KIM HENG

EMERGING STRONGER

ANNUAL REPORT 2023

With over 50 years of experience, Kim Heng Ltd. ("Kim Heng") and its subsidiaries (collectively, the "Group") is an established integrated offshore and marine value chain services provider. Strategically based in Singapore and Malaysia, the Group offers a one-stop comprehensive range of products and services that caters to different stages of marine infrastructure projects and offshore oil & gas projects from oil exploration to field development and oil production. In keeping with the changing global energy scene towards cleaner energy forms, the Group has successfully ventured into the offshore wind renewable market. The Group will continue to broaden its service offerings to the clean energy and marine construction markets as part of its diversification away from the traditional oil and gas markets.

The Group's operations are primarily located in Singapore, with two shipyards strategically located at 9 Pandan Crescent and 48 Penjuru Road. The shipyards, with a combined waterfront of 205 metres, enable Kim Heng to carry out a multitude of services, including offshore rig repair, maintenance and refurbishment, fabrication, vessel newbuilding and afloat repairs as well as support new businesses in the renewable and marine construction markets.

As a one-stop solutions provider in offshore logistics, the Group has a fleet of quality anchor handling tugs, barges and cranes for both sale and rent. The Group also provides other services such as maintenance, trading and sale of heavy equipment.

Kim Heng has built its brand over the years and has established relationships with world renowned customers from over 25 countries in the regions of Asia, USA, Latin America, Australasia, Middle East and Europe.

Contents

Company Overview

Shipbuilding & Ship Repair

- Newbuilding of vessels (Tugs, Pipe-Lay Barges, Power Barges, Accommodation Work Barges etc)
- Purchase and refurbishment of vessels for onselling
- Afloat repairs, maintenance and refurbishment of offshore rigs, platforms & vessels

Owner & Operator Of Offshore Support Vessels

- Rig towage and mobilisation
- Offshore transportation of extra-large cargo

Offshore Wind Farm Support Services And Horizontal Directional Drilling ("HDD")

- Fabrication & installation of different offshore turbine foundations, monopiles, tripods, jackets, suction buckets & gravity base structures
- Operation & maintenance services
- Marine transportation of windfarm components
- Experienced turnkey HDD contractor capable to undertake in submarine cable laying and pulling

Oilfield Services

- Construction and fabrication works of components for drilling rigs and vessels
- Installation of offshore production modules and systems
- Supply of offshore drilling and production equipment
- Logistics, general shipping, warehousing & inventory management
- Agency services and crew change

Marine Construction

- Leasing, sale, maintenance, import and export of heavy equipment
- Wide range of equipment and machineries including crawler, lorry and mobile cranes
- Salvage and Diving services

Company Milestones

2023

- **Award of shipbuilding contract of S$10.6 million from TIPC Marine Corporation, Ltd.**
- **Award of US$7.8 million of modification and shipbuilding contract from established construction company in Taiwan in relation to offshore renewable energy construction projects**
- **Award of horizontal directional drilling work for optical submarine installation from Alcatel Submarine Networks**
- **Dyna-Mac Partners with Kim Heng to capitalise on opportunities in FPSO module fabrication sector**

2022

- Signing of Memorandum of Understanding in relation to co-operation In offshore windfarm cable laying
- Award of horizontal directional drilling work for submarine power cable installation from Dong Fang Offshore Co. Ltd.
- Award of US$35 million of marine spread contracts from established construction companies in Taiwan in relation to offshore renewable energy construction projects

2021

- Change of company's name to Kim Heng Ltd.
- Diversification of its core business into the renewable energy sector
- Memorandum of understanding in relation to provide newbuilt cable lay barge to undertake engineering, procurement, construction, installation and commission scope of marine cable projects in Taiwan
- Completion of purchase of 1250 tonnes crawler crane and award of contract for windfarm project in Vietnam

2020

- Kim Heng's ownership of AHT & AHTS vessels expansion to a fleet size of 11
- Incorporation of a wholly-owned subsidiary in Singapore named Zale Offshore Response Pte Ltd
- Joint venture between Kim Heng Marine & Oilfield Pte Ltd and 蓮豪有限公司, a Taiwan-incorporated company Incorporated a 49%-owned subsidiary in Taiwan named Bridgewater Marine (Taiwan) Limited
- Setting up a branch in Taiwan named Thaitan International Pte Ltd (Taiwan Branch) formerly known as Mazu Land and Marine Works Pte Ltd (Taiwan Branch)
- Award of Horizontal Directional Drilling work for submarine cable installation contract from Hung Hua Construction Co. Ltd. and embarked on the Offshore Wind Farm Project in Taiwan

