questions regarding matters affecting the Company. The external auditor and the Management are also available at the AGM to respond to, and to assist the Directors in responding to shareholders' queries. Shareholders are encouraged and invited to submit their questions for the AGM within 7 days upon receiving the notice of the AGM, by electronic means. Responses/answers to the questions received from the shareholders will be released to the SGXNet not less than 48 hours prior to the closing date and time for the lodgment of the proxy forms. Shareholders can also raise any question at the AGM. In accordance with the Company's Constitution, each shareholder may appoint not more than two proxies to attend and vote on their behalf. A proxy need not be a member of the Company. Pursuant to the provisions in the Constitution, shareholders who are not the relevant intermediaries (as defined under Section 181 of the Companies Act) may appoint up to two proxies, during his/her absence, to attend, speak, vote on his/her behalf at general meetings. Shareholders who are relevant intermediaries such as banks, capital market services licence holders which provide custodial services for securities are allowed to appoint more than two proxies. This is to facilitate indirect shareholders including CPF investors to participate in general meetings. Such indirect shareholders where so appointed as proxy, will have the same rights as direct shareholders to attend, speak and vote at general meetings. Shareholders are given the opportunity to participate effectively and vote at the general meetings of shareholders; separate resolutions are also voted on each substantially separate issue. The Company acknowledges that voting by poll in all its general meetings is integral in the enhancement of corporate governance. The Company adheres to the requirements of the Catalist Rules and the Code. All resolutions at the Company's general meetings are put to vote by poll. The detailed results of each resolution are announced via SGXNet after the general meetings. The Annual Report, notice of AGM and proxy form ("AGM documents") will only be available to shareholders through electronic means via publication on the company's website and on the SGX-ST website at the URL https://www.sgx.com/securities/company-announcements. Printed copies of the AGM documents will not be sent to shareholders.

Provisions of the Code	Corporate Governance Report
11.2 The company tables separate resolutions at general meetings of shareholders on each substantially separate issue unless the issues are interdependent and linked so as to form one significant proposal. Where the resolutions are "bundled", the company explains the reasons and material implications in the notice of meeting.	The Board ensures that separate resolutions are proposed for approval on each distinct issue at general meetings. There is no bundling of the resolutions as they are not interdependent and linked to each other. Detailed explanatory notes on each item of the agenda are also provided in the Notice of AGM in this Annual Report. During FY2021 AGM, there is no resolutions were "bundled" tabled to the shareholders of the Company for approval.
11.3 All directors attend general meetings of shareholders, and the external auditors are also present to address shareholders' queries about the conduct of audit and the preparation and content of the auditors' report. Directors' attendance at such meetings held during the financial year is disclosed in the company's annual report.	The Chairman and members of the AC, NC and RC will be present at general meetings to address any questions the shareholders may have concerning the Group. The Directors have participated the FY2021 AGM via electronic means. The Company's external auditor will also present to address queries relating to conduct of audit and the preparation and content of the auditor's report.
11.4 The company's Constitution (or other constitutive documents) allow for absentia voting at general meetings of shareholders.	The Company has not amended its Constitution to provide for absentia voting methods. Voting in absentia and by electronic mail may only be possible following careful study to ensure that integrity of the information and authentication of the shareholders' identities through the web is not compromised.
11.5 The company publishes minutes of general meetings of shareholders on its corporate website as soon as practicable. The minutes record substantial and relevant comments or queries from shareholders relating to the agenda of the general meeting, and responses from the Board and Management.	General meetings are the principal forum for dialogue and interaction with shareholders. During these meetings, shareholders are given opportunities to voice their views and seek clarification to the Board on any matters relating to the Group's business and operations. The Company Secretary will prepare minutes of the general meetings held and a copy of such minutes will be made available through its announcement via SGXNet and the Company's corporate website at https://www.hghholdings.com.sg/ after the general meetings.
11.6 The company has a dividend policy and communicates it to shareholders.	The Company does not have a fixed dividend policy. The form, frequency and amount of dividend will depend on the Company's earnings, general financial condition, results of operations, capital requirements, cash flow, general business condition, development plans and other factors as the Board may deem appropriate. The Board did not recommend final dividend for FY2022 due to the uncertainty and challenging economic ahead.

Engagement with Shareholders

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

Provisions of the Code	Corporate Governance Report
12.1 The company provides avenues for communication between the Board and all shareholders and discloses in its annual report the steps taken to solicit and understand the views of shareholders.	All shareholders are treated fairly and equitably to facilitate their ownership rights. All shareholders are entitled to attend the general meetings and are provided the opportunity to participate and vote at the meetings, whether in person or by proxy. The Board recognises the importance of maintaining transparency and accountability to the shareholders, and is mindful of the obligation to provide shareholders with information on all major developments that affect the Group in accordance with the Catalist Rules and the Companies Act. Information is communicated to shareholders on a timely basis through: • annual reports that are despatched to all shareholders and released on the SGXNet; • announcements on half-year and full-year financial results and all major developments on the SGXNet; • press releases or media/analyst briefings to keep shareholders informed of corporate developments; and • corporate website (http://www.hghholdings.com.sg/). The Company ensures that price-sensitive information is publicly released and is announced promptly and within the mandatory period as required under the Catalist Rules. Shareholders and potential investors with comments and queries regarding the information communicated by the Company may send their enquiries to the email address provided at the Company's corporate website. In view of the COVID-19 pandemic, the Company has conducted FY2021 AGM by electronic means on 28 April 2022, pursuant to the COVID-19 (Temporary Measures) (Alternative Arrangements for Meetings for Companies, Variable Capital Companies, Business Trusts, Unit Trusts and Debenture Holders) Order 2020 which was gazetted on 13 April 2020 including amended, varied or supplemented from time to time (the "Order"). Shareholders were invited to participate in the virtual FY2021 AGM by (a) observing and/or listening to the FY2021 AGM proceedings via live audio-visual webcast or live audio-only stream; (b) submitting questions in advance of the FY2021 AGM; and (c) appointing the Chairman of the Meeting as proxy to attend, speak and vote on their behalf at the FY2021 AGM. The Company did not receive any question from the shareholders prior to the FY2021 AGM. The Company has also published the minutes of FY2021 AGM at its corporate website at https://www.hghholdings.com.sg/2022/04/12/agm-2022/ and SGXNet. Due to the uplift of the COVID-19 restrictions and the guideline issued by the SGX-ST, the Shareholders are allowed to attend the AGM for financial year ended 31 December 2022 and to vote including ask questions during the AGM itself which is to be held on 27 April 2023 (Wednesday). Details relating to FY2022 AGM, kindly refer to the Notice of AGM and Proxy Form. However, the Company will hold a physical FY2022 AGM on 27 April 2023 (Wednesday) and the shareholders are allowed to attend the said AGM in person and to vote on the resolutions to be tabled at the said meeting.

Provisions of the Code	Corporate Governance Report
12.2 The company has in place an investor relations policy which allows for an ongoing exchange of views so as to actively engage and promote regular, effective and fair communication with shareholders.	The Company do not have a specific investor relations policy but the Board places great emphasis on investor relations. The Company strives to maintain a high standard of transparency and promote better investor communication. The Company believes that a high standard of disclosure is essential to raise the level of corporate governance. Interim and full year results and press releases are published on SGXNet. All information of the Company's new initiatives is first disseminated via SGXNet followed by a press release. Where there has been an inadvertent disclosure made to a selected group, the Company will make the same disclosure publicly to all others as soon as practicable. The Company does not practice selective disclosure. Price sensitive information is first publicly released through SGXNet, before the Company meets with any investors or analysts.
12.3 The company's investor relations policy sets out the mechanism through which shareholders may contact the company with questions and through which the company may respond to such questions.	The Board welcomes shareholders to attend all general meetings of the Company, which represent the principal forum for dialogue and interaction between the Board, Management and the Company, and for shareholders to share their concerns and views. At these meetings, shareholders are able to engage the Board and the Management on the Group's business activities, financial performance and other business related matters.

MANAGING STAKEHOLDERS RELATIONSHIPS

Engagement with stakeholders

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

Provisions of the Code	Corporate Governance Report
13.1 The company has arrangements in place to identify and engage with its material stakeholder groups and to manage its relationships with such groups.	The stakeholders have been identified as those who are impacted by the Group's business and operations and those who are similarly are able to impact the Group's business and operations. Stakeholders include customers, employees, government and regulators, industry associations, shareholders and investors and suppliers. The Company engages its stakeholders through various channel to ensure that the business interests of the Group are balanced against the needs and interest of its stakeholders.
13.2 The company discloses in its annual report its strategy and key areas of focus in relation to the management of stakeholder relationships during the reporting period.	Please refer to the Provision 13.1 and 13.3 for more details. Nevertheless, all the price-sensitive information is announced promptly and within the mandatory period as required under the Catalist Rules. The Company's approach to stakeholder engagement and material assessment can be found in the "Sustainability Report" which will be published and uploaded on SGXNet and the Company's website in due course.

Provisions of the Code	Corporate Governance Report
13.3 The company maintains a current corporate website to communicate and engage with stakeholders.	All material information on the performance and development of the Group and of the Company is disclosed in a timely, accurate and comprehensive manner through SGXNet, press releases, or the Company's website at https://www.hghholdings.com.sg/. Please refer to Provision 12.1 for more detail.

DEALINGS IN SECURITIES

The Company has adopted policies in line with Rule 1204(19) of the Catalist Rules on dealings in the Company's securities.

The Company has adopted an internal code on dealings in securities to govern dealings in the Shares by the Directors and the key executives of the Group, Directors and Management and officers of the Group, who have access to price sensitive, financial or confidential information are advised not to deal in the Company's shares on short-term considerations or when they are in possession of unpublished price-sensitive information. They are not allowed to deal in the Company's shares during the period commencing one month before the announcement of the Company's half-year and full year financial results and ending on the date of the announcement of the results.

The Board confirms that for FY2022, the Company has complied with Rule 1204(19) of the Catalist Rules.

INTERESTED PERSON TRANSACTIONS

The Company has adopted an internal policy in respect of any transaction with interested persons and has procedures established for the review and approval of the Company's interested person transactions. All interested person transactions will be documented and submitted to the AC for their review to ensure that such transactions are carried out on an arm's length basis and on normal commercial terms and are not prejudicial to the interests of the Company and its minority shareholders.

The Company does not have a general mandate from shareholders for recurrent interested person transactions. There were no interested person transactions with a value of S$100,000 or more during FY2022.

MATERIAL CONTRACTS

Two of the Directors, Mr Ng Chuan Heng and Mr Tan Poh Guan, indirectly holds shareholding interest in Power Works Pte. Ltd. ("Power Works"), a major customer of Poh Huat Heng Corporation Pte. Ltd. ("PHH"). Each of Mr Ng Chuan Heng and Mr Tan Poh Guan holds 33.33% shares in a company known as Benetre Pte. Ltd., which in turn holds 25% shares in Power Works, and this results in each of Mr Ng Chuan Heng and Mr Tan Poh Guan indirectly holding 8.33% in the share capital of Power Works. The two subcontracting agreements entered into between PHH and Power Works relate to construction projects, whereby PHH is engaged as the subcontractor to Power Works to carry out civil and associated works, including the installation of cable works.

Save for the service agreements entered between the Executive Directors and the Company, there were no material contracts entered into by the Company or any of its subsidiaries involving the interests of any Director or controlling shareholder of the Company during FY2022.

NON-SPONSOR FEE

The Company is currently under the SGX-ST Catalist sponsor-supervised regime. The continuing sponsor of the Company is SAC Capital Private Limited (the "Sponsor").

In compliance with Rule 1204(21) of the Catalist Rules, there was no non-sponsor fee paid to the Sponsor by the Company during FY2022.

CORPORATE SOCIAL RESPONSIBILITY

The Group has always placed emphasis on conducting its business in a responsible manner while adding value to its stakeholders. The Group believes that environmentally friendly practices complement business efficiency. The Group's staff are encouraged to reduce, recycle and reuse and advocate corporate social responsibility towards the environment by incorporating these processes in our daily operations. The Group encourages the various practices to reduce the pollution to earth and water, such as re-using single-side paper in office, using oil traps and managing scheduled waste like contaminated rugs and gloves in our operations.

The Company acknowledges that it is important to have sustainability and to implement appropriate policies and programmes in line with the requirements of the Catalist Rules and good practice. In accordance with the SGX Sustainability Report Guide, with reference to the Global Reporting Initiative's Sustainability Reporting Standards and to align the climate-related disclosures with the Task Force on Climate-Related Financial Disclosures (TCFD) in the four key areas of governance, strategy, risk management and metrices and target as well as to map the material environmental, social and governance (ESG) topic to United Nations Sustainable Development Goals (SDGs), the Group will issue and upload its Sustainability Report for FY2022 on SGXNet before end of April 2023.

The directors present their statement to the members together with the audited financial statements of HGH Holdings Ltd. (the "Company") and its subsidiaries (the "Group") for the financial year ended 31 December 2022 and the statement of financial position of the Company as at 31 December 2022.

In the opinion of the directors,

(a) the statement of financial position of the Company and the consolidated financial statements of the Group as set out on pages 51 to 109 are drawn up so as to give a true and fair view of the financial position of the Company and of the Group as at 31 December 2022 and the financial performance, changes in equity and cash flows of the Group for the financial year then ended; and

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

The board of directors has, on the date of this statement, authorised these financial statements for issue.

Directors

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

Amelia Vincent
Andrew Bek
Ng Chuan Heng
Ng Ser Chiang
Tan Poh Guan

Directors' interests in shares or debentures

According to the register kept by the Company for the purposes of Section 164 of the Singapore Companies Act 1967, none of the directors holding office at the end of the financial year had any interest in the shares or debentures of the Company or its related corporations, except as follows:

	Direct interests		
	At 1 January 2022	**At 31 December 2022**	**At 21 January 2023**
Company			
Ordinary shares			
Ng Chuan Heng	427,900,000	427,900,000	427,900,000
Tan Poh Guan	88,461,017	88,461,017	88,461,017

Directors' interests in shares or debentures (Continued)

By virtue of section 7 of the Singapore Companies Act 1967, Ng Chuan Heng, who by virtue of his interests of not less than 20% of the issued capital of the Company is deemed to have an interest in the whole of the share capital of the Company's wholly owned subsidiaries and in ordinary shares held by the Company in the following subsidiaries that are not wholly owned by the Group:

	Deemed interests	
	At 1 January 2022	**At 31 December 2022**
W&P Precast Pte. Ltd.		
Ordinary shares	23,750	23,750
Germaxco Pte. Ltd.		
Ordinary shares	5,100	5,100
W&P Precast Sdn. Bhd.		
Ordinary shares	1	1

Arrangements to enable directors to acquire benefits by means of the acquisition of 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 object was to enable the directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

Share options

During the financial year, no options to take up unissued shares of the Company or any subsidiaries were granted and no shares were issued by virtue of the exercise of options to take up unissued shares of the Company or any subsidiaries. There were no unissued shares of the Company or any subsidiaries under option at the end of the financial year.

Audit committee

The members of the Audit Committee at the end of the financial year are as follows:

Amelia Vincent (Chairman)
Andrew Bek
Ng Ser Chiang

The Audit Committee carried out its functions in accordance with Section 201B(5) of the Singapore Companies Act 1967, the Listing Manual of the Singapore Exchange Securities Trading Limited and the Code of Corporate Governance. In performing those functions, the Audit Committee reviewed:

- the scope and the results of internal audit procedures with the internal auditor;
- the audit plan of the Company's independent auditors and any recommendations on internal accounting controls arising from the statutory audit;
- the assistance given by the Company's management to the independent auditors;
- the periodic results announcements prior to their submission to the Board for approval;

Audit committee (Continued)

- the statement of financial position of the Company and the consolidated financial statements of the Group for the financial year ended 31 December 2022 prior to their submission to the Board of Directors, as well as the independent auditors' report on the statement of financial position of the Company and the consolidated financial statements of the Group; and

- interested person transactions (as defined in Chapter 9 of the Listing Manual of the Singapore Exchange Securities Trading Limited).

The Audit Committee has recommended to the Board of Directors that the independent auditors, Crowe Horwath First Trust LLP, be nominated for re-appointment at the forthcoming Annual General Meeting of the Company. The Audit Committee has conducted an annual review of non-audit services provided by the auditors to satisfy itself that the nature and extent of such services will not affect the independence and objectivity of the external auditors before confirming their re-nomination.

In appointing the external auditors for the Company and subsidiaries, we have complied with Rules 712 and 715 of the Listing Manual of the Singapore Exchange Securities Trading Limited.

Further details regarding the Audit Committee are disclosed in the Corporate Governance Report included in the Annual Report of the Company.

Independent auditors

The independent auditors, Crowe Horwath First Trust LLP, have expressed their willingness to accept re-appointment as auditors of the Company.

On behalf of the Board of Directors

NG CHUAN HENG	**TAN POH GUAN**
Director	Director

6 April 2023

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF HGH HOLDINGS LTD.

(Formerly known AA Group Holdings Ltd.)

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of HGH Holdings Ltd. ("the Company") and its subsidiaries ("the Group"), set out on pages 51 to 109, which comprise the consolidated statement of financial position of the Group and the statement of financial position of the Company as at 31 December 2022, and the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows of the Group for the financial year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements of the Group and the statement of financial position of the Company are properly drawn up in accordance with the provisions of the Companies Act 1967 ("the Act") and Singapore Financial Reporting Standards (International) ("SFRS(I)s") so as to give a true and fair view of the consolidated financial position of the Group and the financial position of the Company as at 31 December 2022 and of the consolidated financial performance, consolidated changes in equity and consolidated cash flows of the Group for the financial 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 Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Group in accordance with the Accounting and Corporate Regulatory Authority ("ACRA") Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities ("ACRA Code") together with the ethical requirements that are relevant to our audit of the financial statements in Singapore, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ACRA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matter

Key audit matter is the matter that, in our professional judgement, was of most significance in our audit of the financial statements of the current year. The matter was 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 this matter.

Crowe Horwath First Trust LLP (UEN: T08LL1312H) is an accounting limited liability partnership registered in Singapore under the Limited Liability Partnership Act 2005.

Key Audit Matter (Continued)

<table>
<tr><td colspan="2">Impairment assessment of non-financial assets
Refer to the following notes to the financial statements
~ Note 2.28 "Critical Accounting Judgements and Key Sources of Estimation Uncertainty"
~ Note 3 "Property, Plant and Equipment"
~ Note 4 "Investment Properties"
~ Note 5 "Right-of-use Assets"
~ Note 6 "Intangible Assets"
~ Note 8 "Subsidiaries"</td></tr>
<tr><td>The key audit matter</td><td>How the matter was addressed in our audit</td></tr>
<tr><td>As at 31 December 2022, the Group recorded non-financial assets such as intangible assets of S$46,120 (2021: S$101,473), investment properties of S$50,399,304 (2021: S$53,508,898), property, plant and equipment of S$3,757,751 (2021: S$1,685,266) and right-of-use assets of S$51,454 (2021: S$256,360). The Company also recorded net carrying amount of investment in subsidiaries at S$25,600,002 (2021: S$25,000,002) as at the reporting date.

Management has determined that Engineering Manufacturing Services (S) Pte Ltd ("EMS"), Poh Huat Heng Corporation Pte Ltd ("PHH"), and Premium Concrete Pte Ltd ("PC"), each represent three separate cash generating units ("CGUs"), which relates to these non-financial assets. During the financial year, both PHH and PC continued to incur operating losses as the public infrastructure and constructions sector has not fully recovered as a result of unstable economic conditions and labour shortages. Accordingly, the carrying amount of plant and equipment (before impairment assessment) of S$312,239 pertaining to PHH; as well as carrying amounts of plant and equipment, intangible assets and right-of-use asset (before impairment assessment) of S$1,617,870, S$46,120 and S$51,454 respectively pertaining to PC were identified for impairment assessment by management. In addition, the Group also assessed whether there are impairment indicators and thereby estimated the recoverable amounts for other non-financial assets (including its investment properties, property, plant and equipment, right-of-use of assets other than those of PHH and PC and its investment in subsidiaries) to determine if any impairment loss should be recognised.</td><td>Our audit procedures focused on evaluating and challenging the key estimates used by management in determining the recoverable amounts of these assets.