2019
- Incorporation of wholly-owned subsidiary in East Malaysia named Kim Heng Marine Labuan Limited
- Incorporation of a joint venture company, Bridgewater Offshore Pte. Ltd. between Kim Heng Offshore & Marine Pte. Ltd., Phillip Enterprise Fund Limited and Phillip Ventures Enterprise Fund 5 Ltd

2018
- Joint venture between KH Mazu Offshore & Marine Sdn. Bhd. and Ruhm Marine Sdn. Bhd. Incorporation of subsidiary in Malaysia called Ruhm Mazu Sdn. Bhd.
- Incorporation of wholly-owned subsidiary in Singapore named Mazu Land & Marine Works Pte. Ltd.
- Embarked on the first Marine and Horizontal Directional Drilling works contract
- Owner and Operator of a fleet of Offshore Support Vessels

2017
- Kim Heng's first ownership of AHTS vessels

2016
- Completion of Kim Heng's headquarters of a 4-storey office cum warehouse building at 48 Penjuru Road Singapore

2015
- Incorporation of Kim Heng Heavy Equipment Pte Ltd to expand into sale, rental, leasing, repair and maintenance of industrial machinery and equipment
- Incorporation of KH Mazu Offshore & Marine Sdn. Bhd. in Malaysia to undertake repair and docking of vessels, supply chain and crew management and heavy-lift equipment rental

2014
- Listed on the Catalist Board of the Singapore Exchange Securities Trading Limited
- Planned expansion of yard facilities, vessel fleet and business & service offerings

2013
- Completed first re-activation and refurbishment of a jack-up rig, Randoplh Yost at Pandan Crescent Yard

2011
- Constructed and delivered the first power barge KPS Alican Bey

2010
- Constructed and delivered the second accommodation and pipelay barge McDermott LB32

2009
- Constructed and delivered the first accommodation and pipe lay barge Aussie 1

2008
- Completed first retrofitting of a pipelay barge, Jascon 25

2006
- Addition of Kim Heng Shipbuilding & Engineering Pte Ltd to undertake shipbuilding projects
- Increased rig fabrication activities by fabricating blocks for the construction of semi-submersible rigs, jack-up rigs and drilling rigs

2001
- Acquired "Darwin Offshore Logistics Base Pty Ltd ("DOLB") in Darwin, Australia to provide marine transportation and offshore management and support services for oil and gas exploration, development and production activities in the Australian market.
- Sold DOLB in 2015

1997
- Incorporation of Kim Heng Tubulars Pte Ltd to expand into the rental and trading of oil field equipment and specialty steel tubular products to offshore O&G customers

1996
- Embarked on rig fabrication activities with a project awarded by Transocean for fabrication and modification works to be carried out on a semi-submersible rig

1992
- Changed name to Kim Heng Marine & Oilfield Pte Ltd to better reflect the offshore O&G and marine industries that it serves

1988
- Ventured into repair and maintenance activities for offshore oil rigs at anchorage, including fabrication, installation and painting of steel structures and the provision of specialised oil field equipment

1987
- Engaged in supply base management, carried out loading and unloading activities for offshore vessels, rig agency work and storage and maintenance of equipment related to oil and gas activities

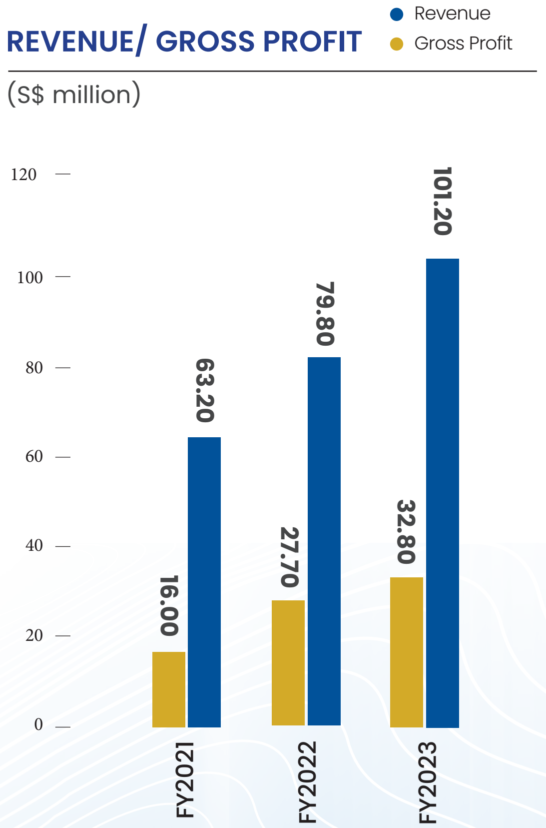
1982
- Expanded into repair and maintenance in the marine offshore industry

1968
- Kim Heng Tugboat Company is founded by Mr Tan Eng Hai

Financial Highlights

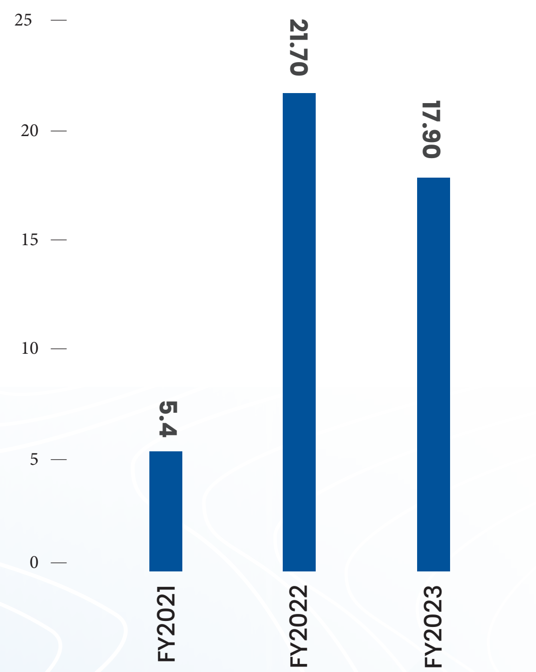
REVENUE/ GROSS PROFIT

(S$ million)

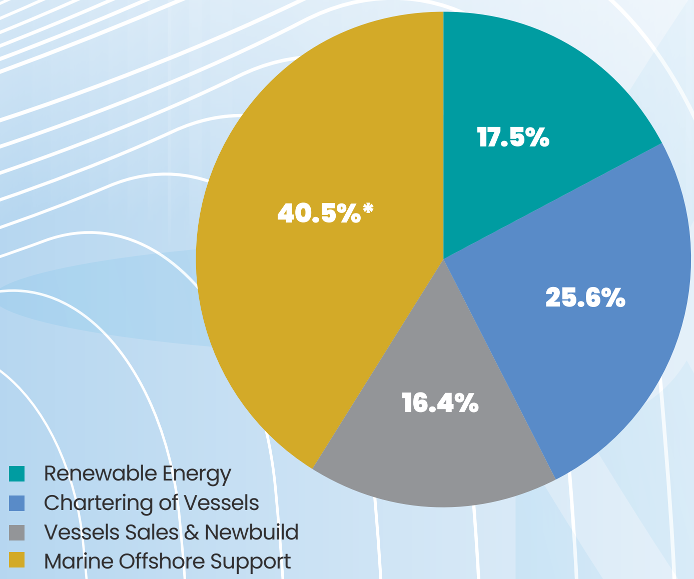


EBITDA

(S$ million)



REVENUE BY SEGMENTS



* Includes marine offshore services, equipment rental and sales of goods

Operating Results

(S$'000)	FY2023	FY2022	FY2021
Revenue	**101,194**	79,841	63,222
Gross Profit	**32,759**	27,726	16,049
EBITDA Gain	**17,903**	21,741	5,431
Net Cash generated from Operating Activities	**5,650**	19,047	3,688
Net Profit/(Loss)	**2,345**	8,649	(5,102)

Financial Position

(S$'000)	FY2023	FY2022	FY2021
Total Assets	**167,226**	153,465	131,561
Current Assets	**69,976**	52,407	25,984
Total Liabilities	**103,963**	89,912	76,171
Current Liabilities	**65,425**	55,510	34,453
Total Equity	**63,263**	63,553	55,390
Cash & Cash Equivalents, net of bank overdraft	**9,920**	11,715	6,791
Debt to Equity Ratio*	**0.90**	0.72	0.93