Our key procedures applied include:

● Obtained an understanding of management's estimation process, in particular focusing on planned strategies on revenue growth, list of projects in the pipeline and cost initiatives for the CGU;

● Challenged the reasonableness of key assumptions mainly: the (a) budgeted gross margin, (b) revenue growth rate and perpetual growth rate and (c) discount rate, by comparing to the CGU's historical financial performance and considering market conditions to assess the likely achievability of the cash flow forecasts;

● Tested the robustness of management's forecast by comparing previous forecast to actual results;

● Performed sensitivity analysis in consideration of the reasonably plausible impact on the VIU by varying these key assumptions;

● Checked mathematical accuracy of management's calculations including the carrying amounts of assets within the CGUs; and</td></tr>
</table>

Key Audit Matter (Continued)

<table>
<tr><td colspan="2">Impairment assessment of other non-financial assets
Refer to the following notes to the financial statements
~ Note 2.28 "Critical Accounting Judgements and Key Sources of Estimation Uncertainty"
~ Note 3 "Property, Plant and Equipment"
~ Note 4 "Investment Properties"
~ Note 5 "Right-of-use Assets"
~ Note 6 "Intangible Assets"
~ Note 8 "Subsidiaries"</td></tr>
<tr><td>The key audit matter</td><td>How the matter was addressed in our audit</td></tr>
<tr><td>Management estimates the value-in-use ("VIU") using discounted cash flow method to determine the recoverable amounts of the CGUs.

The impairment review requires management's significant judgement in forecasting the cash flows and estimating the key assumptions, such as (a) revenue growth rate and perpetual growth rate; (b) gross margin; and (c) discount rate underpinning the cash flows.

Following the impairment review, the Company made a reversal of impairment loss allowance amounting to S$600,000 in respect of its investment in PC in current financial year.

As disclosed in Note 3 to the financial statement, due to management's significant estimation involved in the key inputs used in the cash flows projection, this is a key audit matter given changes in the key inputs in the estimation process would significantly affect the quantum of impairment losses of these non-financial assets.</td><td>● Assessed the adequacy and appropriateness of relevant disclosures in the financial statements.

Based on the results of the above procedures, we note that the judgements applied by management were balanced; the key assumptions and estimates used in determining the recoverable values were reasonable; and the disclosures were appropriate.</td></tr>
</table>

Other Information

Management is responsible for the other information. Other information comprises the information included in the annual report but does not include the financial statements and our auditors' report thereon.

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

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

Responsibilities of Management and Directors for the Financial Statements

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

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

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

Auditors' 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 auditors' 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 controls.

- Obtain an understanding of internal controls 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 controls.

- 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 auditors' 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 auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.

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

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

Auditors' Responsibilities for the Audit of the Financial Statements (Continued)

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 controls 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, actions taken to eliminate threats or safeguards applied.

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 year and is therefore the key audit matter. We describe the matter in our auditors' report unless law or regulations preclude 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 auditors' report is Teo Yen Lin.

Crowe Horwath First Trust LLP
Public Accountants and
Chartered Accountants
Singapore

6 April 2023

(Amounts in Singapore dollars ("S$"))

	Note	Group 2022 S$	Group 2021 S$ (Restated)	Company 2022 S$	Company 2021 S$
ASSETS					
Non-current assets					
Property, plant and equipment	3	3,757,751	1,685,266	–	–
Investment properties	4	50,399,304	53,508,898	–	–
Right-of-use assets	5	51,454	256,360	–	–
Intangible assets	6	46,120	101,473	–	–
Subsidiaries	8	–	–	25,600,002	25,000,002
Financial assets, at FVOCI	9	–	–	–	–
		54,254,629	55,551,997	25,600,002	25,000,002
Current assets					
Inventories	10	229,359	237,134	–	–
Trade and other receivables	11	3,765,809	3,565,545	–	–
Other current assets	12	471,685	689,877	8,000	26,725
Contract assets	22	970,926	202,267	–	–
Cash and bank balances	13	7,079,450	7,950,483	110,853	153,613
		12,517,229	12,645,306	118,853	180,338
TOTAL ASSETS		66,771,858	68,197,303	25,718,855	25,180,340
LIABILITIES					
Current liabilities					
Trade and other payables	14	5,725,659	5,118,217	11,851,001	11,539,401
Income tax payable		211,897	112,408	–	–
Lease liabilities with financial institutions	15	217,853	15,848	–	–
Lease liabilities	16	472,352	623,797	–	–
Provision for defect liability	19	50,000	240,000	–	–
		6,677,761	6,110,270	11,851,001	11,539,401
LIABILITIES					
Non-current liabilities					
Lease liabilities with financial institutions	15	674,289	13,042	–	–
Lease liabilities	16	5,052,217	5,353,175	–	–
Deferred tax liabilities	17	7,601,036	8,089,480	–	–
Other liabilities	14	276,083	684,521	–	–
		13,603,625	14,140,218	–	–
TOTAL LIABILITIES		20,281,386	20,250,488	11,851,001	11,539,401
NET ASSETS		46,490,472	47,946,815	13,867,854	13,640,939
EQUITY					
Capital and reserves attributable to equity holders of the Company					
Share capital	20	35,225,394	35,225,394	35,225,394	35,225,394
Reserves	21	11,315,261	12,765,831	(21,357,540)	(21,584,455)
		46,540,655	47,991,225	13,867,854	13,640,939
Non-controlling interests		(50,183)	(44,410)	–	–
TOTAL EQUITY		46,490,472	47,946,815	13,867,854	13,640,939

The accompanying notes are an integral part of the financial statements.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the financial year ended 31 December 2022

(Amounts in Singapore dollars ("S$"))

	Note	2022 S$	2021 S$
Revenue	22	21,587,960	20,070,661
Cost of sales and services		(17,750,944)	(15,516,181)
Gross profit		3,837,016	4,554,480
Other income	23	772,738	997,063
Distribution costs		(1,009,703)	(843,823)
Administrative expenses		(5,237,987)	(5,146,091)
Other expenses	24	(157,187)	(1,953,119)
Finance costs	25	(170,498)	(174,041)
Reversal/(Provision) of impairment loss on financial assets, net	26	184,497	(456,851)
Loss before tax	26	(1,781,124)	(3,022,382)
Income tax credit	28	270,549	730,000
Loss for the year		(1,510,575)	(2,292,382)
Other comprehensive income / (loss)			
Items that may be reclassified subsequently to profit or loss:			
- Currency translation differences arising from consolidation		54,232	2,829
Item that will not be reclassified subsequently to profit or loss:			
- Equity investment at FVOCI – net change in fair value	9	–	(34,755)
Total comprehensive loss for the year		(1,456,343)	(2,324,308)
Total loss attributable to:			
Equity holders of the Company		(1,504,802)	(2,272,189)
Non-controlling interests		(5,773)	(20,193)
		(1,510,575)	(2,292,382)
Total comprehensive loss attributable to:			
Equity holders of the Company		(1,450,570)	(2,304,115)
Non-controlling interests		(5,773)	(20,193)
		(1,456,343)	(2,324,308)
Loss per share (cents) attributable to equity holders of the Company			
Basic and diluted	29	(0.08)	(0.13)

The accompanying notes are an integral part of the financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the financial year ended 31 December 2022

(Amounts in Singapore dollars ("S$"))

2022 Group	**Attributable to equity holders of the Company**							
	Share capital	**Merger reserve**	**Translation reserve**	**Fair value reserve**	**Retained earnings**	**Total**	**Non-controlling interests**	**Total equity**
	S$	**S$**	**S$**	**S$**	**S$**	**S$**	**S$**	**S$**
Balance as at 1 January 2022	35,225,394	(6,478,399)	10,930	(150,000)	19,383,300	47,991,225	(44,410)	47,946,815
Loss for the year	–	–	–	–	(1,504,802)	(1,504,802)	(5,773)	(1,510,575)
Other comprehensive loss, net of tax:								
- Currency translation differences arising from consolidation	–	–	54,232	–	–	54,232	–	54,232
Total comprehensive income / (loss) for the year	–	–	54,232	–	(1,504,802)	(1,450,570)	(5,773)	(1,456,343)
Balance at 31 December 2022	35,225,394	(6,478,399)	65,162	(150,000)	17,878,498	46,540,655	(50,183)	46,490,472

2021 Group	**Attributable to equity holders of the Company**							
	Share capital	**Merger reserve**	**Translation reserve**	**Fair value reserve**	**Retained earnings**	**Total**	**Non-controlling interests**	**Total equity**
	S$	**S$**	**S$**	**S$**	**S$**	**S$**	**S$**	**S$**
Balance as at 1 January 2021	35,225,394	(6,478,399)	8,101	(115,245)	21,655,489	50,295,340	(24,217)	50,271,123
Loss for the year	–	–	–	–	(2,272,189)	(2,272,189)	(20,193)	(2,292,382)
Other comprehensive loss, net of tax:								
- Currency translation differences arising from consolidation	–	–	2,829	–	–	2,829	–	2,829
- Equity investment in FVOCI, net change in fair value	–	–	–	(34,755)	–	(34,755)	–	(34,755)
Total comprehensive income / (loss) for the year	–	–	2,829	(34,755)	(2,272,189)	(2,304,115)	(20,193)	(2,324,308)
Balance at 31 December 2021	35,225,394	(6,478,399)	10,930	(150,000)	19,383,300	47,991,225	(44,410)	47,946,815

The accompanying notes are an integral part of the financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the financial year ended 31 December 2022

(Amounts in Singapore dollars ("S$"))

	Note	2022 S$	2021 S$ (Restated)
Cash flows from operating activities			
Loss before tax		(1,781,124)	(3,022,382)
Adjustments:			
Amortisation of intangible assets	24, 26	106,153	938,575
Bad debts written off	26	1,150	10,220
Depreciation of property, plant and equipment	26	500,643	445,255
Depreciation of investment properties	26	3,109,594	3,109,594
Depreciation of right-of-use assets	26	284,406	166,077
Gain on disposal of property, plant and equipment	23	(223,786)	(136,358)
Gain on termination of right-of-use assets	23	–	(159,702)
Impairment loss on property, plant and equipment	26	–	48,721
Impairment loss on intangible assets	26	–	846,234
Impairment loss on right-of-use assets	26	–	115,744
Interest expense	25	168,307	172,864
Net foreign exchange loss/(gain) - unrealised		47,858	(694)
(Reversal)/Provision of impairment loss on financial assets, net	26	(184,497)	456,851
Reversal of provision for defect liability	26	(190,000)	–
Rent concession	23	–	(44,291)
Operating profit before working capital changes		1,838,704	2,946,708
Inventories		4,766	59,576
Trade and other receivables		(35,597)	(2,144,089)
Other current assets		217,505	(363,983)
Contract assets		(768,659)	(202,267)
Trade and other payables		219,811	1,997,685
Cash generated from operations		1,476,530	2,293,630
Income tax paid		(118,406)	(598,789)
Income tax refund		–	425,193
Net cash from operating activities		1,358,124	2,120,034

The accompanying notes are an integral part of the financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the financial year ended 31 December 2022

(Amounts in Singapore dollars ("S$"))

	Note	2022 S$	2021 S$ (Restated)
Cash flows from investing activities			
Purchase of property, plant and equipment	A	(1,662,182)	(373,002)
Purchase of intangible asset	6	(50,800)	–
Proceeds from disposal of property, plant and equipment		379,640	177,151
Net cash used in investing activities		(1,333,342)	(195,851)
Cash flows from financing activities			
Bank deposit pledged	13	–	(200,000)
Repayment of short-term bridging loan	18	–	(100,000)
Interest paid	18	(168,307)	(172,864)
Principal repayment of lease liabilities	18	(523,960)	(452,008)
Principal repayment of lease liabilities from financial institutions	18	(203,548)	(32,708)
Net cash used in financing activities		(895,815)	(957,580)
Net (decrease) / increase in cash and cash equivalents		(871,033)	966,603
Cash and cash equivalents at beginning of year		7,750,483	6,783,880
Cash and cash equivalents, representing cash and bank balances at end of year	13	6,879,450	7,750,483

Note A

For the purpose of the consolidated statement of cash flows, the Group's addition to property, plant and equipment during the year comprised of:

		2022 S$	2021 S$
Purchase of property, plant and equipment	3	(2,728,982)	(407,842)
Less: Financed by lease liabilities from financial institutions	18	1,066,800	34,840
Net cash outflow		(1,662,182)	(373,002)

The accompanying notes are an integral part of the financial statements.

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

1. GENERAL INFORMATION

HGH Holdings Ltd. (the "Company") is a limited liability company domiciled and incorporated in Singapore and is listed on the Singapore Exchange Securities Trading Limited ("SGX-ST"). The address of the Company's registered office and its principal place of business is located at 60 Benoi Road #03-02, Singapore 629906.

The principal activity of the Company is that of investment holding. The principal activities of the subsidiaries are set out in Note 8.

The financial statements for the year ended 31 December 2022 were authorised for issue in accordance with a resolution of the Board of Directors on 6 April 2023.

2. SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of preparation

The financial statements are prepared in accordance with the Singapore Financial Reporting Standards (International) ("SFRS(I)s"). The financial statements are presented in Singapore dollars ("S$") as indicated.

The preparation of the financial statements in conformity with SFRS(I)s requires management to exercise its judgements in the process of applying the Group's accounting policies. It also requires the use of certain critical accounting estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the financial year. Although these estimates are based on management's best knowledge of current events and actions, actual results may ultimately differ from those estimates. Critical accounting estimates and assumptions used that are significant to the financial statements and areas involving a higher degree of judgement or complexity, are disclosed in this Note 2.28.

(a) Adoption of new or revised standards

On 1 January 2022, the Group adopted the new or amended SFRS(I) and Interpretations of SFRS(I) ("INT SFRS(I)") that are mandatory for application for the financial year. Changes to the Group's accounting policies have been made as required, in accordance with the transitional provisions in the respective SFRS(I) and INT SFRS(I).

Effective for annual periods beginning on or after 1 January 2022:

- Amendment to SFRS(I) 16: *COVID-19 Related Rent Concessions (Amendments)*
- Amendment to SFRS(I) 3: *Reference to the Conceptual Framework*
- Amendment to SFRS(I) 1-16: *Property, Plant and Equipment – Proceeds before Intended Use*
- Amendment to SFRS(I) 37: *Onerous Contracts – Cost of Fulling a Contract*
- Annual Improvements to SFRS(I)s 2018 – 2020

The adoption of these new or amended SFRS(I) and SFRS(I) INT did not result in substantial changes to the Group's accounting policies and had no material effect on the amounts reported for the current and prior financial years.

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.1 Basis of preparation (Continued)

(b) Standards issued but not yet effective

Following are standards and interpretations that have been issued but not yet effective and early adoption is permitted; however the Group did not early adopt these new or amended standards in preparing these financial statements:

Descriptions	Effective for annual periods beginning on or after
SFRS(I) 17: *Insurance Contracts*	1 January 2023
Amendments to SFRS(I) 1-1 and SFRS(I) Practice Statement 2: *Disclosure of Accounting Policies*	1 January 2023
Amendments to SFRS(I) 1-8: *Definition of Accounting Estimates*	1 January 2023
Amendments to SFRS(I) 1-12: *Deferred Tax related to Assets and Liabilities arising from a Single Transaction*	1 January 2023
Amendment to SFRS(I) 17: *Initial Application of SFRS(I) 17 and SFRS(I) 9 — Comparative Information*	1 January 2023
Amendments to SFRS(I) 1-1: *Classification of Liabilities as Current or Non-current* Amendments to SFRS(I) 1-1*: Non-Current Liabilities with Covenants*	1 January 2024
Amendments to SFRS(I) 16: *Lease Liabilities in a Sale and Leaseback*	1 January 2024
Amendments to SFRS(I) 10 and SFRS(I) 1-28: *Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*	To be determined

The directors do not expect these new or amended accounting standard and interpretations to have a material impact on the Group in the current or future reporting periods and on foreseeable transactions.

2.2 Group accounting

(i) Subsidiaries

(a) Basis of consolidation

Subsidiaries are entities (including special purpose entities) over which the Group has power to govern the financial and operating policies so as to obtain benefits from its activities, generally accompanied by a shareholding giving rise to a majority of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity. Subsidiaries are consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date on which control ceases.

In preparing the consolidated financial statements, transactions, balances and unrealised gains on transactions between group entities are eliminated. Unrealised losses are also eliminated but are considered an impairment indicator of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.2 Group accounting (Continued)

(i) Subsidiaries (Continued)

(a) Basis of consolidation (Continued)

Non-controlling interests are shown separately in the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of financial position. Total comprehensive income is attributed to the non-controlling interests based on their respective interests in a subsidiary, even if this results in the non-controlling interests having a deficit balance.

(b) Acquisition of businesses

The acquisition method of accounting is used to account for business combinations by the Group. The Group determines that it has acquired a business when the acquired set of assets and activities includes, at a minimum, an input and a substantive process that together significantly contribute to the ability to create outputs.

The consideration transferred for the acquisition of a subsidiary or business comprises the fair value of the assets transferred, the liabilities incurred and the equity interests issued by the Group. The consideration transferred also includes any contingent consideration arrangement and any pre-existing equity interests in the subsidiary measured at their fair values at the acquisition date.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values at the acquisition date.

On an acquisition-by-acquisition basis, the Group recognises any non-controlling interest in the acquiree at the date of acquisition either at fair value or at non-controlling interest's proportionate share of the acquiree's identifiable net assets.

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

The excess of (a) the consideration transferred, the amount of any non-controlling interest in the acquiree, and the acquisition-date fair value of any previous equity interest in the acquiree over (b) the fair value of the net identifiable assets acquired is recorded as goodwill. If those amounts are less than the fair value of the net identifiable assets of the subsidiary acquired and the measurement of all amounts has been reviewed, the difference is recognised directly in profit or loss as a bargain purchase.

(c) Disposals of subsidiaries or businesses

The assets and liabilities of the subsidiary, including any goodwill, are derecognised when a change in the Company's ownership interest in a subsidiary result in a loss of control over the subsidiary. Amounts previously recognised in other comprehensive income in respect of that entity are also reclassified to profit or loss or transferred directly to retained earnings if required by a specific Standard.

Any retained interest in the entity is remeasured at fair value. The difference between the carrying amount of the retained investment at the date when control is lost and its fair value is recognised in profit or loss.

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.2 Group accounting (Continued)

(ii) Transactions with non-controlling interests

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

Changes in the Group's ownership interest in a subsidiary that do not result in a loss of control over the subsidiary are accounted for as transactions with equity owners of the Group. Any difference between the change in the carrying amounts of the non-controlling interest and the fair value of the consideration paid or received is recognised in a separate reserve within equity attributable to the owners of the Company.

2.3 Investment in subsidiaries

Investment in subsidiaries are carried at cost less accumulated impairment losses in the Company's statement of financial position. On disposal of investments in subsidiaries, the difference between disposal proceeds and the carrying amounts of the investments are recognised in profit or loss.

2.4 Currency translation

(i) Functional and presentation currency

The individual financial statements of each entity are measured using the currency of the primary economic environment in which the entity operates ("functional currency"). The consolidated financial statements are presented in Singapore dollars ("S$"), which is also the functional currency of the Company.

(ii) Transactions and balances

Transactions in a currency other than the functional currency ("foreign currency") 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 reporting date. 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 determined.

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

(iii) Translation of the Group's financial statements

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

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.5 Property, plant and equipment

All items of property, plant and equipment are initially recorded at cost. The cost of an item of property, plant and equipment initially recognised includes its purchase price and any cost that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Cost also includes borrowing costs (see the accounting policy for borrowing costs as set out in this Note 2.13). The cost of an item of property, plant and equipment including subsequent expenditure 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. When significant parts of property, plant and equipment are required to be replaced in intervals, the Group recognises such parts as individual assets with specific lives and depreciation, respectively. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance expenses are recognised in profit or loss when incurred.

After initial recognition, property, plant and equipment are stated at cost less accumulated depreciation and any accumulated impairment loss.

Construction in progress includes all cost of construction and other direct costs. Cost includes professional fees and, for qualifying assets, borrowing costs capitalised in accordance with the Group's accounting policy. Construction in progress is reclassified to the appropriate category of property, plant and equipment when complete and ready to use.