Performance Indicators

	FY2023	FY2022	FY2021
Net Asset Value per Share (cents)**	**8.97**	9.01	7.83
Profit/(Loss) per Share (cents)***	**0.22**	1.04	-0.83
Return on Equity	**4%**	14%	-9%
Return on Total Assets	**6%**	9%	-1%
Return on Capital Employed	**9%**	14%	-2%

* *Defined as the sum of indebtedness to financial institutions divided by total equity.*

** *Net asset value per ordinary share is calculated based on 705,442,100, 705,442,100 and 707,142,100 shares in issue as at 31 December 2023, 31 December 2022 and 31 December 2021 respectively.*

*** *Profit/(Loss) per share is calculated by dividing the net profit/(loss) attributable to equity holders of the Group by the weighted average number of shares outstanding of 705,442,100, 706,120,372 and 707,486,716 for FY2023, FY2022 and FY2021 respectively.*

Chairman's Message

Thomas Tan Keng Siong
Executive Chairman
& Chief Executive Officer

Dear Shareholders,

On behalf of the Board of Directors ("**Board**") of Kim Heng Ltd. ("**Kim Heng**") and together with its subsidiaries (the "**Group**"), I present to you our annual report for the financial year ended 31st December 2023 ("**FY2023**").

Emerging Stronger

The Group has emerged stronger by achieving remarkable success in terms of revenue growth. Our FY2023 revenue increased by 27% year-on-year ("**yoy**") to S$101.2 million mainly due to an increase in revenue of S$15.1 million from the trading of vessels by acquiring vessels at a attractive price and retrofitting by the shipyard to resell for a profit. While the retrofitting had kept the shipyard busy and at the same time enabled the workers to stay relevant and upskilled. Marine offshore support services which included the renewable energy segment saw an increase in revenue of S$6.3 million yoy. This increase was mainly contributed by the Renewable Energy business where revenue increased by S$7.9 million from S$9.8 million from FY2022 to S$17.7 million in FY2023. In line with the increase in revenue, the Group's FY2023 gross profit improved 18% to S$32.8 million. Administrative and operating expenses were higher yoy mainly due to current inflationary macro environment. Finance cost have also increased due to new loan facillties taken up in FY2023 for vessels financing. In taking into the account of the above, the Group mananaged to achieve a net profit before tax of S$6.1 million for FY2023.

The Group's strategy to expand into renewable energy not only contributes to environmental sustainability, but also offers economic advantages, regulatory compliance and a positive impact on the company's reputation. This strategic move can lead to long-term resilience, and a strengthened position in the market.

Securing Contracts and Forming Partnerships

While we have achieved two consecutive profitable years, the Group remains steadfast to strive for a long-term sustainable growth. In this regard, we have made headway in securing new contracts and in forming new partnerships through agreements and memorandums of understanding.

In September 2023, our 50% owned indirect subsidiary, Thaitan International Pte. Ltd. was awarded a contract for the installation of pipe conduits using horizontal directional drilling by Alcatel Submarine Networks relating to the optical submarine installation works in Singapore. Under this contract, the group will provide design, engineering, and installation for the purpose of the HDD works.

In October 2023, our wholly owned subsidiary, Kim Heng Shipbuilding & Engineering Pte Ltd ("**KHSE**") was awarded a shipbuilding contract of approximately S$10.6 million by TIPC Marine Corporation, Ltd., which is a subsidiary of state-owned company Taiwan International Ports Corporation. Under this contract, KHSE will provide design, engineering and newbuild of a self-propelled split hopper barge. We are glad that we have made further inroads in Taiwan in securing more newbuild projects and charter contracts. Our proven track records in newbuilds and vessel modifications, successful delivery of several vessels to Taiwanese customers as well as the completion of Horizontal Directional Projects in the Offshore Windfarm is testament of our capability.

The Group remains steadfast to strive for a long-term sustainable business, through making headway in securing new contracts and forming new business partnerships.

Bifrost submarine fibre optic cable HDD works in Tuas

680m³ Split Hopper Vessel Steel Cutting Ceremony

500m³ Split Hopper Vessel Launching Ceremony

Chairman's Message


Geotechnical survey vessel Bridgewater Discovery under overhauling

Apart from securing new contracts, forming partnerships is another strategic direction to further expand the Group's business for the future.