Construction in progress are not depreciated. Depreciation of property, plant and equipment are calculated using the straight-line method to write-off the cost of the assets over their estimated useful lives as follows:

	Useful lives (Years)
Leasehold industrial buildings	22
Electrical and installation	10
General tools and moulds	10
Plant and machineries	4 – 15
Furniture, fittings and equipment	1 – 10
Motor vehicles	5 – 10

The estimated useful life and depreciation method are reviewed, and adjusted as appropriate, at each reporting date to ensure that the amount, method and period of depreciation are consistent with the expected pattern of economic benefits from items of property, plant and equipment. Fully depreciated assets are retained in the financial statements until they are no longer in use.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. The gain or loss on retirement or disposal is determined as the difference between any sales proceeds and the carrying amounts of the asset and is recognised in the profit or loss within "Other income / (expenses)".

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.6 Intangible assets

(i) Goodwill on acquisitions

Goodwill on acquisitions of subsidiaries and businesses represents the excess of (i) the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over (ii) the fair value of the net identifiable assets acquired.

Goodwill is recognised separately on the face of consolidated statement of financial position and carried at cost less accumulated impairment losses.

Gains and losses on the disposal of subsidiaries include the carrying amount of goodwill relating to the entity sold.

Goodwill is tested for impairment annually and whenever there is an indication that the cash-generating unit may be impaired. For the purpose of impairment testing of goodwill, goodwill is allocated to each of the Group's cash-generating units ("CGU") expected to benefit from synergies arising from the business combination. Impairment is determined for goodwill by assessing the recoverable amount of each CGU to which the goodwill relates. Where the recoverable amount of the CGU is less than the carrying amount of CGU, an impairment loss is recognised in profit or loss. The recoverable amount of a CGU is the higher of the CGU's fair value less cost to sell and value-in-use ("VIU"). The total impairment loss of a CGU is allocated first to reduce the carrying amount of goodwill allocated to the CGU and then to the other assets of the CGU on pro-rata basis of the carrying amount of each asset in the CGU. Impairment loss recognised for goodwill is not reversed in subsequent periods.

Where goodwill forms part of a CGU and part of the operation within that cash-generating unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in this circumstance is measured based on the relative fair values of the operations disposed of and the portion of the CGU retained.

(ii) Other intangible assets

<u>Customer relationship</u>

Customer relationship acquired in a business combination that qualifies for separate recognition is recognised as intangible asset at fair value.

Customer relationship is subsequently stated at cost less accumulated amortisation and accumulated impairment losses. Customer relationship has finite useful life and it is amortised using straight-line method over useful life of 5 years.

<u>Acquired software license</u>

Acquired computer software licenses are initially capitalised at cost which includes the purchase prices (net of any discounts and rebates) and other directly attributable costs of preparing the asset for its intended use.

Computer software license are subsequently carried at cost less accumulated amortisation and accumulated impairment losses. These costs are amortised to profit or loss using the straight-line method over their estimated useful life of 2-10 years.

The carrying amounts of intangible assets are reviewed for impairment as described in Note 2.8 when events or changes in circumstances indicate that the carrying amount may not be recoverable.

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.6 Intangible assets (Continued)

(ii) Other intangible assets (Continued)

Acquired software license (Continued)

The useful life and amortisation method are reviewed at each year end, with the effect of any changes in estimate accounted for on a prospective basis. The effect of any revision is recognised in profit or loss when the changes arise.

Intangible assets are derecognised upon disposal or when no future economic benefits are expected from its use or disposal. The gain or loss arising on the disposal or retirement of an asset is determined as the difference between the sales proceeds and the carrying amount of the asset and is included in profit or loss in the period in which the asset is derecognised.

2.7 Investment properties

Investment properties are industrial properties and land use right that are held for long term rental yields and / or for capital appreciation.

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

Investment properties are initially recognised at cost and subsequently carried at cost less accumulated depreciation and accumulated impairment losses. Depreciation is calculated using a straight-line method to allocate the depreciable amounts over the estimated remaining useful lives of 19 years. The useful lives and depreciation method of investment properties are reviewed, and adjusted as appropriate, at each reporting date. The effects of any revision are included in profit or loss when the changes arise.

Investment properties are subject to renovations or improvements at regular intervals. The cost of major renovations and improvements is capitalised and the carrying amounts of the replaced components are recognised in profit or loss. The cost of maintenance, repairs and minor improvements is recognised in profit or loss when incurred.

On disposal of an investment property, the difference between the disposal proceeds and the carrying amount is recognised in profit or loss.

2.8 Impairment of non-financial assets

The carrying amounts of the Group's non-financial assets, other than investment property, inventories, contract assets and deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. For goodwill, and intangible assets that have indefinite useful lives or that are not yet available for use, the recoverable amount is estimated each year at the same time. An impairment loss is recognised if the carrying amount of an asset or its related cash-generating unit (CGU) exceeds its estimated recoverable amount.

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. In assessing value in use ("VIU"), the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGUs. Subject to an operating segment ceiling test, for the purposes of goodwill impairment testing, CGUs to which goodwill has been allocated are aggregated so that the level at which impairment testing is performed reflects the lowest level at which goodwill is monitored for internal reporting purposes. Goodwill acquired in a business combination is allocated to groups of CGUs that are expected to benefit from the synergies of the combination.

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.8 Impairment of non-financial assets (Continued)

The Group's corporate assets do not generate separate cash inflows and are utilised by more than one CGU. Corporate assets are allocated to CGUs on a reasonable and consistent basis and tested for impairment as part of the testing of the CGU to which the corporate asset is allocated.

Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to the CGU (group of CGUs), and then to reduce the carrying amounts of the other assets in the CGU (group of CGUs) on a pro rata basis.

An impairment loss in respect of goodwill is not reversed. In respect of other assets, impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

An impairment loss in respect of subsidiaries is measured by comparing the recoverable amount of the investment with its carrying amount in accordance with the requirements for non-financial assets. An impairment loss is recognised in profit or loss. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount and only to the extent that the recoverable amount increases.

2.9 Financial assets and liabilities

(i) Initial recognition and measurement

Trade receivables are initially recognised when they are originated. Other financial assets and financial liabilities are recognised on the statement of financial position when, and only when, the Group becomes a party to the contractual provisions of the financial instrument.

Trade receivables without financing component is initially measured at the transaction price in accordance with SFRS(I) 15. Other financial assets or financial liabilities are initially recognised at fair value plus, in the case of financial assets or liabilities not at fair value through profit or loss, directly attributable transaction costs.

(ii) Classification and subsequent measurement

Financial assets

Financial assets are classified and subsequently measured at amortised cost or fair value on the basis of the entity's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets, at the following categories:

- Amortised costs
- Fair value through Other Comprehensive Income (FVOCI) – Debt investments
- FVOCI – Equity investments
- Fair value through profit or loss (FVPL)

Financial assets are not reclassified after initial recognition unless the Group changes its business model for managing the financial assets, in which case such reclassification will be applied prospectively from the reclassification date.

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.9 Financial assets and liabilities (Continued)

(ii) Classification and subsequent measurement (Continued)

Financial assets (Continued)

Financial assets at amortised costs

Unless designated at FVPL, financial assets are measured at amortised costs if:

- It is held within a business model with an objective to hold the assets to collect contractual cash flows; and
- Its contractual cash flows comprise of solely principal and interest on the principal amount outstanding.

These assets, mainly trade and other receivables, other current assets (excludes prepayments) and cash and bank balances, are subsequently measured at amortised costs using the effective interest rate method, which is reduced by impairment losses. Interest income, foreign exchange differences, and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.

Equity investments at FVOCI

Unless held-for-trading, the Group may irrevocably elect on initial recognition, on an investment-by-investment basis, to present subsequent changes of fair value of the equity investments in OCI.

These assets are subsequently measured at fair value. Dividends are recognised as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses (including changes in fair value) are recognised in OCI which will never be reclassified to profit or loss.

Financial liabilities

Financial liabilities are subsequently measured at amortised costs unless it is held for trading (including derivative liabilities), or designated as financial liabilities at FVPL on initial recognition to significantly reduce accounting mismatch or when a group of financial liabilities are managed whose performance is evaluated on a fair value basis.

Financial liabilities at amortised costs are subsequently measured at amortised costs using the effective interest rate method. Interest expense and foreign exchange differences are recognised in profit or loss. These financial liabilities mainly comprise trade and other payables (excluding contract liabilities and GST payable), lease liabilities from financial institutions, lease liabilities and bank borrowings.

Financial liabilities at FVPL are measured at fair value with net gains and losses (including interest expense) recognised in profit or loss. Directly attributable transaction costs are recognised in profit or loss as incurred.

As at the reporting date, the Group does not have other categories of financial liabilities except for financial liabilities at amortised cost.

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.9 Financial assets and liabilities (Continued)

(iii) Derecognition

Financial assets

Financial assets are derecognised when the contractual rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership or in which the Group neither transfers nor retains substantially all of the risks and rewards of ownership and does not retain control of the financial assets. On derecognition of a financial asset in its entirety, the difference between the carrying amount measured at the derecognition date and the sum of the consideration received is recognised in profit or loss.

All regular way purchases and sales of financial assets are recognised or derecognised on the trade date, i.e. the date that the Group commits to purchase or sell the asset. Regular way purchases or sales are purchases or sales of financial assets that require delivery of the assets within the period generally established by regulation or convention in the marketplace concerned.

Financial liabilities

A financial liability is derecognised when the obligation specified in the contract is discharged, cancelled or expires. The Group also derecognises a financial liabilities when its terms are modified and the cash flows of the modified liability are substantially different, in which case, a new financial liability on the modified terms is recognised at fair value.

On derecognition of a financial liability, the difference between the carrying amount of the financial liabilities extinguished, or transferred and the consideration paid (including non-cash transferred or liabilities assumed) is recognised in profit or loss.

(iv) Offsetting

Financial assets and liabilities are offset and the net amount reported on the statement of financial position when there is a legally enforceable right to offset and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

2.10 Impairment of financial assets

The Group applies impairment model in SFRS(I) 9 to measure the Expected Credit Losses (ECL) of the following categories of assets:

- Financial assets at amortised costs;
- Contract assets (determined in accordance with SFRS(I) 15);
- Lease receivables; and
- Intragroup financial guarantee contracts (“FGC”).

ECLs are probability-weighted estimates of credit losses, which are measured at the present value of all cash shortfalls (difference between the cash flows due to the Group in accordance with the contracts and the cash flows that the Group expects to receive), discounted at effective interest rate of the financial asset. The expected cash flows include cash flows from the sale of collaterals held, if any, or other credit enhancements that are integral to the contractual terms.

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.10 Impairment of financial assets (Continued)

Loss allowances of the Group are measured on either of the following bases:

- 12-month ECLs: these are ECLs that result from default events that are possible within the 12 months after the reporting date (or for a shorter period if the expected life of the instrument is less than 12 months); or

- Lifetime ECLs: these are ECLs that result from all possible default events over the expected life of a financial instrument or contract asset.

Simplified approach

The Group applies the simplified approach to provide for ECLs for all trade receivables (including lease receivables) and contract assets. The simplified approach requires the loss allowance to be measured at an amount equal to lifetime ECLs.

General approach

The Group applies the general approach to provide for ECLs on all other financial instruments and FGCs. Under the general approach, the loss allowance is measured at an amount equal to 12-month ECLs at initial recognition.

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

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

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

The Group assumes that the credit risk on a financial asset has increased significantly if it is more than 180 days past due.

Definition of default

The Group considers a financial asset to be in default when:

- The borrower is unlikely to pay its credit obligation in full, without recourse by the Group; or

- The financial asset is more than 90 days past due.

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.10 Impairment of financial assets (Continued)

Credit-impaired financial assets

A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable data about the following events:

- significant financial difficulty of the issuer or the borrower;
- a breach of contract, such as a default or being past due for more than 180 days;
- the restructuring of a loan advances or past due lease receivables that the Group would not consider otherwise;
- it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation; or
- the disappearance of an active market for that financial asset because of financial difficulties.

Write-off

The Group writes off the gross carrying amount of a financial assets to the extent that there is no realistic prospect of recovery, for example when the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the Group.

2.11 Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined on a first-in-first out method. The cost of finished goods comprises cost of raw materials, direct labour, other direct costs and related production overheads but excludes borrowing costs.

Net realisable value represents the estimated selling price for the inventories less all estimated costs of completion and costs necessary to make the sale. Allowance is made for obsolete, slow moving and defective inventories.

2.12 Borrowings

Borrowings are presented as current liabilities unless the Group has an unconditional right to defer settlement for at least 12 months after the reporting date, in which case they are presented as non-current liabilities. Borrowings are initially recorded at fair value, net of transaction costs incurred and carried for at amortised cost using the effective interest method. Any difference between the proceeds (net of transaction costs) and the redemption value is recognised in profit or loss over the period of the borrowings using the effective interest method.

2.13 Borrowing costs

Borrowings which are due to be settled within twelve months after the reporting date are included in current borrowings in the statement of financial position even though the original term was for a period longer than twelve months and an agreement to refinance, or to reschedule payments, on a long-term basis is completed after the reporting date and before the financial statements are authorised for issue.

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 cost are capitalised until the assets are substantially completed for their intended use or sale. All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.14 Leases

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

(i) As lessor

Leases where the Group retains substantially all the risks and rewards incidental of ownership are classified as operating leases. Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same bases as rental income. The accounting policy for rental income is set out in Note 2.19. Contingent rents are recognised as revenue in the period in which they are earned.

Operating leases

The Group acts as intermediate lessor and sublet part of its leasehold industrial buildings as allowed by the lessor, JTC Corporation.

In classifying a sublease, the Group as an intermediate lessor classifies the sublease as a finance or an operating lease with reference to the right-of-use asset arising from the head lease, rather than the underlying asset.

The sublease periods do not form a major part of the remaining terms under the head lease of land with JTC Corporation and accordingly, the sub-leases are classified as operating leases.

When the sublease is assessed as an operating lease, the Group recognises lease income from sublease in profit or loss within "Revenue – Rental income from leasehold industrial buildings". The right-of-use asset relating to the head lease is not derecognised.

For contract which contains lease and non-lease components, the Group allocates the consideration based on a relative stand-alone selling price basis.

(ii) As lessee

At the lease commencement date, the Group recognises a Right-of-Use (ROU) asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for short-term leases and low-value leases as described below.

ROU asset

ROU assets are initially measured at cost, which comprise initial amount of lease liability, any lease payment made at or before commencement date, plus initial direct costs incurred, less lease incentives received. Initial direct costs are costs that would not have been incurred if the lease had not been obtained.

Whenever the Group incurs obligations for costs to dismantle and remove a leased asset, restore the site or the underlying asset to the condition required by the terms and conditions of the lease contract, a provision is recognised and measured under SFRS(I)1-37; and included in the carrying amount of the ROU assets to the extent that the costs relate to a ROU asset.

ROU assets are subsequently measured at cost less accumulated depreciation and impairment losses. ROU assets are depreciated from commencement date to the earlier of end of lease terms and useful life of the ROU assets. In addition, the ROU assets are also adjusted for certain remeasurement of lease liability.

ROU assets are presented as a separate line item on the statement of financial position.

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.14 Leases (Continued)

(ii) As lessee (Continued)

Lease liability

Lease liability is initially measured at the present value of lease payments discounted using interest rate implicit in the lease, or if that rate cannot be readily determined, the lessee's incremental borrowing rate. Generally, the Group uses the incremental borrowing rate as the discount rate, which is estimated by reference to interests' rates from various external financing sources for similar terms such as lease terms, type of assets leases and economic environment.

The following lease payments are included in the measurement of lease liability:

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

Lease liability is measured at amortised cost using effective interest method. Remeasurement of lease liability (and corresponding adjustment to ROU asset, or to profit or loss when the ROU asset has been reduced to zero) is required when there is:

- a change in future lease payments arising from changes in an index or rate, in which case the initial discount rate is used;
- a change in the Group's assessment of whether it will exercise an extension or termination option, in which case a revised discount rate is used; or
- modification in the scope or the consideration of the lease that was not part of the original term and not accounted for as separate lease, in which case a revised discount rate at effective date of modification is used.

The Group presents the lease liabilities are presented as a separate line item on the statement of financial position.

Exemption

The following leases / lease payments are not included in lease liabilities and ROU asset:

- The Group has elected not to recognise ROU asset and lease liabilities for short term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets. For such leases, the Group recognises the lease payments in profit or loss as an operating expense on a straight-line basis over the lease term.
- Variable lease payments that are not based on an index or a rate are not included as part of the measurement and initial recognition of the lease liability. The Group shall recognise those lease payments in profit or loss in the periods that triggered those lease payments.

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.14 Leases (Continued)

(ii) As lessee (Continued)

COVID-19 Rent concessions

The Group has applied the practical expedients under Amendments to SFRS(I) 16: *COVID-19-Related Rent Concessions* and hence is not required to assess whether eligible rent concessions that are direct consequence of the COVID-19 are lease modifications. The Group applies the practical expedient to all leases and recognises the effect in profit or loss as other income.

2.15 Provisions

General

A provision is recognised when the Group has a present obligation, legal or constructive, as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of economic resources will be required to settle the obligation, the provision is reversed. Where the effect of the time value of money is material, provisions are discounted using a current pre tax rate that reflects, where appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

Provision for warranty

Provisions for warranty related costs are recognised when the Group has a present legal or constructive obligation as a result of past event, it is more likely than not that an outflow of resources will be required to settle the obligation and the amount has been reliably estimated. The Group recognises the estimated liability to rectify defects still under warranty at the reporting date. This provision is calculated based on historical experience of the level of rectification.

2.16 Financial guarantees

Financial guarantee contracts are initially recognised as a liability at their fair values, adjusted for transaction costs directly attributable to the issuance of the guarantees.

Financial guarantee contracts are initially measured at fair value plus transaction costs and subsequently measured at the higher of:

(a) premium received on initial recognition less the cumulative amount of income recognised in accordance with the principles of SFRS(I) 15; and

(b) the amount of expected loss computed using the impairment methodology under SFRS(I) 9.

2.17 Share capital

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

2.18 Revenue from contracts with customers

The Group recognises revenue when (or as) a performance obligation is satisfied, i.e. when ‘control’ of the goods or services underlying the particular performance obligation is transferred to the customers, at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services. The Group concludes that it is acting as a principal in the provision of goods or services in its contracts with customers.

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.18 Revenue from contracts with customers (Continued)

- Revenue from sale of goods is recognised upon transfer of control to the customers, usually at the point in time when the goods have been delivered to customers. The Group normally invoices the customers upon delivery of the goods with 30 to 60 days credit term.

- Revenue from rendering of service income (inventory management and warehousing) are recognised over time on a straight-line basis for contracts with fixed rate per unit of service as these represent series of repetitive services. The Group also provides transportation services within the "Supply and manufacturing of ready-mix concrete products" segment, and such service contracts provides for fixed rate per unit of service, revenue is recognised on invoiced value as it represents an amount that corresponds directly with the value to the customer of the Group's performance completed to date, as allowed by practical expedient in SFRS(I) 15.

- Revenue from the contract project (i.e. civil and associated works, such as underground cable installation and road reinstatements) is recognised over time as it creates or enhances assets controlled by the customers, by using an output method to measure progress towards complete satisfaction of the performance obligation.

2.19 Other revenue

Rental income from operating lease (net of any incentives given to the lessees) is recognised on a straight-line basis over the lease term as set out in the specific lease agreement.

2.20 Other income

- Interest income is recognised on a time proportion basis using the effective interest method.

- Dividend income is recognised when the right to receive payment is established.

- Parking fees and related charges are accounted for when transacted.

2.21 Government grants

Government grants are recognised at their fair value where there is reasonable assurance that the grant will be received and all terms and conditions relating to the grants have been complied with.

Government grants receivable are recognised as income over the periods necessary to match them with the related costs which they are intended to compensate, on a systematic basis. Government grants relating to expenses are shown separately as other income.

When the grant relates to an asset, the fair value is recognised as deferred capital grant on the statement of financial position and is amortised to profit or loss over the expected useful life of the relevant asset by equal annual instalments.

2.22 Employees' benefits

(i) Short-term employee benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. A liability is recognised for the amount expected to be paid if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee, and the obligation can be estimated reliably.

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.22 Employees' benefits (Continued)

(ii) Retirement benefits

The Group makes contribution to the Central Provident Fund (CPF) Scheme in Singapore, a defined contribution retirement schemes.

Obligations for contributions to defined contribution retirement plans are recognised as an expense in the period in which the related service is performed.

(iii) Employee leave entitlement

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

2.23 Income tax

Income tax expense represents the sum of the tax currently payable and deferred tax.

Current income tax for current and prior periods is recognised at the amount expected to be paid to or recovered from the tax authorities, using tax rates and tax laws that have been substantially enacted by the reporting date 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.