In February 2024, Adira Renewables Pte Ltd, the wholly-owned subsidiary of Kim Heng together with Soiltech Engineering Co Ltd Korea ("**STE**") had signed a vessel framework agreement with an established global offshore windfarm developer in Korea, exclusively over the next 4 years with a 2-year extension option. The Group will provide a geotechnical drilling vessel while STE will provide offshore geotechnical investigation services to the established global offshore windfarm developer for various geotechnical survey projects of their offshore windfarm business in Korea. This strategic collaboration with Soiltech enable us to provide geotechnical investigation services to one of the largest renewables offshore windfarm developers globally. This partnership is yet another a significant step forward for Kim Heng's diversification into renewable energy.

Furthermore, the Group has also signed a few MOUs. In June 2023, our wholly-owned subsidiary, Kim Heng Offshore & Marine Pte Ltd entered into a non-binding MOU with KOMS CO. LTD. to co-operate in relation to offshore windfarm projects and other offshore projects in South Korea.

In August 2023, our wholly-owned subsidiary, Kim Heng Marine & Oilfield Pte Ltd, signed an MOU with offshore marine services contractor Dyna-Mac Engineering Services Pte. Ltd., a wholly-owned subsidiary of Dyna-Mac Holdings Ltd ("**Dyna-Mac**") where Kim Heng will support Dyna-Mac on a preferred partner basis to carry out various projects. This preferred partnership arrangement provides an option for Dyna-Mac to secure the use of Kim Heng's yard facilities, and at agreed tariff rates. The Group believes that this will be a win-win partnership with Kim Heng offering Dyna-Mac greater flexibility to address the spikes in Floating Production Storage and Offloading ("**FPSO**") vessel module fabrication demand and allows it to further entrench its strategic presence in the FPSO module fabrication business, while Kim Heng can benefit by participating in larger, more complex and valuable projects tapping on Dyna-Mac's know-how and client base in the FPSO module fabrication business. . On the offshore rig segment, we have successfully secured several reactivations of Jackup rigs and thrusters removal & installation work for drillships.


Steel modules ordered from Dyna-Mac under fabrications

Rigs reactivation works

As we crossed into 2024, we are expecting more growth in the region for offshore oil & gas exploration and development activation activities. On 12 March 2024, the Group had achieved another significant milestone with the launch and delivery of a 500 cubic meter hopper barge for a Taiwanese customer.

Our wholly-owned subsidiary, Kim Heng Marine & Oilfield Pte Ltd, entered into a non-binding MOU in March with Mansam Pty Ltd, an Australian company with businesses in Southeast Asia, to co-operate in relation to offshore windfarm projects and other offshore projects.

Appreciation and Welcome

Singapore Exchange Regulation (**SGX RegCo**) announced listing rule changes to limit to nine years the tenure of independent directors serving on the board of listed companies. Mr Ho Boon Chuan Wilson and Mr Ong Sie Hou Raymond, in anticipation of the new rules, relinquished their positions as Independent Directors with effect from 26 April 2023. On behalf of the Board and the Group, I would like to express our appreciation to Mr Ho and Mr Ong for their invaluable contributions during their term as Independent Directors.

Drillship thruster removal works

The Board welcomed two new Independent Directors, Mr Tran Phuoc and Mr. Tan Kok Kiong Andrew in 2023. Mr Tran Phuoc is a qualified Chartered Accountant with over thirty-five years of public accounting experience and was a partner with KPMG from year 2000 to year 2020. Mr Andrew past appointments were Managing Director with Temasek International, CEO of both the National Environment Agency and Maritime & Port Authority of Singapore. I believe that their experience and expertise in their respective fields bring with them invaluable contributions. The group is well-positioned with the new board to steer the company to greater heights.

As part of the Group's succession planning ,the Group has also promoted Mr Justin Tan Wen Hao as the Group's Deputy CEO. Over the last decade, Mr Justin Tan has held several senior management appointments within our Group including the COO Offshore & Marine and General Manager.

Appreciation to shareholders and staff

In closing, I would like to thank all our stakeholders for their unwavering support and confidence in Kim Heng. With another profitable year, the Group is recommending a final dividend of S$0.2126 Singapore cents per ordinary share. On behalf of the Board, I would also like to commend the diligence of our management and staff. We have overcome past challenging years with resilience and managed to achieve two consecutive profitable financial years. Together, we will continue to set new milestones and explore avenues for sustainable growth.