Deferred tax is recognised on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries associates and joint ventures, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

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

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset realised, based on tax rates and tax laws that have been enacted or substantively enacted by the reporting date. Deferred tax is charged or credited to profit or loss, except when it relates to items charged or credited directly to other comprehensive income or equity, in which case the deferred tax is also dealt with in other comprehensive income or equity.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

2.24 Dividends

Interim dividends are recorded in the financial year in which they are declared payable. Final dividends are recorded in the financial year in which the dividends are approved by the shareholders.

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.25 Related parties

A related party is defined as follows:

(a) A person or a close member of that person's family is related to the Company if that person:

(i) Has control or joint control over the Company;

(ii) Has significant influence over the Company; or

(iii) Is a member of the key management personnel of the Company or of a parent of the Company.

(b) An entity is related to the Company if any of the following conditions applies:

(i) The entity and the Company are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).

(ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).

(iii) Both entities are joint ventures of the same third party.

(iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.

(v) The entity is a post-employment benefit plan for the benefit of employees of either the Company or an entity related to the Company.

(vi) The entity is controlled or jointly controlled by a person identified in (a).

(vii) A person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

(viii) The entity, or any member of a group of which it is a part, provides key management personnel services to the reporting entity or to the parent of the reporting entity.

2.26 Cash and cash equivalents

For the purpose of the consolidated statement of cash flows, cash and cash equivalents comprise cash on hand, deposits with financial institutions, and short term, highly liquid investments readily convertible to known amounts of cash and subjected to an insignificant risk of changes in value.

2.27 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker, which in the case is the Chief Executive Officer of the Group, who is responsible for allocating resources and assessing performance of the operating segments.

2.28 Critical accounting estimates, assumptions and judgements

Estimates, assumptions and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.28 Critical accounting estimates, assumptions and judgements (Continued)

Key sources of estimation uncertainty

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the financial year that may have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

(a) *Impairment of financial assets*

Impairment allowance for financial assets measured at amortised costs are applied using the ECL model, which requires assumptions of risk of default and expected loss rates. The management applies judgement in making these assumptions and determining key inputs to the impairment calculation, taking into account the Group's past history, existing market conditions as well as forward-looking information relating to industry, market development and macroeconomic factors. Expected loss rate is based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors, geographical location, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate. The key assumptions and inputs used are disclosed in Note 31(iii).

(b) *Impairment of non-financial assets*

Non-financial assets are tested for impairment whenever there is indication that the non-financial assets may be impaired. The recoverable amount of the CGU to which non-financial assets has been allocated is based on value in use ("VIU") calculation. VIU is based on cash flow forecast, the preparation of which requires management to use assumptions and estimates relating budgeted growth margin, revenue growth rate, perpetual growth rate and discount rate of each CGU. Changes to the assumptions and estimates used could result in changes in the carrying amount of the non-financial assets.

The carrying amount of the non-financial assets as at 31 December 2022 are disclosed in Note 3, 4, 5 and 6. Further details on the impairment testing of non-financial assets including management's key assumptions and sensitivity analysis are disclosed in Note 3.

(c) *Impairment of investments in subsidiaries*

The Company assesses at each reporting date whether there is any objective evidence that the investments in subsidiaries are impaired. To determine whether there is objective evidence of impairment, the Company considers factors such as the subsidiaries' financial performance and financial position and the overall economic environment.

The carrying amount of the investments in subsidiaries as at 31 December 2022 is disclosed in Note 8.

(d) *Useful lives of property, plant and equipment*

Property, plant and equipment are depreciated on a straight-line basis over their estimated economic useful lives. Management estimates the useful lives of the leasehold industrial buildings to be within 22 years and 1 to 15 years for other assets. Changes in the expected level of usage and technological developments could impact the economic useful lives of these assets, therefore, future depreciation charges could be revised.

A 10% difference in the expected useful lives of the property, plant and equipment from management's estimates would result in approximately 3% (2021: 2%) variance in the Group's loss (2021: Group's loss) for the year.

3. PROPERTY, PLANT AND EQUIPMENT

Group	Leasehold industrial buildings S$	Electrical and installation S$	General tools and moulds S$	Plant and machineries S$	Furniture, fittings and equipment S$	Motor vehicles S$	Construction in progress S$	Total S$
Cost								
As at 1 January 2021	1,241,635	8,424	197,370	115,876	43,630	1,555,414	–	3,162,349
Additions	–	–	2,945	52,490	71,039	58,758	222,610	407,842
Disposals	–	–	–	–	(25,250)	(671,028)	–	(696,278)
Written off	–	–	(91,815)	(50,600)	(3,610)	–	–	(146,025)
As at 31 December 2021	1,241,635	8,424	108,500	117,766	85,809	943,144	222,610	2,727,888
As at 1 January 2022	1,241,635	8,424	108,500	117,766	85,809	943,144	222,610	2,727,888
Additions	–	–	8,010	725,310	16,709	1,978,953	–	2,728,982
Disposals	–	–	–	(70,800)	–	(682,870)	–	(753,670)
Written off	–	–	(284)	–	–	–	–	(284)
Transfer	–	–	–	222,610	–	–	(222,610)	–
As at 31 December 2022	1,241,635	8,424	116,226	994,886	102,518	2,239,227	–	4,702,916
Less: Accumulated depreciation and impairment loss								
As at 1 January 2021	214,586	8,424	133,965	92,757	35,029	865,395	–	1,350,156
Depreciation for the year (Note 26)	56,350	–	42,915	14,648	44,374	286,968	–	445,255
Impairment loss (Note 24)	–	–	20,466	13,192	15,063	–	–	48,721
Disposals	–	–	–	–	(25,250)	(630,235)	–	(655,485)
Written off	–	–	(91,815)	(50,600)	(3,610)	–	–	(146,025)
As at 31 December 2021	270,936	8,424	105,531	69,997	65,606	522,128	–	1,042,622
As at 1 January 2022	270,936	8,424	105,531	69,997	65,606	522,128	–	1,042,622
Depreciation for the year (Note 26)	56,350	–	3,611	73,409	18,778	348,495	–	500,643
Disposals	–	–	–	(70,800)	–	(527,016)	–	(597,816)
Written off	–	–	(284)	–	–	–	–	(284)
As at 31 December 2022	327,286	8,424	108,858	72,606	84,384	343,607	–	945,165
Net carrying amount								
As at 31 December 2022	914,349	–	7,368	922,280	18,134	1,895,620	–	3,757,751
As at 31 December 2021	970,699	–	2,969	47,769	20,203	421,016	222,610	1,685,266

Included in the additions of plant and machineries are an amount of S$221,436 (2021: Nil) which represents the transactions with an entity in which certain directors of the Group and the Company have indirect equity interests.

3. PROPERTY, PLANT AND EQUIPMENT (Continued)

(a) Net book value of property, plant and equipment pledged as security

At the reporting date, the net book value of property, plant and equipment pledged as security are as follows:

	Group	
	2022	**2021**
	S$	**S$**
Pledged to secure banking facilities granted to the Group (Note 18)		
- Leasehold industrial buildings	914,349	970,699
Acquisition of assets financed by leasing from financial institution (Note 15)		
- Furniture, fittings and office equipment	7,924	13,207
- Motor vehicles	1,549,466	43,727
	2,471,739	1,027,633

(b) Impairment loss

During the year, management has performed impairment assessment on PHH and PC as two CGUs and concluded that there was no further impairment be made in respect of following non-financial assets relating to PHH and PC:

	Carrying amount		
	PHH	**PC**	**Total**
	S$	**S$**	**S$**
2022			
Intangible assets	–	46,120	46,120
Plant and equipment *	312,239	1,617,870	1,930,109
Right-of-use assets	–	51,454	51,454
	312,239	1,715,444	2,027,683
2021			
Intangible assets	–	19,021	19,021
Plant and equipment *	239,340	109,143	348,483
Right-of-use assets	–	256,360	256,360
	239,340	384,524	623,864

* The impairment assessment has taken into consideration the fair value of the plant and equipment.

In previous financial year, the Group recognised impairment loss of S$48,721 on plant and equipment of PHH in the profit or loss (Note 24) as PHH's CGU has been fully impaired since previous financial year.

3. PROPERTY, PLANT AND EQUIPMENT (Continued)

(b) Impairment loss (Continued)

The Company

Details of impairment assessment of the carrying amounts of investment in PHH and PC as two CGUs are disclosed as below:

Key assumptions

The recoverable amounts of the CGUs have been determined based on value-in-use ("VIU") calculations using cash flow projections from financial budgets approved by management covering a five-year period. The pre-tax discount rate applied to the cash flow projections, budgeted gross margins, forecasted growth rates and the perpetual growth rates used to extrapolate cash flow projections beyond the five-year period are as follows:

	PHH		PC
	2022	2021	2022
	%	%	%
Gross margin	15.0	32.0	14.8
Revenue growth rate:			
- Year 1	-2.0[(1)]	7.0[(1)]	-2.0
- Year 2 to 5 [(2)]	23.0[(1)]	1.0	2.0[(2)]
Perpetual growth rate	0	0	2.0
Discount rate	13.80	13.80	13.80

(1) PHH's revenue is driven by projects secured. Management estimates the revenue for the next five years based on the estimated tendered contract value of project of which PHH is confident to secure from its major customers with expected projects completion in the course of 1 to 5 years.

(2) The revenue for 2024 to 2027 (2021: 2023 to 2026) are projected based on long-term average revenue growth rates of the industries and markets in which the CGUs operate.

Management believes that the level of revenue included in the 5-year budget and forecasts represents sustainable level of revenue in view of the historical track records over the recent years.

Gross margin is budgeted based on the historical track records for the past 5 years (2021: 4 years).

The discount rate represents the current market assessment of the risks specific to the CGU industry.

Based on the above value-in-use calculations performed by management in relation to CGU of PHH and PC, full reversal of impairment loss previously recognised of S$600,000 has been made in current year as the recoverable amount of $2,591,000 is higher than the cost of investment in PC of $600,000. Carrying amount of investment in PHH remains to be Nil.

Sensitivity analysis

The sensitivity of the VIU of PHH and PC to a reasonably possible change in each of the key inputs in next 12 months is as follow:

	PHH		PC	
	Increase / decrease in VIU		Increase / decrease in VIU	VIU
	2022	2021	2022	2022
	S$	S$	S$	S$
Gross margin				
- increase by 2% (2021: 1%)	n.m.	n.m.	1,781,000	4,372,000
- decrease by 2% (2021: 1%)	n.m.	n.m.	(1,781,000)	810,000
Discount rate				
- increase by 1% (2021: 1%)	n.m.	n.m.	(158,000)	2,433,000
- decrease by 1% (2021: 1%)	n.m.	n.m.	187,000	2,778,000

n.m. – Not meaningful due to extended period of operating cash outflows forecasted which is unlikely to result in a meaningful VIU, within reasonable range of variation in these key inputs.

4. INVESTMENT PROPERTIES

Group	Leasehold industrial buildings S$	Leasehold land S$	Total S$
Cost			
As at 1 January 2021 / 31 December 2021 / 1 January 2022 / 31 December 2022	61,758,365	6,288,766	68,047,131
Less: Accumulated depreciation			
As at 1 January 2021	10,815,101	613,538	11,428,639
Depreciation for the year (Note 26)	2,802,825	306,769	3,109,594
As at 31 December 2021	13,617,926	920,307	14,538,233
As at 1 January 2022	13,617,926	920,307	14,538,233
Depreciation for the year (Note 26)	2,802,825	306,769	3,109,594
As at 31 December 2022	16,420,751	1,227,076	17,647,827
Net carrying amount			
As at 31 December 2022	45,337,614	5,061,690	50,399,304
As at 31 December 2021	48,140,439	5,368,459	53,508,898

Details of the Group's leasehold industrial buildings

As at 31 December 2022, the Group's leasehold industrial buildings relate to the purpose-built industrial complex on the land leased from JTC Corporation, detailed as follows:

Address	Description and Use	Remaining Tenure of Land Lease
EMS Building 60 Benoi Road, Singapore 629906	Two adjoining two storey detached factories, a single-storey detached warehouse with a mezzanine level, three storey office block and two former plant house	Total lease term of 60 years commencing 1 July 1979 (i.e. unexpired term of approximately 16.5 years (2021: 17.5 years)).

The investment properties of the Group are pledged to secure banking facilities granted to the Group as disclosed in Note 18.

Following amounts pertaining to the investment properties are recognised in profit or loss:

	Group 2022 S$	Group 2021 S$
Income statement		
Rental income from investment properties	7,747,957	7,927,136
Direct operating expenses (including repairs and maintenance) arising from:		
- Rental generating properties	1,430,362	1,681,559

4. INVESTMENT PROPERTIES

As at the end of the reporting year, future minimum lease receivables under non-cancellable operating leases are as follows:

	2022 S$	2021 S$
Future minimum lease receivables		
Within one year	6,021,677	5,382,322
After one year but not later than five years	2,507,749	3,312,840
	8,529,426	8,695,162

The Group has entered into operating lease arrangements on its investment properties with third party lessees. These non-cancellable leases have remaining lease terms of between 1 to 3 years. The leases have varying terms and renewals rights.

5. RIGHT-OF-USE ASSETS

Group	Factory S$	Plant S$	Office S$	Total S$
Cost				
As at 1 January 2021	314,283	454,985	–	769,268
Addition	132,041	405,903	–	537,944
Termination	(309,400)	–	–	(309,400)
Expired	–	(454,985)	–	(454,985)
Currency translation difference	(4,883)	–	–	(4,883)
As at 31 December 2021	132,041	405,903	–	537,944
As at 1 January 2022	132,041	405,903	–	537,944
Addition	–	–	79,500	79,500
Currency translation difference	(7,750)	–	–	(7,750)
As at 31 December 2022	124,291	405,903	79,500	609,694
Less: Accumulated depreciation				
Balance as at 1 January 2021	60,429	188,269	–	248,698
Charge for the year (Note 26)	16,534	149,543	–	166,077
Termination	(59,406)	–	–	(59,406)
Expired	–	(188,269)	–	(188,269)
Currency translation difference	(1,052)	–	–	(1,052)
As at 31 December 2021	16,505	149,543	–	166,048
Balance as at 1 January 2022	16,505	149,543	–	166,048
Charge for the year (Note 26)	–	256,360	28,046	284,406
Currency translation difference	(969)	–	–	(969)
As at 31 December 2022	15,536	405,903	28,046	449,485

5. RIGHT-OF-USE ASSETS (Continued)

Group	Factory S$	Plant S$	Office S$	Total S$
Less: Impairment loss				
As at 1 January 2021	253,854	266,716	–	520,570
Impairment loss for the year (Note 24)	115,744	–	–	115,744
Termination	(249,994)	–	–	(249,994)
Expired	–	(266,716)	–	(266,716)
Currency translation difference	(4,068)	–	–	(4,068)
As at 31 December 2021	115,536	–	–	115,536
As at 1 January 2022	115,536	–	–	115,536
Currency translation difference	(6,781)	–	–	(6,781)
As at 31 December 2021	108,755	–	–	108,755
Net carrying amount				
As at 31 December 2022	–	–	51,454	51,454
As at 31 December 2021	–	256,350	–	256,360

The Group leases its concrete precast factory in Johor, Malaysia, its ready-mix concrete batching plant in Pulau Punggol Timor and its office in Singapore from third parties with remaining lease term of 0.75 years, Nil and 1.29 years (2021: 1.75 years; 1 year and 2.29 years) respectively as at 1 January 2023.

Except for restrictions on sub-leasing, there are no restrictions or covenants imposed by the lease contracts.

The corresponding lease liabilities is disclosed in Note 16.

Impairment loss on right-of-use assets

In previous financial year, full impairment loss on the right-of-use assets for the factory in Johor, Malaysia amounting to S$115,744 has been recognised. These impairment loss, included in 'Other expense' captions, relates to "Manufacturing of precast concrete products" segment (Note 30) as the management does not envisage the operating segment in Malaysia be able to generate positive operating free cash flows within the remaining lease term of the asset.

6. INTANGIBLE ASSETS

Group	Customer relationships S$	Software S$	Total S$
Cost			
As at 1 January 2021 / 31 December 2021	4,589,126	41,500	4,630,626
As at 1 January 2022	4,589,126	41,500	4,630,626
Addition	–	50,800	50,800
As at 31 December 2022	4,589,126	92,300	4,681,426

6. INTANGIBLE ASSETS (Continued)

Group	Customer relationships S$	Software S$	Total S$
Accumulated amortisation			
As at 1 January 2021	2,742,615	1,729	2,744,344
Charge for the year (Note 24)	917,825	20,750	938,575
As at 31 December 2021	3,660,440	22,479	3,682,919
As at 1 January 2022	3,660,440	22,479	3,682,919
Charge for the year (Note 24)	82,452	23,701	106,153
As at 31 December 2022	3,742,892	46,180	3,789,072
Accumulated impairment loss			
As at 1 January 2021	–	–	–
Impairment loss for the year (Note 24)	846,234	–	846,234
As at 31 December 2021	846,234	–	846,234
As at 1 January 2022 / 31 December 2022	846,234	–	846,234
Net carrying amount			
As at 31 December 2022	–	46,120	46,120
As at 31 December 2021	82,452	19,021	101,473

Customer relationships

Customer-related intangible assets comprise of Customer Contracts ("CC") and Non-Contractual Customer Relationships ("NCCR").

CC, acquired during the Group's acquisition of business of Engineering Manufacturing Services (S) Pte Ltd in 2017, recorded a carrying amount of S$ Nil (2021: S$82,452) as at 31 December 2022. The remaining amortisation periods of CC as at 31 December 2021 were 2 months and has been fully amortised in current year.

NCCR, acquired in the Group's acquisition of business of Poh Huat Heng Corporation Pte. Ltd. ("PHH") in 2018, recorded a carrying amount of S$ Nil (2021: S$ Nil) as at 31 December 2022 due to full impairment recognised in previous financial year. The remaining amortisation periods of NCCR as at 31 December 2022 were 12 months (2021: 24 months).

Software

Software relates to a computer software acquired by the Group to automate its concrete batching plant.

Impairment on intangible assets

No impairment indicator is noted for CC and software in the current and previous financial year.

During the year, management has performed impairment test on PHH as a CGU and the and the Group recognised impairment loss of S$ Nil (2021: S$846,234) on NCCR in the profit or loss. Details of the impairment assessment of PHH as a CGU are disclosed in Note 3.

7. GOODWILL

	Group 2022 S$	Group 2021 S$
Cost		
Balance at 1 January / 31 December	4,739,047	4,739,047
Less: Impairment losses		
Balance at 1 January / 31 December	(4,739,047)	(4,739,047)
Net carrying amount	–	–

Goodwill has been allocated to the respective CGUs relating to the respective operating segments as follows:

	Group 2022 S$	Group 2021 S$
Provision of underground cable installation and road reinstatement segment		
- Poh Huat Heng Corporation Pte. Ltd. ("PHH")	#2,506,422	#2,506,422
Manufacturing of precast concrete products segment		
- W&P Precast Pte. Ltd. ("WPP")	*1,108,095	*1,108,095
Supply and manufacturing of ready-mix concrete products segment		
- Premium Concrete Pte. Ltd. ("PC")	^1,124,530	^1,124,530
	4,739,047	4,739,047

Fully impaired in 2020, mainly due to lesser than expected awarded contracts.

^ Fully impaired in 2019, mainly due to continuous losses and reduced margins.

* Fully impaired in prior years, mainly due to the reducing trends in revenue, lack of stable customers' pool and the gross margin eroded by stiff competition.

8. SUBSIDIARIES

	Company 2022 S$	Company 2021 S$
Unquoted equity shares, at cost		
Balance at 1 January / 31 December	36,700,002	36,700,002
Less: Accumulated impairment loss		
Balance as at 1 January	(11,700,000)	(10,167,000)
Reversal/(Allowance) for impairment loss (Note (b))	600,000	(1,533,000)
Balance as at 31 December	(11,100,000)	(11,700,000)
Net carrying amount	25,600,002	25,000,002

8. SUBSIDIARIES (Continued)

(a) Details of the subsidiaries are as follows:

Name	Principal activities	Country of incorporation and place of business	Proportion (%) of ownership interest 2022 %	2021 %
Held by the Company				
A2A Management Pte. Ltd. [1]	Provision of business and management consultancy services	Singapore	100	100
Engineering Manufacturing Services (S) Pte. Ltd. ("EMS") [1]	General warehousing and other business support activities	Singapore	100	100
Premium Concrete Pte. Ltd. ("PC") [1]	Supply and manufacturing ready-mix concrete, precast component and related products	Singapore	100	100
W&P Precast Pte. Ltd.[1]	Supply of precast concrete products	Singapore	95	95
Julique Capital Pte. Ltd. [1]	Investment holdings	Singapore	100	100
Poh Huat Heng Corporation Pte. Ltd. ("PHH") [1]	Provision of underground cable installation and road reinstatement services	Singapore	100	100
Held through the subsidiaries				
Germaxco Pte. Ltd. [1], [2]	General warehousing and other business support activities	Singapore	51	51
W&P Precast Sdn. Bhd. [3], [4]	Manufacture of precast components	Malaysia	95	95

(1) Audited by Crowe Horwath First Trust LLP, Singapore.

(2) As the non-controlling interest is not material to the Group, the financial information of the subsidiary is not presented.

(3) Audited by a member firm of Crowe Global in Malaysia.

(4) Non-significant subsidiary of the Group. The financials were reviewed by Crowe Horwath First Trust LLP for group consolidation.

(b) Impairment test of investment in subsidiaries

In the current year, management has performed impairment assessment of the CGU of supply and manufacturing ready-mix concrete, precast component and related products business segment. Reversal of impairment loss previously recognised of S$600,000 has been made in current year as the recoverable amount is higher than the carrying amount of investment in PC.

In year 2021, management has performed impairment assessment of the CGU of underground cable installation and road reinstatement services business segment. Impairment loss amounting to S$1,533,000 was recognised by the Company to write down its cost of investment in PHH to the recoverable amount.

Details of the impairment of PHH and PC as a CGU are disclosed in Note 3.

9. FINANCIAL ASSETS, AT FVOCI

	Group	
	2022	2021
	S$	S$
Equity Investment		
Balance at beginning of year	–	34,755
Changes in fair value recognised in OCI	–	(34,755)
Balance at end of year	–	–

The Group made an irrevocable election to measure the quoted equity investments in Swee Hong Ltd ("SH") at FVOCI as these are strategic investments that the Group intend to hold for long term. Accordingly, it is classified as non-current assets.

As at 31 December 2021, the Group has written down the entire fair value of investment of $34,755 to zero as SH is undergoing liquidation process at the date of this report.

10. INVENTORIES

	Group	
	2022	2021
	S$	S$
Raw materials	83,792	81,600
Raw materials – Good-in-transit	–	11,000
Finished goods	145,567	144,534
	229,359	237,134
Cost of inventories sold recognised as cost of sales in the consolidated statement of comprehensive income	8,712,248	6,891,464

11. TRADE AND OTHER RECEIVABLES

	Group		Company	
	2022	2021	2022	2021
	S$	S$	S$	S$
Trade receivables:				
- third parties	4,321,583	4,424,161	–	–
Less: Allowance for impairment losses (Note 31 (iii)(a))	(677,212)	(988,286)	–	–
Trade receivables, net	3,644,371	3,435,875	–	–
Other receivables:				
- loan receivable I [1]	2,111,124	2,111,124	–	–
- loan receivable II [2]	2,438,742	2,438,742	–	–
- due from subsidiaries [3]	–	–	2,231,822	2,231,822
- advance payment to a supplier [4]	85,000	130,000	–	–
- others	95,759	124,670	–	–
- GST receivables	25,679	–	–	–
	4,756,304	4,804,536	2,231,822	2,231,822
Less: Allowance for impairment losses (Note 31 (iii)(b))	(4,634,866)	(4,674,866)	(2,231,822)	(2,231,822)
Other receivables, net	121,438	129,670	–	–
Trade and other receivables	3,765,809	3,565,545	–	–

The credit period for trade receivables generally ranges from 30 to 60 days (2021: 30 to 60 days). No interest is charged on the trade receivables for outstanding balances.

Included in trade receivables is an amount of S$399,221 (2021: S$1,057,613) which is due from an entity in which the certain directors of the Group have indirect equity interests arising from revenue as disclosed in Note 22.

Details of other receivables are as follows:

(1) Loan receivable I, a principal amount of S$2,000,000 and the related interest receivable of S$111,124, was due from a third-party company (the "Borrower I"), which was a wholly owned subsidiary of a public limited company previously listed on the Catalist Board of the SGX-ST.

The loan bears interest at 8% per annum and was secured by floating charge over the assets of the Borrower I. Due to the subsequent disposal of business and assets of the Borrower I, it was also agreed that the Group would accept repayment in the form of new shares in the listed company at 10% discount to the market price in the event the Borrower is unable to pay the outstanding loan in cash.

The loan was due for repayment by 17 April 2019 in cash. However, the Executive Chairman and Acting Chief Executive Officer of Borrower I was uncontactable since May 2019, and following statutory demands of certain creditors, the Borrower and its holding company was placed under judicial management on September 2019. Accordingly, the Group has made full impairment of S$2,111,124 since financial year 2019 (Note 31 (iii)(b)). On 13 January 2022, High Court of Singapore ordered the holding company of Borrower I to be wound up. As at date of authorisation of these financial statements, the recoverability of these balances remains uncertain.

(2) Loan receivable II, a principal amount of S$2,300,000 and the related interest receivable of S$138,742, due from a third party company ("Borrower II"), which arose from the acquisition of a subsidiary, PHH, in the previous financial year ended 31 December 2018, was unsecured and bears interest at 1% per month.

The loan was due for repayment on 6 May 2019 in cash. However, the Group has not been able to contact Borrower II to date. Accordingly, the Group has made full impairment of S$2,438,742 since financial year 2019 (Note 31 (iii)(b)). As at date of authorisation of these financial statements, the recoverability of these balances remains uncertain.

11. TRADE AND OTHER RECEIVABLES (Continued)

Details of other receivables are as follows: (Continued)

(3) The amounts due from subsidiaries are non-trade in nature, unsecured, interest-free and are repayable on demand in cash.

(4) Advance payment to a supplier pertains to an amount paid to a third party which was not offset against subsequent billings upon completion of the project in prior years. A repayment schedule with the supplier was signed in February 2021 and the balances are to be repaid by monthly instalment of S$5,000 over a period of 29 months, commencing in March 2021. However, the supplier did not meet the repayment schedule and the Group has made impairment of S$125,000 in previous financial year after taking into account of subsequent receipt of S$5,000 from the supplier in February 2022. In current year, the supplier managed to repay S$45,000 to the Group, as a result, the Group has made an reversal of impairment loss of S$40,000.

12. OTHER CURRENT ASSETS

	Group		Company	
	2022	**2021**	**2022**	**2021**
	S$	**S$**	**S$**	**S$**
		(Restated)		
Refundable deposits	317,022	183,189	–	–
Prepayments	131,663	491,279	8,000	26,725
Others	23,000	15,409	–	–
	471,685	689,877	8,000	26,725

13. CASH AND BANK BALANCES

	Group		Company	
	2022	**2021**	**2022**	**2021**
	S$	**S$**	**S$**	**S$**
		(Restated)		
Cash at bank balances	4,879,450	7,750,483	110,853	153,613
Bank deposit	200,000	200,000	–	–
Short-term fixed deposit	2,000,000	–	–	–
Cash and bank balances	7,079,450	7,950,483	110,853	153,613

For the purpose of presenting the consolidated statement of cash flows, cash and cash equivalents comprise the following:

	Group	
	2022	**2021**
	S$	**S$**
		(Restated)
Cash at bank balances	7,079,450	7,950,483
Less: Bank deposit pledged	(200,000)	(200,000)
Cash and cash equivalents per consolidated statement of cash flows	6,879,450	7,750,483

Bank deposit are pledged in relation to the lease of ready-mix concrete batching plant in Pulau Punggol Timor as disclosed in Note 5.

14. TRADE AND OTHER PAYABLES

	Group		Company	
	2022	2021	2022	2021
	S$	S$	S$	S$
Trade payables				
- third parties	2,301,599	2,261,577	–	–
Other payables:				
- accrued operating expenses	914,345	664,262	111,000	119,400
- contract liabilities (1)	2,880	8,894	–	–
- due to subsidiaries (2)	–	–	11,740,001	11,420,001
- due to a former shareholder of a subsidiary (3)	700,000	700,000	–	–
- deposits received (4)	1,112,942	1,022,952	–	–
- other deposits (5)	757,962	757,962	–	–
- sundry creditors	18,699	214,054	–	–
- GST payable	168,259	173,037	–	–
- deferred grant income	25,056	–	–	–
	3,700,143	3,541,161	11,851,001	11,539,401
Trade and other payables	6,001,742	5,802,738	11,851,001	11,539,401
Presented as:				
Current	5,725,659	5,118,217	11,851,001	11,539,401
Non-current – deposits received (4) (other liabilities)	276,083	684,521	–	–
	6,001,742	5,802,738	11,851,001	11,539,401

The credit period for trade payables generally ranges from 30 to 60 days (2021: 30 to 60 days). No interest is charged on the trade payables for outstanding balances.

Details of other payables are as follows:

(1) Contract liabilities represent advances from customers.

(2) The amounts due to subsidiaries are non-trade in nature, unsecured, interest-free and are repayable on demand in cash. Included is an amount of S$11,000,000 (2021: S$11,000,000) pertaining to the novation of amount due from former shareholder of its subsidiary, EMS, as part of the consideration of the acquisition by the Group in the previous financial years.

(3) The amount is non-trade in nature, unsecured, interest-free and repayable on demand in cash.

(4) The deposits received pertain to security deposits received from the tenants from the leasing and service income segment. The amount is classified as current/non-current liabilities based on expiry of non-cancellable lease term.

(5) The other deposits pertain to deposits totalling S$ 747,827 placed by potential buyers for the purchase of the Group's financial assets at FVOCI (Note 9). The transaction was made prior to the Group's acquisition of business of Engineering Manufacturing Services (S) Pte. Ltd. in the financial year ended 31 December 2017. The Group intends to re-negotiate or return the deposits to the potential buyers, since there were no sale and purchase agreements signed for the transaction at the time the deposits were placed by these potential buyers. However, the Group has not been able to contact the potential buyers to date. At the date of authorisation of these financial statements, the foregoing matter remains status quo.

15. LEASE LIABILITIES WITH FINANCIAL INSTITUTIONS

The Group has leased certain of its office equipment and motor vehicles from financial institutions via hire-purchase arrangements. These are classified as lease liabilities from financial institutions and are payable within 5 years. The Group's obligation under lease liabilities from financial institutions are secured by the lessors' title to the leased assets as disclosed in Note 3(a).

Future minimum lease payments under these lease liabilities from financial institutions together with the present value of the net minimum lease payments are as follows:

	2022		2021	
Group	**Minimum lease payments S$**	**Present value of minimum lease payments S$**	**Minimum lease payments S$**	**Present value of minimum lease payments S$**
Amount payable under lease liabilities from financial institutions:				
Within one year	240,120	217,853	19,356	15,848
Between two to five years	736,535	674,289	14,788	13,042
Total minimum lease payments	976,655	892,142	34,144	28,890
Less: Future finance charges	(84,513)		(5,254)	
Present value of minimum lease payments	892,142		28,890	
Less:				
Repayable within one year included under current liabilities		(217,853)		(15,848)
Repayable within two to five years included under non-current liabilities		(674,289)		(13,042)

During the financial year ended 31 December 2022, the lease liabilities from financial institutions weighted average effective interest rates are ranging from 1.85% to 7.00% (2021: 2.08% to 7.00%) per annum.

16. LEASE LIABILITIES

The Group incurs variable lease payments to JTC Corporation for the sub-letting of its leasehold premises which is based on the actual areas sub-let. Such payments for the next financial year, not included in lease liabilities above, is estimated to be S$155,000 (2021: S$76,000) based on the sub-letting arrangements entered into as at 31 December 2022.

	Group	
	2022 S$	**2021 S$**
Non-current liabilities		
- Repayable within two to five years	1,131,812	1,142,409
- Repayable after five years	3,920,405	4,210,766
	5,052,217	5,353,175
Current liabilities	472,352	623,797
	5,524,569	5,976,972

16. LEASE LIABILITIES (Continued)

Future minimum lease payments under these lease liabilities together with the present value of the net minimum lease payments are as follows:

	2022		2021	
Group	Minimum lease payments S$	Present value of minimum lease payments S$	Minimum lease payments S$	Present value of minimum lease payments S$
Amount payable under lease liabilities				
Within one year	604,209	472,352	773,109	623,797
Between two to five years	1,581,410	1,131,812	1,620,887	1,142,409
More than five years	4,509,288	3,920,405	4,901,400	4,210,766
Total	6,694,907	5,524,569	7,295,396	5,976,972

The total cash outflows for the year for all leases contracts amounted to S$1,006,339 (2021: S$764,123), which includes leases expenses not included in lease liabilities, as disclosed in Note 26.

17. DEFERRED TAX LIABILITIES

Deferred tax (assets) and liabilities are offset when there is a legally enforceable right to set-off current tax assets against current tax liabilities and when deferred income taxes relate to the same fiscal authority. The following amounts, determined after appropriate offsetting, are shown in the consolidated statement of financial position:

	Group	
	2022 S$	2021 S$
Deferred tax liabilities, net	7,601,036	8,089,480

The components and movements of deferred tax liabilities and assets during the year prior to offsetting are as follows:

Group	Fair value adjustments on business combination S$	Lease liabilities S$	Provisions S$	Accelerated tax depreciation S$	Total S$
2022					
Deferred tax assets					
At beginning of year	–	32,225	17,252	–	49,477
Recognised in profit or loss	–	19,727	6,666	–	26,393
At end of year	–	51,952	23,918	–	75,870

17. DEFERRED TAX LIABILITIES (Continued)

The components and movements of deferred tax liabilities and assets during the year prior to offsetting are as follows: (Continued)

Group 2022	Fair value adjustments on business combination S$	Lease liabilities S$	Provisions S$	Accelerated tax depreciation S$	Total S$
Deferred tax liabilities					
At beginning of year	(8,132,215)	–	–	(6,742)	(8,138,957)
Recognised in profit or loss	486,922	–	–	(24,871)	462,051
At end of year	7,645,293	–	–	(31,613)	(7,676,906)
2021					
Deferred tax assets					
At beginning of year	–	22,528	74,832	–	97,360
Recognised in profit or loss	–	9,697	(27,580)	–	(17,883)
Overprovision in prior year	–	–	(30,000)	–	(30,000)
At end of year	–	32,225	17,252	–	49,477
Deferred tax liabilities					
At beginning of year	(8,905,212)	–	–	(6,225)	(8,911,437)
Recognised in profit or loss	772,997	–	–	(517)	772,480
At end of year	(8,132,215)	–	–	(6,742)	(8,138,957)

18. BANK BORROWINGS

Undrawn borrowing facility

As at 31 December 2022, the Group has available undrawn money market loan facility of S$8,000,000 (2021: S$8,000,000). All borrowing facility of the Group has not yet transitioned to new benchmark rates.

The banking facilities of the Group are secured by:

(i) Joint and several personal guarantees by 3 directors of a subsidiary, of whom 2 of them are also the directors of the Company;

(ii) Corporate guarantee by the Company and a subsidiary;

(iii) Legal mortgage of a subsidiary's leasehold industrial buildings (Note 3 and 4); and

(iv) Assignment of rental proceeds / Charge over rental account to be executed of all current and future rental income from the leasehold investment property.

Banking facilities of the Group bear the interest rate as follows:

	Interest rate (per annum)	Group 2022 %	 2021 %
Lease liabilities from financial institutions	Fixed rate	1.85 to 7.00	2.08 to 7.00

18. BANK BORROWINGS

The table below details changes in the Group's liabilities arising from financing activities:

Group	At 1 January	Principal payments	Interest paid	New leases	Accretion of interest (Note 25)	Termination (Note 23) *	Rent concession received (Note 23)	Currency translation	At 31 December
		Financing cash flows		Non-cash changes					
	S$	S$	S$	S$	S$	S$	S$	S$	S$
2022									
Lease liabilities with financial institutions (Note 15)	28,890	(203,548)	(19,918)	1,066,800	19,918	–	–	–	892,142
Lease liabilities (Note 16)	5,976,972	(523,960)	(148,389)	79,500	148,389	–	–	(7,943)	5,524,569
Due to a former shareholder of its subsidiary (Note 14)	700,000	–	–	–	–	–	–	–	700,000
	6,705,862	(727,508)	(168,307)	1,146,300	168,307	–	–	(7,943)	7,116,711
2021									
Short-term bridging loan	100,000	(100,000)	(2,290)	–	2,290	–	–	–	–
Lease liabilities with financial institutions (Note 15)	26,758	(32,708)	(2,874)	34,840	2,874	–	–	–	28,890
Lease liabilities (Note 16)	6,098,315	(452,008)	(167,700)	537,944	167,700	(159,702)	(44,291)	(3,286)	5,976,972
Due to a former shareholder of its subsidiary (Note 14)	700,000	–	–	–	–	–	–	–	700,000
	6,925,073	(584,716)	(172,864)	572,784	172,864	(159,702)	(44,291)	(3,286)	6,705,862

* In 2019, the Group has early terminated lease where the corresponding ROU asset had been fully impaired in the same year. Accordingly, the Group recognised a gain on termination of S$159,702 in profit or loss (Note 23).

19. PROVISION FOR DEFECT LIABILITY

	Group	
	2022	2021
	S$	S$
At beginning of the year	240,000	240,000
Reversal during the year, net (Note 26)	(190,000)	–
As at end of year	50,000	240,000

The Group offers warranties for its underground cable installation services for a period of 2 to 5 years and undertakes to rectify defects within this period.

20. SHARE CAPITAL

	Group and Company			
	2022		2021	
	Number of ordinary shares	S$	Number of ordinary shares	S$
Issued and fully paid				
At beginning and end of the year	1,780,860,561	35,225,394	1,780,860,561	35,225,394

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

21. RESERVES

The movements in the Group's reserves are presented in the consolidated statement of changes in equity.

(a) The Group's merger reserve represents the difference between the nominal value of the shares of the subsidiary acquired pursuant to the group restructuring prior to the Company's initial public offering over the nominal value of the Company's shares issued in exchange thereof.

(b) The Group's translation reserve represents exchange differences arising from the translation of the financial statements of the group entities whose functional currencies are different from that of the Group's presentation currency.

(c) The Group's fair value reserve arises from net changes in the fair value of financial assets at FVOCI. Reserve relating to equity investment designated to be measured at FVOCI will be transferred to retained earnings upon the disposal of the investment. In year 2021, the Group has written down the entire fair value of investment of S$34,755 to zero as the investee is in the midst of liquidation (Note 9). The liquidation process is currently ongoing as of the date of financial statements.

The movements in the Company's reserves are as follows:

	Company	
	2022	2021
	S$	S$
Accumulated losses		
At beginning of the year	(21,584,455)	(19,694,130)
Profit / (Loss) for the year	226,915	(1,890,325)
At end of the year	(21,357,540)	(21,584,455)

22. REVENUE

	Group	
	2022	2021
	S$	S$
Revenue from contracts with customers	13,840,003	12,143,525
Rental income from leasehold industrial buildings (Note 4)	7,747,957	7,927,136
	21,587,960	20,070,661

Revenue transactions that were contracted with an entity in which certain directors of the Group and the Company have indirect equity interests are as follows. The same entity is referred to as Customer A in Note 30, which contributed to more than 10% of the Group's revenue.

	Group	
	2022	2021
	S$	S$
Revenue from contracts with customers	1,883,438	2,652,887
Rental income from leasehold industrial buildings	523,991	504,122
Installation costs of machineries capitalised (Note 3)	221,436	–

(a) *Disaggregation of revenue*

The Group derives revenue from the transfer of goods and services over time and at a point in time in the following major type of goods and services and geographical location based on location of customers.