Thomas Tan Keng Siong
Executive Chairman & Chief Executive Officer

Arranging floating dock delivery to Taiwan

EXPANDING OUR HORIZONS

Thruster overhaul works in Kim Heng yard

Bridgewater 161 performing ship-to-ship transfer operation in Australian waters

Board of Directors

Thomas Tan
Executive Chairman & CEO

Mr. Thomas Tan is the Executive Chairman and CEO of Kim Heng Ltd. He currently serves as a director for the companies within the Group. He was appointed to the Board on 20 May 2013. He joined the Group in 1978 as an apprentice that was involved in ship repair and maintenance, operations and chartering of vessels, engaging in loading of steel structures, fabrication/ installation of rig modules as well as in the ship chandelling business.

From 1988 until present, Thomas Tan's offshore experience in the marine & energy sector spans over few decades and has been responsible for overall operations, business development, sales & undertaking contract negotiations for the Group.

In 2019, he has leveraged on his knowledge from Marine, Oil& Gas industry and diversified the Company's business into renewable energy.

The Group had procured the undertaking set out in Appendix 7H under Rule 720(1) for the Catalist Rules for Thomas Tan.

Mr. Thomas Tan, who is seeking re-election at the Annual General Meeting had responded negative to items (a) to (k) listed in the Appendix 7F of the Catalist Rules.

* *"Principal Commitments" has the same meaning as defined in the Code.*

Date of Appointment	20 May 2013
Date of last re-appointment	23 April 2021
Age	66
Country of principal residence	Singapore
The Board's comments on this appointment	The Board of Directors of the Company has considered, among others, the recommendation of the Nominating Committee ("NC") and has reviewed and considered the contribution, performance, attendance, preparedness, participation, candour and suitability of Mr Thomas Tan for reappointment as Executive Director of the Company. The Board has reviewed and concluded that Mr Thomas Tan possesses the experience, expertise, knowledge and skills to contribute towards the core competencies of the Board.
Board Committee Membership	Executive Chairman and CEO
Professional qualifications	Not applicable
Other Principal Commitments* Including Directorships	
Past (for the last 5 years)	• Nil
Present	Company and its subsidiaries • Kim Heng Ltd. • Kim Heng Marine & Oilfield Pte Ltd • Kim Heng Tubulars Pte Ltd • Kim Heng Shipbuilding & Engineering Pte. Ltd. • Kim Heng Maritime Pte. Ltd. • Alpine Progress Shipping Pte. Ltd. • Kim Heng Offshore & Marine Pte. Ltd. • Thaitan International Pte. Ltd. • Bridgewater 130 Pte. Ltd. • Bridgewater 131 Pte. Ltd. • Bridgewater 132 Pte. Ltd. • Adira Renewables Pte. Ltd. • Adira Geotech Pte. Ltd. • Adira 330 Pte. Ltd. • Adira Heavy Lift Pte. Ltd. • Adira Cables Pte. Ltd. • Adira Cables SPV Pte. Ltd. • Adira Solar Pte. Ltd. • Adira Solar Sdn Bhd • Adira Solar Construction Pte. Ltd. • Kim Heng Marine Construction Pte. Ltd. • Mazu Subsea Pte. Ltd. • Bridgewater Discovery Pte. Ltd. • Alpine Marine Furnishings Pte. Ltd. • Bridgewater Engineering Sdn. Bhd. • Mazu Offshore Sdn. Bhd. Other Companies • Kh Group Holdings Pte. Ltd.
Conflict of Interest (including any competing business)	No

Date of Appointment	01 September 2022
Date of last re-appointment	26 April 2023
Age	52
Country of principal residence	Singapore
The Board's comments on this appointment	The Board of Directors of the Company has considered, among others, the recommendation of the Nominating Committee ("NC") and has reviewed and considered the contribution, performance, attendance, preparedness, participation, candour and suitability of Mr Choo for reappointment as Non-Executive Director of the Company. The Board has reviewed and concluded that Mr Choo possesses the experience, expertise, knowledge and skills to contribute towards the core competencies of the Board.
Board Committee Membership	Member of Audit and Risk Committee, Nominating Committee and Remuneration Committee.
Professional qualifications	Bachelor's Degree in Business Management, Southern Illinois University MBA, Dubuque University
Other Principal Commitments* Including Directorships	
Past (for the last 5 years)	• United Overseas Bank, Singapore • Innoven Capital (Singapore)
Present	• Kim Heng Ltd. • Hildrics Capital Pte. Ltd. • Hildrics Asia Growth Fund VCC • HAGF Investment (I) Pte. Ltd • HAGF Investment (II) Pte. Ltd • HAGF Investment (III) Pte. Ltd. • Adera Global Smart Tech Pte. Ltd. • SMCH International Pte. Ltd. • mmLive Pte. Ltd. • Adera AI Pte. Ltd. • Datapost Pte. Ltd. • Novation Solutions Limited
Conflict of Interest (including any competing business)	No

Choo Kee Siong
Non-Executive Director

Mr. Choo Kee Siong was appointed as Non-Executive Director of the Company on 1 September 2022. Mr. Choo is a member of the Audit and Risk Committee, Nominating Committee, and Remuneration Committee.