	Group		
By type of goods and services and timing of revenue recognition	**At a point in time**	**Over time**	**Total**
	S$	**S$**	**S$**
2022			
Warehousing and service income	–	102,244	102,244
Manufacturing of precast concrete products:			
- Sale of goods	2,466,094	–	2,466,094
Supply and manufacturing of ready-mix concrete products:			
- Sale of goods	9,242,757	–	9,242,757
Provision of underground cable installation and road reinstatement services	–	1,956,470	1,956,470
Supply of labour and equipment	–	72,438	72,438
	11,708,851	2,131,152	13,840,003
2021			
Warehousing and service income	–	104,122	104,122
Manufacturing of precast concrete products:			
- Sale of goods	2,520,571	–	2,520,571
Supply and manufacturing of ready-mix concrete products:			
- Sale of goods	6,546,126	–	6,546,126
Provision of underground cable installation and road reinstatement services	–	2,652,887	2,652,887
Supply of labour and equipment	–	319,819	319,819
	9,066,697	3,076,828	12,143,525

22. REVENUE (Continued)

(b) Contract balances

Contracts with customers gives rise to the following balances as at the reporting date:

	2022 $	2021 $
Trade receivables (Note 11)	3,644,371	3,435,875
Contract assets	970,926	202,267
Contract liabilities (Note 14)	2,880	8,894

Contract assets relate to the Group's right to consideration for work completed but yet to be billed at reporting date which will be transferred to trade receivables when the rights become unconditional upon invoicing.

Contract liabilities relate to advance consideration received from customers for sales of ready-mix concrete if the amount invoiced to the customers exceeded the value of services rendered, a contract liability is recognised and presented separately.

Significant changes in the contract assets and the contract liabilities balances during the year are as follows:

	2022 $	2021 $
Contract liabilities		
Revenue recognised that was included in the contract liabilities balance at the beginning of the year	6,015	69,012
Cash received in advance but not recognised as revenue	2,880	8,894
Contract assets		
Net increase in progress	768,659	202,267

23. OTHER INCOME

	Group	
	2022 S$	2021 S$
Government grants received		
- Jobs Support Scheme (1)	–	170,585
- Foreign Worker Levy rebate (2)	66,100	94,071
- Others	75,148	55,601
	141,248	320,257
Rent concessions received, as lessee (3) (Note 18)	–	44,291
Gain on disposal of property, plant and equipment	223,786	136,358
Gain on termination of right-of-use assets (Note 18)	–	159,702
Parking fees and related charges	140,413	155,989
Sub-work income	10,101	58,458
Reversal of provision for defect liability (Note 19)	190,000	–
Miscellaneous income	67,190	122,008
	772,738	997,063

23. OTHER INCOME (Continued)

Notes

(1) The Job Support Scheme ("JSS") was a temporary scheme introduced in the Singapore Budget 2020 to help enterprises retain local employees. Under JSS, employers will receive cash grants in relation to the gross monthly wages of eligible employees. The JSS payout has ended in March 2022

(2) The Foreign Work Levy (FWL) rebate was provided by the Singapore government to help ease the labour costs of businesses. As part of the qualifying conditions of the grant, this levy was used to provide for the pay and upkeep of foreign workers during the Circuit Breaker.

(3) Rent concessions in 2021 were COVID-19 related and received from lessors which the Group has applied practical expedient as disclosed in Note 2.14. No such rent concession received by the Group in current financial year.

24. OTHER EXPENSES

	Group	
	2022	**2021**
	S$	**S$**
Other expenses comprise of:		
- Impairment loss on right-of-use assets (Note 5)	–	115,744
- Impairment loss on property, plant and equipment (Note 3)	–	48,721
- Impairment loss on intangible assets (Note 6)	–	846,234
- Amortisation of intangible assets (Note 6)	106,153	938,575
- Others	3,176	3,845
- Foreign exchange, net	47,858	–
	157,187	1,953,119

25. FINANCE COSTS

	Group	
	2022	**2021**
	S$	**S$**
Interest expense:		
- Lease liabilities from financial institutions (Note 18)	19,918	2,874
- Lease liabilities (Note 18)	148,389	167,700
- Bank borrowings (Note18)	–	2,290
	168,307	172,864
Others	2,191	1,177
	170,498	174,041

26. LOSS BEFORE TAX

This is determined after charging / (crediting) the following:

	Group 2022 S$	Group 2021 S$
Auditors' remuneration paid/payable to:		
- auditors of the Company	95,000	93,971
- other auditors	3,892	3,243
Amortisation of intangible assets (Note 6)	106,153	938,575
Bad debts written off – Other current assets	1,150	10,220
Depreciation of property, plant and equipment (Note 3)	500,643	445,255
Depreciation of right-of-use assets (Note 5)	284,406	166,077
Depreciation of investment properties (Note 4)	3,109,594	3,109,594
Impairment loss on property, plant and equipment (Note 3)	–	48,721
Impairment loss on intangible assets (Note 6)	–	846,234
Impairment loss on right-of-use assets (Note 5)	–	115,744
(Reversal)/Allowance for impairment loss on financial assets:	(184,497)	456,851
- other receivables (Note 31 (iii)(b))	(40,000)	125,000
- trade receivables (Note 31 (iii)(a))	(144,497)	331,851
Lease expenses not included in lease liabilities:		
- Short term leases	–	20,160
- Variable lease payments not based on index	110,524	88,673
Reversal of provision for defect liability (Note 19)	(190,000)	–
Professional fees	294,571	280,942
Personnel expenses (Note 27)	5,402,619	5,219,770

27. PERSONNEL EXPENSES

	Group 2022 S$	Group 2021 S$
Directors of the Company:		
- Directors' fees	120,000	120,000
Directors of the subsidiaries:		
- Directors' remuneration and related costs	2,328,580	2,227,280
- Defined contributions plan expenses	88,712	86,214
Total key management personnel remuneration	2,537,292	2,433,494
Other personnel:		
- Salaries and related costs	2,719,584	2,642,825
- Defined contributions plan expenses	145,743	143,451
	2,865,327	2,786,276
	5,402,619	5,219,770
Total personnel expenses comprise:		
- Short term employee benefits	(190,000)	4,990,105
- Defined contributions plan expenses	234,455	229,665
	5,402,619	5,219,770

27. PERSONNEL EXPENSES (Continued)

Total key management personnel remunerations included as above include:

	Group 2022 S$	Group 2021 S$
Short term employee benefits	2,448,580	2,347,280
Defined contributions plan expenses	88,712	86,214
	2,537,292	2,433,494

Key management personnel are those persons having the authority and responsibility for planning, directing and controlling the activities of the Company and respective subsidiaries, including all directors of the Company and respective subsidiaries.

28. INCOME TAX CREDIT

	Group 2022 S$	Group 2021 S$
Income tax		
- Current	207,000	112,000
- Under/(Over) provision in prior years	10,895	(117,403)
	217,895	(5,403)
Deferred tax		
- Origination and reversal of temporary differences (Note 17)	(488,444)	(754,597)
- Over provision in prior years	–	30,000
	(488,444)	(724,597)
	(270,549)	(730,000)

The income tax on the loss before income tax varies from the amount of income tax determined by applying the applicable tax rates in each jurisdiction the Group operates due to the following:

	Group 2022 S$	Group 2021 S$
Loss before income tax	(1,781,124)	(3,022,382)
Income tax calculated at applicable tax rates	(302,791)	(513,805)
Non-deductible expenses	134,654	134,316
Income not subject to tax	(14,513)	(176,962)
Tax exemption	(17,425)	(17,590)
Deferred tax assets not recognised	17,096	11,627
Utilisation of deferred tax assets not recognised in prior years	(98,465)	(80,183)
Under/(Over) provision of current income tax in prior years	10,895	(117,403)
Under provision of deferred tax in prior years	–	30,000
	(270,549)	(730,000)

28. INCOME TAX CREDIT (Continued)

The corporate income tax applicable to the Company and other entities of the Group, which are mostly incorporated in Singapore, is 17% (2021: 17%).

Deferred tax assets are recognised for unutilised tax losses and other deductible temporary differences carried forward to the extent that the realisation of the related tax benefits through future taxable profit is probable. As at 31 December 2022, the Group has unutilised tax losses and other deductible temporary differences of approximately S$2,384,000 (2021: S$2,345,000) and S$472,000 (2021: S$985,000) respectively for which no deferred tax assets has been recognised due to uncertainty of its recoverability.

These unutilised tax losses and other deductible temporary differences can be carried forward and used to offset against future taxable income of those entities in the Group in which the losses arose, subject to the agreement of the tax authorities and compliance of the relevant provisions of the tax legislation of the respective countries in which they operate. The unutilised tax losses and other deductible temporary differences have no expiry dates, except for S$674,663 (2021: S$620,320) which will expire between year 2028 to 2032.

The deferred tax assets arising from these unutilised tax losses and other deductible temporary differences of approximately S$537,000 (2021: S$618,000) have not been recognised due to the uncertainty of its recoverability in foreseeable future.

29. LOSS PER SHARE

Basic loss per share is calculated by dividing the net loss attributable to equity holders of the Company by the weighted average number of ordinary shares outstanding during the year. The loss and weighted number of ordinary shares used in the calculation of basic loss per share are as follows:

	Group	
	2022	**2021**
	S$	**S$**
Loss for the year attributable to equity holders of the Company	(1,504,802)	(2,272,189)
Weighted average number of ordinary shares used in the calculation of loss per share	1,780,860,561	1,780,860,561
Basic and diluted (i) loss per share		
- SGD cents	(0.08)	(0.13)

Note:

(i) The Company has no dilutive potential ordinary shares for the financial year ended 31 December 2022 and 2021 and there was no ordinary share that may be issued upon the exercise of any share option outstanding as at 31 December 2022 and 2021.

30. SEGMENT INFORMATION

For management purposes, the Group is organised into business segments based on their products as the Group's risks and rates of return are affected predominantly by differences in the products produced. Each reportable segments represent a strategic business unit and management monitors the segment results (gross profit) of these business units separately for the purpose of making decisions in relation to resource allocation and performance assessment. The accounting policies of the reportable segments are the same as the Group's accounting policies disclosed in Note 2.

At reporting date, the Group is primarily engaged in four business segments namely, leasing and service income, manufacturing of precast concrete products, supply and manufacturing of ready-mix concrete products and provision of underground cable installation and road reinstatement. Other segments (corporate) include investment holding companies which does not meet any of the quantitative threshold for determining reportable segments in 2022 and 2021 and includes unallocated items.

Group	Leasing and service income S$	Manufacturing of precast concrete products S$	Supply and manufacturing of ready-mix concrete products S$	Provision of underground cable installation and road reinstatement S$	Corporate S$	Total S$
2022						
Revenue						
- Sale of goods	–	3,337,289	9,315,420	–	–	12,652,709
- Service income	102,244	–	–	2,038,625	–	2,140,869
- Rental income	8,705,376	–	–	–	–	8,705,376
- Inter-segment sales	(957,419)	(871,195)	(72,663)	(9,717)	–	(1,910,994)
Sales to external parties	7,850,201	2,466,094	9,242,757	2,028,908	–	21,587,960
Segment results – Gross profit / (loss)	3,036,178	444,375	1,474,933	(1,118,470)	–	3,837,016
Other income	189,569	49,329	83,004	450,836	–	772,738
Allocated operating expenses – net	(2,143,137)	(436,348)	(1,582,019)	(1,671,302)	(387,574)	(6,220,380)
Finance costs	(136,631)	(4,683)	(28,186)	(998)	–	(170,498)
Profit / (Loss) before income tax	945,979	52,673	(52,268)	(2,339,934)	(387,574)	1,781,124
Income tax	270,549	–	–	–	–	270,549
Profit / (Loss) for the year	1,216,528	52,673	(52,268)	(2,339,934)	(387,574)	(1,510,575)
Segment assets	58,721,875	680,157	5,140,577	2,100,558	128,691	66,771,858
Segment liabilities	15,595,977	402,370	2,905,757	1,257,230	120,052	20,281,386
Other information:						
Amortisation of intangible assets	82,452	–	23,701	–	–	106,153
Bad debts written off	–	–	–	1,150	–	1,150
Depreciation of investment properties	3,109,594	–	–	–	–	3,109,594
Depreciation of property, plant and equipment	120,879	41,730	238,468	99,566	–	500,643
Depreciation of right-of-use assets	–	–	284,406	–	–	284,406
(Reversal)/Provision of impairment loss on financial assets, net	(172,865)	(82,400)	118,118	(47,350)	–	(184,497)
Reversal of provision for defect liability	–	–	–	(190,000)	–	(190,000)
Gain on disposal of property, plant and equipment	–	(33,237)	(71,444)	(119,105)	–	(223,786)

30. SEGMENT INFORMATION (Continued)

Group	Leasing and service income S$	Manufacturing of precast concrete products S$	Supply and manufacturing of ready-mix concrete products S$	Provision of underground cable installation and road reinstatement S$	Corporate S$	Total S$
2021						
Revenue						
- Sale of goods	–	3,334,677	6,615,354	–	–	9,950,031
- Service income	104,122	–	–	3,059,414	–	3,163,536
- Rental income	8,885,156	–	–	–	–	8,885,156
- Inter-segment sales	(958,020)	(814,106)	(69,228)	(86,708)	–	(1,928,062)
Sales to external parties	8,031,258	2,520,571	6,546,126	2,972,706	–	20,070,661
Segment results – Gross profit / (loss))	2,953,984	580,728	1,126,731	(106,963)	–	4,554,480
Other income	229,698	215,350	274,597	277,418	–	997,063
Allocated operating expenses – net	(2,357,191)	(722,273)	(1,310,300)	(3,636,912)	(373,208)	(8,399,884)
Finance costs	(144,972)	(13,150)	(14,129)	(1,790)	–	(174,041)
Profit / (Loss) before income tax	681,519	60,655	76,899	(3,468,247)	(373,208)	(3,022,382)
Income tax	514,008	–	–	215,992	–	730,000
Profit / (Loss) for the year	1,195,527	60,655	76,899	(3,252,255)	(373,208)	(2,292,382)
Segment assets	61,538,616	651,906	3,162,597	2,670,785	173,399	68,197,303
Segment liabilities	16,147,113	339,288	2,005,449	1,633,039	125,599	20,250,488
Other information:						
Amortisation of intangible assets	494,708	–	20,750	423,117	–	938,575
Bad debts written off	–	–	–	10,220	–	10,220
Depreciation of investment properties	3,109,594	–	–	–	–	3,109,594
Depreciation of property, plant and equipment	85,622	81,586	129,794	148,253	–	445,255
Depreciation of right-of-use assets	–	16,534	149,543	–	–	166,077
Gain on termination of right-of-use assets	–	(159,702)	–	–	–	(159,702)
Impairment loss on intangible assets	–	–	–	846,234	–	846,234
Impairment loss on property, plant and equipment	–	–	–	48,721	–	48,721
Impairment loss on right-of-use assets	–	115,744	–	–	–	115,744
Provision of impairment loss on financial assets, net	182,811	98,635	36,624	138,781	–	456,851

30. SEGMENT INFORMATION (Continued)

Geographical information

Revenue and non-current assets of the Group are based in Singapore except for ROU assets – Factory which is based in Malaysia and has been fully impaired in the previous financial year.

Information about major customers

Revenue of S$4,943,506 (2021: S$5,819,169), or 23% (2021: 29%) of the Group's revenue is derived from significant customers in Singapore which is attributable to the following segments:

		2022	2021
		S$	S$
Segments			
Leasing and service income	Customer A	523,991	504,122
Provision of underground cable installation and road reinstatement	Customer A	1,883,438	2,652,887
		2,407,429	3,157,009
Supply and manufacturing of ready-mix concrete products	Customer B	2,536,077	2,662,160
		4,943,506	5,819,169

31. FINANCIAL INSTRUMENTS

The Group's activities expose it to a variety of market risk (including currency risk, interest rate risk and equity price risk), liquidity risk and credit risk. The Group's overall risk management strategy seeks to minimise adverse effects from the unpredictability of financial markets on the Group's financial performance. The Board of Directors of the Company is responsible for setting the objectives and underlying principles of financial risk management for the Group. The Audit Committee provides independent oversight on the effectiveness of the risk management process.

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

(i) Market risk

(a) *Currency risk*

Foreign currency risk refers to the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. In the opinion of the management, the Group and the Company are not subject to significant currency risk arising from fluctuation in foreign exchange rates.

(b) *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. As at 31 December 2022, the only interest bearing financial instruments are lease liabilities from financial institutions and lease liabilities which are at fixed rate. In the opinion of the management, the Group and the Company are not subject to significant interest rate risk arising from fluctuation in the interest rates.

31. FINANCIAL INSTRUMENTS (Continued)

(ii) Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting financial obligations due to shortage of funds. The Group's exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and financial liabilities.

The table below analyses the maturity profile of the Group's financial liabilities based on contractual undiscounted cash flows.

		Contractual cash flows			
Group	Carrying amount S$	Total S$	Within 1 year S$	Between 2 to 5 years S$	Over 5 years S$
2022					
Lease liabilities from financial institutions	892,142	976,655	240,120	736,535	–
Lease liabilities	5,524,569	6,694,907	604,209	1,581,410	4,509,288
Trade and other payables	5,805,547	5,805,547	5,529,464	276,083*	–
	12,222,258	13,477,109	6,373,793	2,594,028	4,509,288
2021					
Lease liabilities from financial institutions	28,890	34,144	19,356	14,788	–
Lease liabilities	5,976,972	7,295,396	773,109	1,620,887	4,901,400
Trade and other payables	5,620,807	5,620,807	4,936,286	684,521*	–
	11,626,669	12,950,347	5,728,751	2,320,196	4,901,400

* represents rental security deposits received (Note 14(4)), based on expiry of non-cancellable lease term.

(iii) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. For trade receivables, the Group adopts the policy of dealing only with customers of appropriate credit history, and obtaining sufficient security where appropriate to mitigate credit risk.

Credit exposure to an individual counterparty is restricted by credit limits that are approved by the management based on ongoing credit evaluation. The counterparty's payment profile and credit exposure are continuously monitored at the entity level by the respective management and at the Group level by management.

As at reporting date, the carrying amounts of trade and other receivables, other current assets (excludes prepayments) and cash and bank balances, represent the Group's maximum exposure to credit risk in relation to financial assets. No other financial assets carry a significant exposure to credit risk.

Cash and bank balances are placed with reputable financial institutions. Therefore, credit risk arises mainly from the inability of its customers and borrowers of loan receivables to make payments when due. For other financial assets, the Group adopts the policy of dealing only with high credit quality counterparties.

The Group's trade receivables are non-interest bearing and are generally on 30 – 60 days (2021: 30 – 60 days) credit terms.

Other than disclosed below, there are no credit risk concentration included in the Group's and the Company's financial assets.

31. FINANCIAL INSTRUMENTS (Continued)

(iii) Credit risk (Continued)

Expected Credit Losses

The Group manages credit loss based on Expected Credit Losses (ECL) model. The Group and Company uses a similar approach for assessment of ECLs for its other financial assets to those used for trade receivables and contract assets.

(a) Trade receivables and contract assets

The Group's exposure to credit risk from trade receivables and contract assets are linked to the individual characteristics of each customer, and also influenced by the default risk specific to the industry or country brought about by the general economic condition.

The Group uses a provision matrix to measure the lifetime expected credit loss allowance for trade receivables and contract assets.

In measuring the expected credit losses, trade receivables and contract assets are grouped based on the industries in which the Group operates and days past due. In calculating the expected credit loss rates, the Group considers historical rates for each category of customers and adjusts to reflect current and forward-looking macroeconomic factors affecting the ability of the customers to settle the receivables.

Trade receivables are written off when the assets become uncollectible.

The Group's credit risk exposure in relation to trade receivables and contract assets under SFRS(I) 9 as at 31 December 2022 are set out in the provision matrix as follows:

		Past due			
Group	**Within 30 days S$**	**30 to 90 days S$**	**90 to 180 days S$**	**More than 180 days S$**	**Total S$**
2022					
Leasing and service income segment [(1)]					
Expected loss rate	2.7%	18.2%	68.1%	100%	
Gross carrying amount	246,876	136,191	120,166	192,384	695,617
Loss allowance	(6,554)	(24,850)	(81,907)	(192,384)	(305,695)
	240,322	111,341	38,259	–	389,922
Supply and manufacturing concrete products segments [(2)]					
Expected loss rate	6.0%	7.5%	28.1%	99.9%	
Gross carrying amount	1,143,838	1,825,370	130,303	82,154	3,181,665
Loss allowance	(68,270)	(136,410)	(36,551)	(82,084)	(323,315)
	1,075,568	1,688,960	93,752	70	2,858,350
Provision of underground cable installation and road reinstatement segment [(3)]					
Expected loss rate	0.01%	0.7%	4.1%	100%	
Gross carrying amount	1,038,961	64,765	275,165	36,336	1,415,227
Loss allowance	(118)	(424)	(11,324)	(36,336)	(48,202)
	1,038,843	64,341	263,841	–	1,367,025

31. FINANCIAL INSTRUMENTS (Continued)

(iii) Credit risk (Continued)

Expected Credit Losses (Continued)

(a) Trade receivables and contract assets (Continued)

The Group's credit risk exposure in relation to trade receivables and contract assets under SFRS(I) 9 as at 31 December 2021 are set out in the provision matrix as follows:

		Past due			
Group	**Within 30 days**	**30 to 90 days**	**90 to 180 days**	**More than 180 days**	**Total**
	S$	**S$**	**S$**	**S$**	**S$**
2021					
Leasing and service income segment (1)					
Expected loss rate	3.6%	12.0%	50.5%	100.0%	
Gross carrying amount	271,212	98,247	286,237	457,119	1,112,815
Loss allowance	(9,674)	(11,758)	(144,506)	(457,119)	(623,057)
	261,538	86,489	141,731	–	489,758
Supply and manufacturing concrete products segments (2)					
Expected loss rate	3.2%	15.0%	66.7%	100.0%	
Gross carrying amount	1,289,301	742,984	103,176	88,656	2,224,117
Loss allowance	(40,854)	(111,381)	(68,786)	(88,656)	(309,677)
	1,248,447	631,603	34,390	–	1,914,440
Provision of underground cable installation and road reinstatement segment (3)					
Expected loss rate	0.05%	0.3%	11.3%	96.3%	
Gross carrying amount	266,552	939,250	33,054	50,640	1,289,496
Loss allowance	(146)	(2,876)	(3,750)	(48,780)	(55,552)
	266,406	936,374	29,304	1,860	1,233,944

(1) Customers are dispersed in various industries, and the management believes that no allowance for impairment beyond the allowance above is necessary as the balances relate mainly to tenants that have a good record with the Group or have sufficient security deposits as collateral.

(2) Subsidiaries in the supply and manufacturing concrete products segments mainly supplies to large customers base operating in construction material supplies industry, out of which a net amount of approximately S$582,000 (2021: S$572,000) is owing from a single customer in the manufacturing of precast concrete products segment.

(3) This segment deals with a few customers engaging in construction engineering, out of which an amount of approximately S$1,353,000 (2021: S$1,182,000) is owing from a single customer.

31. FINANCIAL INSTRUMENTS (Continued)

(iii) Credit risk (Continued)

Expected Credit Losses (Continued)

(a) Trade receivables and contract assets (Continued)

The movement of the life-time ECL on trade receivables is as follows:

Group	Collective impairment – Not credit impaired S$	Individual impairment – Credit impaired S$	Total S$
2022			
Balance at beginning of the year	288,847	699,439	988,286
ECL allowance written back during the year	(65,818)	(206,651)	(272,469)
ECL allowance recognised during the year	109,972	18,000	127,972
	44,154	(188,651)	(144,497)
Written off	–	(166,577)	(166,577)
Balance at end of the year (Note 11)	333,001	344,211	677,212
2021			
Balance at beginning of the year	422,089	234,346	656,435
ECL allowance recognised during the year	216,516	115,335	331,851
Transfer to credit impaired	(349,758)	349,758	–
	(133,242)	465,093	331,851
Balance at end of the year (Note 11)	288,847	699,439	988,286

(b) Other receivables, including amount due from subsidiaries

The credit risk exposure from other receivables of the Group and the Company are as follows:

	Group		Company	
	2022 S$	2021 S$	2022 S$	2021 S$
Other receivables:				
- loan receivable I	2,111,124	2,111,124	–	–
- loan receivable II	2,438,742	2,438,742	–	–
- due from subsidiaries	–	–	2,231,822	2,231,822
- others	180,759	254,670	–	–
Total gross carrying amount	4,730,625	4,804,536	2,231,822	2,231,822
Lifetime ECL allowance	(4,634,866)	(4,674,866)	(2,231,822)	(2,231,822)
Carrying amount	95,759	129,670	–	–

31. FINANCIAL INSTRUMENTS (Continued)

(iii) Credit risk (Continued)

Expected Credit Losses (Continued)

(b) Other receivables, including amount due from subsidiaries (Continued)

	Group S$	Company S$
2022		
Balance at beginning of the year	4,674,866	2,231,822
ECL allowance written back during the year		
- Advance payment to a supplier (Note 11[4])	(40,000)	–
Balance at end of the year (Note 11)	4,634,866	2,231,822
2021		
Balance at beginning of the year	4,549,866	2,231,822
ECL allowance recognised during the year		
- Advance payment to a supplier (Note 11[4])	125,000	–
Balance at end of the year (Note 11)	4,674,866	2,231,822

Group

The Group assessed and determined loan receivable I, II and advance payment to a supplier to be credit-impaired, as there is observable data to conclude that the borrowers are unlikely to pay its credit obligation due to the following events:

- Breach of contract and default of payments or repayment plan by instalment when due;
- the borrower of loan receivable I has been placed under Judicial Management; and
- the disappearance of borrower of the loan receivable II.

Further details can be found in Note 11.

Company

The life-time ECL allowance of the Company on the amount due from subsidiaries is made based on the financial position of the subsidiaries, and the underlying assets relevant to the ultimate manner of recovery of these amounts. Based on the particular circumstances, the Company has determined that the balances are credit-impaired (Stage 3), as at 31 December 2022 and 2021 in view of:

- lack of revenue generating activities; and
- the full impairment of an underlying loan on-lent out to an external borrower by a subsidiary in previous financial year (Loan Receivable I & II).

(c) Cash and bank balances

Bank deposits are with reputable financial institutions with high credit-ratings assigned by international credit-rating agencies. Impairment on cash and cash equivalents 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 to have low credit risk based on the external credit ratings of the counterparties. The amount of the allowance on cash and cash equivalents was immaterial.

(d) Other current assets, excludes prepayments

The management assess that there are no material ECL on the other current assets, which excludes prepayments.

31. FINANCIAL INSTRUMENTS (Continued)

(iv) Capital risk

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern and to maintain an optimal capital structure so as to maximise shareholders' value. The Group manages its capital structure, and makes adjustment to it, in the light of changes in economic conditions. In order to maintain or achieve an optimal capital structure, the Group may adjust the amount of dividend payment, return capital to shareholders, issue new shares, buy back issued shares, obtain new borrowings or sell assets to reduce borrowings. No changes were made in the objectives, policies or processes during the financial years ended 31 December 2022 and 2021.

The capital structure of the Group consists of equity attributable to equity holders of the Company, comprising share capital, reserves, retained earnings, and net debts, which represent total bank borrowings, lease liabilities, bond payable, trade and other payables, and lease liabilities from financial institutions less cash and bank balances.

Management monitors capital with reference to net debt-to-equity ratio. The net debt-to-equity ratio is calculated as net debt divided by total equity. Net debt is calculated as total bank borrowings, lease liabilities, trade and other payables and lease liabilities from financial institutions less cash and bank balances. Total equity includes equity attributable to equity holders of the Company.

	Group	
	2022	2021
	S$	S$
Net debt	5,389,003	4,298,117
Total equity	46,540,655	47,991,225
Net debt-to-equity ratio	11.58%	8.96%

The Group was not subject to any externally imposed capital requirements for the financial years ended 31 December 2022 and 2021.

(v) Financial instruments by category

	Group		Company	
	2022	2021	2022	2021
	S$	S$	S$	S$
Financial assets at amortised cost:				
- Trade and other receivables	3,740,130	3,565,545	–	–
- Other current assets	340,022	198,598	–	–
- Contract assets	970,926	202,267	–	–
- Cash and bank balances	7,079,450	7,950,483	110,853	153,613
	12,130,528	11,916,893	110,853	153,613
Financial liabilities at amortised cost:				
- Trade and other payables	5,805,547	5,620,807	11,851,001	11,539,401
- Lease liabilities from financial institutions	892,142	28,890	–	–
- Lease liabilities	5,524,569	5,976,972	–	–
	12,222,258	11,626,669	11,851,001	11,539,401

32. FAIR VALUES OF FINANCIAL INSTRUMENTS

(i) Fair value of financial instruments that are carried at fair value

Fair value hierarchy

The Group classifies fair value measurement using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy have the following levels:

- Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities
- Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices), and
- Level 3 – Inputs for the asset or liability that are not based on observable market data (unobservable inputs)

(ii) Fair value of financial instruments by classes that are not carried at fair value and whose carrying amounts are reasonable approximation of fair value

The carrying amounts of other financial assets and financial liabilities with a maturity of less than one year, including trade and other receivables, other current assets (excluding prepayments), refundable deposit, cash and bank balances and trade and other payables excluding contract liabilities and GST payable, approximate their fair values for they have short-term period of maturity.

The carrying amount of refundable deposits received from the tenants (non-current) amounting to S$276,083 (2021: S$684,521) (Note 14) at the reporting date approximate to fair value as these deposits are expected to be offset with outstanding rental owed by the tenants upon expiry of lease or in the event of default of payments from these tenants.

(iii) Fair value of financial instruments by classes that are not carried at fair value and whose carrying amounts are not reasonable approximation of fair value

At the reporting date, there are no financial instruments in this category.

33. COMMITMENTS

Future capital expenditure

	Group	
	2022	**2021**
	S$	**S$**
Capital expenditure contracted for but not recognised:		
- Property, plant and equipment	–	1,591,714

34. COMPARATIVES

Certain classifications have been made to prior year's financial statements, to account for the bank deposit previously in other current assets to cash and bank balances. As a result, certain line items haven been amended on the face of the financial statements and the related notes to the financial statements. Comparative figures have also been adjusted to conform with current year's presentation:

Group	31 December 2021 balances as previously reported	Classification	31 December 2021 balances as reported
	S$	S$	S$
Statement of financial position			
Current assets			
Other current assets	889,877	(200,000)	689,877
Cash and bank balances	7,750,483	200,000	7,950,483
Statement of cash flows			
Net cash from operating activities	1,920,034	200,000	2,120,034
Net cash from financing activities	(757,580)	(200,000)	(957,580)

STATISTICS OF SHAREHOLDINGS

As at 30 March 2023

Issued and fully paid-up capital	:	S$35,225,394
Number of Issued Shares	:	1,780,860,561
Class of shares	:	Ordinary
Voting Rights	:	One vote per Ordinary Share ("Share")
Treasury Shares	:	Nil
Subsidiary Holdings	:	Nil

DISTRIBUTION OF SHAREHOLDINGS

SIZE OF SHAREHOLDINGS	NO. OF SHAREHOLDERS	%	NO. OF SHARES	%
1 - 99	2	0.25	152	*
100 - 1,000	57	7.32	40,956	*
1,001 - 10,000	105	13.48	474,300	0.03
10,001 - 1,000,000	509	65.34	129,007,199	7.24
1,000,001 AND ABOVE	106	13.61	1,651,337,954	92.73
TOTAL	**779**	**100.00**	**1,780,860,561**	**100.00**

** Negligible*

TWENTY LARGEST SHAREHOLDERS

NO.	NAME	NO. OF SHARES	%
1.	NG CHUAN HENG	427,900,000	24.03
2.	TEO SIEW CHENG	144,907,000	8.14
3.	IFAST FINANCIAL PTE. LTD.	126,351,600	7.09
4.	TAN POH GUAN (CHEN BAOYUAN)	88,461,017	4.97
5.	UOB KAY HIAN PRIVATE LIMITED	87,523,000	4.91
6.	QUEK LAY WAH	82,604,984	4.64
7.	PHILLIP SECURITIES PTE LTD	59,851,500	3.36
8.	TAN JUN HAO (CHEN JUNHAO)	53,975,000	3.03
9.	TAN ZHEN YING (CHEN ZHENYING)	53,975,000	3.03
10.	ONG BOON KWONG (WANG WENGUANG)	40,268,800	2.26
11.	NG SOO TIONG	33,300,000	1.87
12.	LEE LAI SAN (LI LISHAN)	27,500,000	1.54
13.	LEE MUI HWA	25,000,000	1.40
14.	LAI CHOONG HON	21,000,000	1.18
15.	DBS NOMINEES (PRIVATE) LIMITED	19,397,000	1.09
16.	KGI SECURITIES (SINGAPORE) PTE. LTD.	17,134,300	0.96
17.	ONG BOON SIN (WANG WENXIN)	16,931,200	0.95
18.	LEE LYE FUN (LI LIFEN)	15,650,900	0.88
19.	LEE KIAN CHENG	15,552,000	0.87
20.	ONG KIOT HOU	15,143,800	0.85
		1,372,427,101	**77.05**

SUBSTANTIAL SHAREHOLDERS AS AT 30 MARCH 2023

(As recorded in the Register of Substantial Shareholders)

NO.	NAME	DIRECT INTERESTS NO. OF SHARES HELD	%	DEEMED INTERESTS NO. OF SHARES HELD	%
1.	Ng Chuan Heng	427,900,000	24.03	–	–
2.	Teo Siew Cheng	144,907,000	8.14	–	–

PERCENTAGE OF SHAREHOLDING IN PUBLIC'S HANDS

The percentage of shareholdings of the Company held in the hands of the public is approximately 55.63%. Accordingly, the Company has complied with Rule 723 of the Listing Manual Section B: Rules of Catalist of the SGX-ST.

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Annual General Meeting ("**AGM**") of HGH Holdings Ltd. (the "**Company**") will be held at 60 Benoi Road, #03-02, Singapore 629906 on Thursday, 27 April 2023 at 10:00 a.m. (Singapore time) to transact the following business: -

AS ORDINARY BUSINESS

1. To receive and adopt the Directors' Statement and the Audited Financial Statements of the Company for the financial year ended 31 December 2022 together with the Auditors' Report thereon. **(Resolution 1)**

2. To re-elect the following Directors, each of whom will retire by rotation pursuant to Regulation 107 of the Constitution of the Company and who, being eligible, offer themselves for re-election:

   2.1 Mr Andrew Bek **(Resolution 2)**
   2.2 Mr Ng Ser Chiang **(Resolution 3)**

3. To approve the payment of Directors' fees of up to S$120,000 for the financial year ending 31 December 2023 (2022: S$120,000). **(Resolution 4)**

4. To re-appoint Crowe Horwath First Trust LLP as Auditors of the Company and to authorise the Directors to fix their remuneration. **(Resolution 5)**

5. To transact any other ordinary business which may properly be transacted at an AGM.

AS SPECIAL BUSINESS

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

   Authority to allot and issue shares **(Resolution 6)**

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

   (a) (i) allot and issue shares in the Company ("**Shares**") whether by way of rights, bonus or otherwise; and/or

   (ii) make or grant offers, agreements or options (collectively, "**Instruments**") that might or would require Shares to be issued, including but not limited to the creation and issue of (as well as adjustments to) options, warrants, debentures or other instruments convertible into Shares;

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

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

   (the "**Share Issue Mandate**")

provided that:

(1) the aggregate number of Shares (including Shares to be issued in pursuance of the Instruments, made or granted pursuant to this Ordinary Resolution) and Instruments to be issued pursuant to this Ordinary Resolution shall not exceed 100% of the total number of issued Shares (excluding treasury shares and subsidiary holdings) in the capital of the Company (as calculated in accordance with sub-paragraph (2) below), and provided further that where shareholders of the Company ("**Shareholders**") are not given the opportunity to participate in the same on a pro-rata basis, then the Shares and Instruments to be issued under such circumstances shall not exceed 50% of the total number of issued Shares (excluding treasury shares and subsidiary holdings) in the capital of the Company (as calculated in accordance with sub-paragraph (2) below);

(2) (subject to such calculation as may be prescribed by the SGX-ST) for the purpose of determining the aggregate number of Shares and Instruments that may be issued under sub-paragraph (1) above, the percentage of the issued Shares (excluding treasury shares and subsidiary holdings) and Instruments shall be based on the total number of issued Shares (excluding treasury shares and subsidiary holdings) in the capital of the Company at the time of the passing of this Resolution, after adjusting for:

(a) new Shares arising from the conversion or exercise of 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 Catalist Rules; and

(c) any subsequent bonus issue, consolidation or subdivision of Shares.

Provided such adjustments in sub-paragraphs (2) (a) and (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 the passing of this Resolution;

(3) in exercising the Share Issue Mandate conferred by this Ordinary Resolution, the Company shall comply with the provisions of the Catalist Rules for the time being in force (unless such compliance has been waived by the SGX-ST), all applicable legal requirements under the Companies Act and the Constitution of the Company for the time being; and

(4) unless revoked or varied by the Company in a general meeting, the Share Issue Mandate shall continue in force (i) until the conclusion of the next AGM of the Company or the date by which the next AGM of the Company is required by law to be held, whichever is earlier; or (ii) in the case of shares to be issued in pursuance of the Instruments, made or granted pursuant to this Ordinary Resolution, until the issuance of such shares in accordance with the terms of the Instruments.

BY ORDER OF THE BOARD

Thum Sook Fun
Company Secretary
Singapore, 12 April 2023

Explanatory Notes on Businesses to be transacted:

Ordinary Resolution 2 and 3 in relation to the re-election of Directors

(1) Mr Andrew Bek will, upon re-election, continue to serve as Independent Director, Chairman of the Remuneration Committee and member of the Audit Committee and Nominating Committee respectively. He is considered independent for the purposes of Rule 704(7) of the Catalist Rules and does not have any relationships (including immediate family relationships) with the other Directors of the Company, the Company or the substantial shareholders, which may affect his independence.

(2) Mr Ng Ser Chiang will, upon re-election, continue to serve as Independent Director, Chairman of the Nominating Committee and member of the Audit Committee and Remuneration Committee. He is considered independent for the purposes of Rule 704(7) of the Catalist Rules and does not have any relationships (including immediate family relationships) with the other Directors of the Company, the Company or the substantial shareholders, which may affect his independence.

Detailed information (including information as set out in Appendix 7F of the Catalist Rules) on Mr Andrew Bek and Mr Ng Ser Chiang can be found under the sections entitled "**Board of Directors**" and "**Additional Information on Directors Seeking Re-Election**" in the Company's Annual Report 2022.

Ordinary Resolution 4 in relation to the Directors' fee

Resolution 4 is to approve the payment of Directors' fees of up to S$120,000 for services to be rendered by the Independent Directors of the Board as well as on various Board Committees for the financial year ending 31 December 2023. Upon approval, the fee shall be made payable to the Directors on a half-yearly basis.

The Board is of the view that it is just and equitable for the Independent Directors to be paid Directors' fees on half-yearly basis, and to align with current market practices.

Ordinary Resolution 5 in relation to the re-appointment of auditors

Resolution 5 is to re-appoint Crowe Horwath First Trust LLP as the Company's Auditors and to authorise the Directors to fix their remuneration. The Company has complied with Rule 713(1) of the Catalist Rules by ensuring that the audit partner is not in charge of more than 5 consecutive years of audits. The current audit partner, Ms Teo Yen Lin, was appointed since the financial year ended 31 December 2020.

Ordinary Resolution 6 in relation to the Share Issue Mandate

Resolution 6 is to empower the Directors of the Company, effective until the conclusion of the next AGM of the Company, or the date by which the next AGM of the Company is required by law to be held or such authority is varied or revoked by the Company in a general meeting, whichever is the earlier, to issue Shares, make or grant Instruments convertible into Shares and issue Shares pursuant to such Instruments, up to a number not exceeding, in total, 100% of the total number of issued Shares (excluding treasury Shares and subsidiary holdings) in the capital of the Company, of which up to 50% may be issued other than on a pro rata basis to shareholders.

For determining the aggregate number of Shares that may be issued, the percentage of the total number of issued Shares 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 6 is passed, after adjusting for new Shares arising from the conversion or exercise of any convertible securities or share options or vesting of share awards which are outstanding or subsisting at the time when this Resolution 6 is passed, and any subsequent bonus issue, consolidation or subdivision of Shares.

NOTES:

1. The Company's AGM is being convened and will be held physically ("**Physical Meeting**") pursuant to the COVID-19 (Temporary Measures) (Alternative Arrangements for Meetings for Companies, Variable Capital Companies, Business Trusts, Unit Trusts and Debenture Holders) Order 2020 ("**Order 2020**"). **There will be no option for shareholders to participate virtually**.

2. Pursuant to Order 2020, printed copies of this Notice of AGM, the Proxy Form and Annual Report 2022 will **NOT** be sent to members of the Company. Instead, these documents will be sent to members by electronic means via publication on SGXNet at the URL: https://www.sgx.com/securities/company-announcements and the Company's website at https://www.hghholdings.com.sg/.

3. (a) A member who is not a relevant intermediary is entitled to appoint not more than two (2) proxies to attend, speak and vote at the AGM. Where such member appoints two (2) proxies, he/she should specify the proportion of his/her shareholding (expressed as a percentage of the whole) to be presented by each proxy in the instrument appointing a proxy or proxies.

   (b) A member who is a relevant intermediary is entitled to appoint more than two (2) proxies to attend, speak and vote at the AGM, but each proxy must be appointed to exercise the rights attached to a different share or shares held by such member. Where such member appoints more than two (2) proxies, the number and class of shares in relation to which each proxy has been appointed shall be specified in the instrument appointing a proxy or proxies.

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

A member can appoint the Chairman of the Meeting as his/her/its proxy, but this is not mandatory. If a member wishes to appoint the Chairman of the AGM as proxy, such member (whether individual or corporate) must give specific instruction as to voting for, against or abstentions from voting on, each resolution in the instrument appointing the Chairman of the AGM as proxy. If no specific direction as to voting or abstentions from voting in respect of a resolution in the form of proxy, the appointment of the Chairman of the AGM as proxy for that resolution will be treated as invalid.

For investors who hold shares through relevant intermediaries, including Central Provident Fund Investment Schemes ("**CPF Investors**") and/or Supplementary Retirement Scheme ("**SRS Investors**") should approach their respective CPF Agent Banks or SRS Operators to submit their votes at least 7 working days before the AGM, i.e., by **10.00 am on 18 April 2023 (Tuesday)**. CPF/SRS Investors should contact their respective CPF Agent Banks or SRS Operators for any queries they may have with regard to the appointment of proxy for the AGM.

4. A proxy need not to be a member of the Company.

5. The instrument appointing a proxy or proxies must be under the hand of the appointor or by his/her attorney duly authorised in writing. Where the instrument appointing a proxy or proxies is executed by a corporation, it must be executed either under its seal or under the hand of an officer or attorney duly authorised.

6. The instrument appointing a proxy or proxies must be submitted to the Company by **10:00 a.m. on 24 April 2023 (Monday)** in the following manners:-

   (a) if submitted by post, be deposited at the Company's registered office at 60 Benoi Road, #03-02, Singapore 629906; or

   (b) if submitted electronically, be submitted via email at info@hghholdings.com.sg.

   in each case, not less than 72 hours before the time appointed for holding the AGM.

7. The Company shall be entitled to reject the instrument appointing a proxy or proxies if it is incomplete, improperly completed, illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified in the instrument appointing a proxy or proxies. In addition, in the case of a shareholder whose shares are entered against his/her name in the Depository Register, the Company may reject any instrument of proxy lodged if such shareholder, being the appointor, is not shown to have shares entered against his/her name in the Depository Register 72 hours before the time appointed for holding the meeting, as certified by The Central Depository (Pte) Limited to the Company.

IMPORTANT INFORMATION:

1. Attendance

Due to the COVID-19 situation, the Company may restrict the number of attendees at the Physical Meeting to such number as the Directors may determine in compliance with the prevailing Ministry of Health advisory.

2. Voting

Voting on the resolutions tabled at the AGM will be by poll in accordance with the Constitution of the Company.

3. Submission of Questions in Advance

Members may submit questions related to the resolutions to be tabled for approval at the AGM in the following manners within 7 calendar days from the date of this Notice of AGM, i.e. by **10:00 a.m. on 19 April 2023 (Wednesday)**: -

(i) via email to info@hghholdings.com.sg; or

(ii) in hardcopy by sending personally or by post to the Company's registered office at 60 Benoi Road, #03-02, Singapore 629906.

Members submitting questions are required to provide their particulars as follows:-

(a) Full name (for individuals)/company name (for corporates) as per CDP/SRS account records

(b) National Registration Identity Card Number or Passport Number (for individuals) / Company Registration Number (for corporates);

(c) Number of shares held in the Company;

(d) Contact number; and

(e) Email address.

The Company will endeavour to address all substantial and relevant questions from members who are verifiable against the Depository Register or the Register of Members. The Company's responses to members' questions will be posted on the Company's website at the URL: https://www.hghholdings.com.sg/ and on SGX website at the URL: https://www.sgx.com/securities/company-announcements at least 48 hours prior to the closing date and time of the lodgement of the proxy forms, i.e. by **10:00 a.m. on 22 April 2023 (Saturday)**. Where substantial and relevant questions submitted by Shareholders are unable to be addressed prior to the AGM, the Company will address them at the AGM.

Verified members and Proxy(ies) attending the Physical Meeting will be able to ask questions in person at the AGM venue. The Company will, within one (1) month after the date of the AGM, publish the minutes of the AGM on SGXNet, and the minutes will include the responses to the questions which are addressed during the AGM, if any.

4. Precautionary measures to minimise the risk of COVID-19

The following steps will be taken for the members and others attending the AGM to help to minimise the risk of community spread of the virus:

(a) All attendees must comply with the prevailing guidelines on safe distancing and wearing of face masks at the AGM venue are encouraged.

(b) Members and Proxy(ies) who are feeling unwell on the date of the AGM are advised not to attend the Physical Meeting.

(c) Members and Proxy(ies) who intend to attend the AGM are advised to arrive at the Physical Meeting earlier, as the measures mentioned above may cause delay in the registration process.

(d) To reduce close contact, there will not be any food served at the AGM. The Company seeks the understanding and co-operation of all members to safeguard public health and safety and minimise the risk of community spread of COVID-19.

IMPORTANT REMINDER: Members are advised to check our Company's website at https://www.hghholdings.com.sg/ or the SGX website at the URL: https://www.sgx.com/securities/company-announcements for the latest updates on the status of the AGM.

PERSONAL DATA PRIVACY

Where a shareholder of the Company submits an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the AGM and/or any adjournment thereof, a shareholder of the Company (i) consents to the collection, use and disclosure of the shareholder's and its proxy(ies)'s or representative(s)'s personal data by the Company (or its agents) for the purpose of the processing and administration by the Company (or its agents) of proxies and representatives appointed for the AGM (including any adjournment thereof) and the preparation and compilation of the attendance lists, proxy lists, minutes and other documents relating to the AGM (including any adjournment thereof), and in order for the Company (or its agents) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the "Purposes"), (ii) warrants that where the shareholder discloses the personal data of the shareholder's proxy(ies) and/or representative(s) to the Company (or its agents), the shareholder has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Company (or its agents) of the personal data of such proxy(ies) and/or representative(s) for the Purposes, (iii) undertakes that the shareholder will only use the personal data of such proxy(ies) and/or representative(s) for the Purposes, and (iv) agrees that the shareholder will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the shareholder's breach of warranty. The shareholder's personal data and the proxy's and/or representative's personal data may be disclosed or transferred by the Company to its subsidiaries, its share registrar and/or other agents or bodies for any of the Purposes, and retained for such period as may be necessary for the Company's verification and record purposes.

Photographic, sound and/or video recordings of the AGM may be made by the Company for record keeping and to ensure the accuracy of the minutes prepared of the AGM. Accordingly, the personal data of a shareholder of the Company and/or its proxy(ies) or representative(s) (such as his/her name, his/her presence at the AGM and any questions he/she may raise or motions he/she proposes/seconds) may be recorded by the Company for such purpose.

This notice has been reviewed by the Company's sponsor, SAC Capital Private Limited (the "Sponsor"). It has not been examined or approved by the Singapore Exchange Securities Trading Limited (the "SGX-ST") and the SGX-ST assumes no responsibility for the contents of this notice, including the correctness of any of the statements or opinions made or reports contained in this notice.

The contact person for the Sponsor is Mr. David Yeong (Tel (65) 6232 3210), at 1 Robinson Road, #21-00 AIA Tower, Singapore 048542.

ADDITIONAL INFORMATION ON THE DIRECTORS SEEKING FOR RE-ELECTION

Mr Andrew Bek and Mr Ng Ser Chiang are the Directors seeking for re-election at the forthcoming AGM of the Company to be convened on Thursday, 27 April 2023 under Ordinary Resolutions 2 and 3 as set out in the Notice of AGM dated 12 April 2023 (collectively, the "**Retiring Directors**").

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

Name of the Retiring Director	Andrew Bek	Ng Ser Chiang
Date of Appointment	3 January 2020	15 June 2016
Date of last re-appointment	26 June 2020	28 April 2021
Age	56	57
Country of principal residence	Singapore	Singapore
The Board's comments on this appointment (including rationale, selection criteria, and the search and nomination process)	The Board having considered the recommendation of the Nominating Committee and assessed Mr Andrew Bek's qualification and experiences, is satisfied that Mr Andrew Bek has the requisite experience and capabilities to assume the duties and responsibilities as Independent Director of the Company. Mr Andrew Bek was also appointed as Chairman of Remuneration Committee and member of the Audit Committee and Nominating Committee respectively.	The Board having considered the recommendation of the Nominating Committee and assessed Mr Ng Ser Chiang's qualification and experiences, is satisfied that Mr Ng Ser Chiang has the requisite experience and capabilities to assume the duties and responsibilities as Independent Director of the Company. Mr Ng Ser Chiang was also appointed as Chairman of Nominating Committee and member of the Audit Committee and Remuneration Committee respectively.
Whether appointment is executive, and if so, the area of responsibility	Non-Executive	Non-Executive
Job Title (e.g. Lead ID, AC Chairman, AC Member etc.)	(a) Independent Director (b) Chairman of Remuneration Committee (c) Member of Audit Committee (d) Member of Nominating Committee	(a) Independent Director (b) Chairman of Nominating Committee (c) Member of Audit Committee (d) Member of Remuneration Committee
Professional qualifications	A-level	Bachelor of Law from University of Wolverhampton
Working experience and occupation(s) during the past 10 years	Please refer to Mr Andrew Bek profile as set out in page 9 under the "Board of Directors Profile" section of the Annual Report 2022.	Please refer to Mr Ng Ser Chiang profile as set out in page 9 under the "Board of Directors Profile" section of the Annual Report 2022.
Shareholding interest in the listed issuer and its subsidiaries	No	No
Any relationship (including immediate family relationships) with any existing director, existing executive officer, the issuer and/or substantial shareholder of the listed issuer or of any of its principal subsidiaries	No	No

Name of the Retiring Director	Andrew Bek	Ng Ser Chiang
Conflict of interest (including any competing business)	No	No
Undertaking (in the format set out in Appendix 7H) under Rule 720(1) of the Catalist Rule has been submitted to the listed issuer	Yes	Yes
Other Principal Commitments including Directorships Past (for the past 5 years)	a) Able Gallery Limited (April 2010 – June 2018)	a) Acuity Management Pte Ltd (18 January 2017 – 30 April 2018)
Present	a) Anchun International Holdings Ltd. (1 March 2014 – Present) b) One Asia Capital Pte. Ltd. (April 2010 – Present) c) One Motor Car Accessories & Service Centre Sdn. Bhd. (January 2019 – Present) d) Atas Advisory Pte. Ltd. (25 March 2021 – Present) e) Kwan Wong Tang & Hong (1 April 2022 – Present) f) Edmin Private Limited (3 January 2023 – Present)	a) Elitaire Asia Pte. Ltd. (8 April 2010 – Present) b) Altair Asia (S) Pte. Ltd. (17 March 2016 – Present) c) Emergo Solutions Pte. Ltd. (6 July 2017 – Present)
Information required under items (a) to (k) of Appendix 7F of the Catalist Rule	There is no change to the responses previously disclosed by Mr Andrew Bek under items (a) to (k) of Appendix 7F of the Catalist Rules which were “No” except items (j)(i) and (iv). The Appendix 7F information in respect of Mr Andrew Bek as Director was announced on 2 January 2020 including the update on the items (j)(i) and (iv) on 29 September 2020.	There is no change to the responses previously disclosed by Mr Ng Ser Chiang under items (a) to (k) of Appendix 7F of the Catalist Rules which were all “No”. The Appendix 7F information in respect of Mr Ng Ser Chiang as Director was announced on 15 June 2016.

HGH HOLDINGS LTD.

(Company Registration Number: 200412064D)
(Incorporated in the Republic of Singapore)

PROXY FORM

IMPORTANT:
1. A printed copy of this Proxy Form will **NOT** be sent to members but has been made available to members via electronic means through publication on (i) SGX-ST's website at https://www.sgx.com/securities/company-announcements; and (ii) the Company's website at https://www.hghholdings.com.sg/.
2. An investor who holds shares under the Central Provident Fund Investment Scheme ("**CPF Investor**") and/or the Supplementary Retirement Scheme ("**SRS Investor**") who wishes to vote at the Annual General Meeting ("**AGM**") should approach their respective agent banks to submit their votes at least seven working days before the date of the AGM, i.e. by **10.00 a.m. on 18 April 2023 (Tuesday)**. CPF Investors and/or SRS Investors are requested to contact their respective agent banks for any queries they may have with regards to appointment as to the appointment of the Chairman of the AGM as proxy for the AGM.
3. This Proxy Form is not valid for use by CPF and SRS Investors and shall be ineffective for all intents and purposes if used or purported to be used by them.
4. Please read the notes overleaf before completing this Proxy Form

I/We, ... (Name) .... (NRIC/Passport No./Company No.)

of .... (Address)

being a shareholder/shareholders of HGH Holdings Ltd. (the "**Company**"), hereby appoint:

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

and/or (delete as appropriate)

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

or failing him/her/them, the Chairman of the AGM as *my/our *proxy/proxies to attend and vote for *me/us on *my/our behalf at the AGM of the Company to be held at 60 Benoi Road, #03-02, Singapore 629906 on Thursday, 27 April 2023 at 10:00 a.m. and at any adjournment thereof.

*I/We direct *my/our "proxy/proxies to vote for or against, or abstain from voting the ordinary resolutions proposed at the AGM as indicated hereunder. If no specific direction as to voting is given or in the event of any other matter arising at the AGM and at any adjournment thereof, the appointment of the Chairman of the Meeting as *my/our proxy for that resolution will be treated as invalid.

No.	Ordinary Resolution relating to	For	Against	Abstain
	ORDINARY BUSINESS			
1.	To receive and adopt the Directors' Statement and the Audited Financial Statements of the Company for the financial year ended 31 December 2022 with the Auditors' Report.			
2.	To re-elect Mr Andrew Bek as Director of the Company.			
3.	To re-elect Mr. Ng Ser Chiang as Director of the Company.			
4.	To approve the payment of Directors' fees of up to S$120,000 for the financial year ending 31 December 2023 (2022: S$120,000).			
5.	To re-appoint Crowe Horwath First Trust LLP as Auditors of the Company.			
	SPECIAL BUSINESS			
6.	To approve the Share Issue Mandate.			

Notes:

(i) Voting will be conducted by poll. If you wish to exercise all your votes 'For' or 'Against' or 'Abstain', please indicate with an 'X' within the box provided. If you mark an "X" in the abstain box for a particular Resolution, you are directing your proxy not to vote on that Resolution.

(ii) The short descriptions given above of the Resolutions to be passed do not in any way whatsoever reflect the intent and purpose of the Resolutions. The short descriptions have been inserted for convenience only. Shareholders are encouraged to refer to the Notice of AGM for the full purpose and intent of the Resolutions to be passed.

Dated this ________ day of ______________ 2023

Total number of Shares held:-

____

Signature of Member(s)
or Common Seal of Corporate Shareholder

**Delete where inapplicable*

IMPORTANT: PLEASE READ THE NOTES OVERLEAF

Notes:-

1. Please insert the total number of Shares held by you. If you have Shares entered against your name in the Depository Register (as defined in the relevant sections of the Securities and Futures Act 2001 of Singapore), you should insert that number of Shares. If you have Shares registered in your name in the Register of Members, you should insert that number of Shares. If you have Shares entered against your name in the Depository Register and Shares registered in your name in the Register of Members, you should insert the aggregate number of Shares entered against your name in the Depository Register and registered in your name in the Register of Members. If no number is inserted, the instrument appointing a proxy or proxies shall be deemed to relate to all the Shares held by you.
2. A proxy need not be a member of the Company. Also, a member can appoint the Chairman of the AGM as his/her/its proxy, but this is not mandatory.

   If a member wishes to appoint the Chairman of the AGM as proxy, such member (whether individual or corporate) must give specific instruction as to voting for, against or abstentions from voting on, each resolution in the instrument appointing the Chairman of the AGM as proxy. If no specific direction as to voting or abstentions from voting in respect of a resolution in the form of proxy, the appointment of the Chairman of the AGM as proxy for that resolution will be treated as invalid.
3. A member who is not a relevant intermediary is entitled to appoint not more than two (2) proxies to attend, speak and vote at the AGM. Where such member appoints two (2) proxies, he/she should specify the proportion of his/her shareholding (expressed as a percentage of the whole) to be presented by each proxy in the instrument appointing a proxy or proxies. If no proportion is specified, the Company shall be entitled to treat the first named proxy as representing the entire number of shares entered against his/her name in the Depository Register and any second named proxy as an alternate to the first named.
4. A member (whether individual or corporate including a "Relevant Intermediary*) appointing proxy(ies) through the instrument appointing proxy(ies) (the "Proxy Form") must give specific instructions as to his/her/its manner of voting, or abstentions from voting, failing which the proxy(ies) will vote or abstain from voting at his/her discretion. This Proxy Form may be accessed via SGXNet at the URL https://www.sgx.com/securities/company-announcements.
5. CPF Investors and SRS Investors who wish to vote at the AGM should approach their respective agent banks to submit their votes at least seven working days before the date of the AGM (i.e. by 10.00 a.m. on 18 April 2023). CPF Investors and SRS Investors should not directly appoint the Chairman as proxy to direct the vote.
6. A member who is a Relevant Intermediary is entitled to appoint more than two (2) proxies to attend, speak and vote at the AGM, but each proxy must be appointed to exercise the rights attached to a different share or shares held by such member. Where such member appoints more than two (2) proxies, the number and class of shares in relation to which each proxy has been appointed shall be specified in the instrument appointing a proxy or proxies.

   "Relevant Intermediary" has the meaning ascribed to it in Section 181 of the Companies Act 1967.
7. A corporation which is a member may authorise by resolution of its directors or other governing body such person as it thinks fit to act as its representative to attend the AGM, in accordance with Section 179 of the Companies Act 1967 ("Companies Act").
8. The Proxy Form must be under the hand of the appointor or of his attorney duly authorised in writing. Where the instrument appointing a proxy(ies) and/or representative(s) is executed by a corporation, it must be executed either under its seal, executed as a deed in accordance with the Companies Act or under the hand of an attorney or an officer duly authorised, or in some other manner approved by the Directors. The power of attorney or other authority, if any, under which the instrument of proxy is signed on behalf of the member or duly certified copy of that power of attorney or other authority (failing previous registration with the Company), if required by law, be duly stamped and to be deposited based on the below item 9 (i) or (ii), failing which the Proxy Form may be treated as invalid.
9. The Proxy Form must be submitted in the following manners:-

   (i) If submitted by post, be deposited at the Company's registered office at 60 Benoi Road, #03-02 EMS Building, Singapore 629906; or

   (ii) If submitted electronically, via email to info@hghholdings.com.sg.

   in any case, not later than **10:00 a.m. on 24 April 2023 (Monday)**, being 72 hours before the time fixed for the AGM) and in default, the Proxy Form for the AGM shall not be treated as valid.
10. The Company shall be entitled to reject the instrument appointing a proxy or proxies if it is incomplete, improperly completed, illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified in the instrument appointing a proxy or proxies. In addition, in the case of a shareholder whose shares are entered against his/her name in the Depository Register, the Company may reject any instrument of proxy lodged if such shareholder, being the appointor, is not shown to have shares entered against his/her name in the Depository Register 72 hours before the time appointed for holding the meeting, as certified by the Depository to the Company.

Personal Data Privacy:-

By submitting an instrument appointing a proxy(ies) and/or representative(s), the shareholder accepts and agrees to the personal data privacy terms set out in the Notice of AGM dated 12 April 2023.

AFFIX
STAMP

HGH HOLDINGS LTD.
(Company No. 200412064D)

60 BENOI ROAD,
#03-02 EMS BUILDING,
SINGAPORE 629906

HGH HOLDINGS LTD.

(Company Registration Number : 200412064D)

60 Benoi Road #03-02 Singapore 629906
Tel: + 65 6268 7112
Website: www.hghholdings.com.sg

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Tel: (65) 63278398