Mr. Choo is currently the executive director and CEO of Hildrics Capital Pte Ltd., a private equity fund manager registered with the Monetary Authority of Singapore, focusing on direct investments into mid-sized and established companies in Southeast Asia and Singapore. Prior to Hildrics Capital, he was the Managing Director and Head of Industry Groups, Group Commercial Banking of United Overseas Bank (UOB), where he was responsible for UOB's portfolio of mid-cap companies in Singapore, Malaysia, Thailand and Indonesia for a period of 13 years. He was also appointed as UOB representative for InnoVen, a joint venture between UOB and Temasek that focuses on providing venture debt to start-ups and fast-growing companies across India, China and Southeast Asia since its inception in 2015.

Mr. Choo holds a degree in business management from Southern Illinois University and MBA from Dubuque University. Mr. Choo was conferred the title of IBF Fellow by the Institute of Banking and Finance Singapore in November 2014.

The Group had procured the undertaking set out in Appendix 7H under Rule 720(1) for the Catalist Rules for Choo Kee Siong.

Mr. Choo Kee Siong, who is seeking re-election at the Annual General Meeting had responded negative to items (a) to (k) listed in the Appendix 7F of the Catalist Rules.

* *"Principal Commitments" has the same meaning as defined in the Code.*

Board of Directors

Tan Kok Kiong Andrew
Independent Director

Mr. Andrew Tan is an Independent Director of Kim Heng and was appointed to the Board on 17 March 2023. He was Managing Director with Temasek International, a global investment firm headquartered in Singapore. He joined as an Operating Partner in the Enterprise Development Group as well as Managing Director of Strategy Office and Institutional Relations from year 2019 to 2022.

Prior to joining Temasek International, he was with the Singapore Administrative Service for nearly three decades in senior positions and key roles across various government agencies from defence, foreign affairs, environment to transport. He was the Chief Executive Officer of the National Environment Agency from year 2009 to 2013 and CEO of Maritime & Port Authority of Singapore from year 2014 to 2018.

The Group had procured the undertaking set out in Appendix 7H under Rule 720(1) for the Catalist Rules for Tan Kok Kiong Andrew.

* *"Principal Commitments" has the same meaning as defined in the Code.*

Date of Appointment	17 March 2023
Date of last re-appointment	26 April 2023
Age	56
Country of principal residence	Singapore
The Board's comments on this appointment	Not applicable, Mr Andrew Tan is not due for retirement by rotation at the forthcoming Annual General Meeting.
Board Committee Membership	Chairman of the Nominating Committee, Member of the Audit and Risk Committee and Remuneration Committee
Professional qualifications	Bachelor in History (First Class Honours) Degree- King's College, University of London Member of Singapore Institute of Directors INSEAD - Advanced Management Programme Kennedy School of Govt/ Harvard University - Master in Public Administration NUS Business School/ National University of Singapore - Post-Graduate Diploma Business Admin
Other Principal Commitments* Including Directorships	
Past (for the last 5 years)	• Singapore Maritime Foundation (SMF) • Singapore Maritime Institute (SMI) • Singapore Chambers of Maritime Arbitration (SCMA) • Technology Centre for Offshore and Marine, Singapore Ltd.
Present	• Kim Heng Ltd. • Agoda Company Pte. Ltd. • Keppel DC Reit Management Pte. Ltd. • GoTyme Bank • Singapore Management University's Institute of Innovation & Entrepreneurship, Enterprise Board
Conflict of Interest (including any competing business)	No

Tran Phuoc
Independent Director

Mr. Tran was appointed as an Independent Director of the Company on 27 March 2023. Mr. Tran is a qualified Chartered Accountant with over thirty-five years of public accounting experience. He was a partner with KPMG Singapore from year 2000 until his retirement in year 2020. He has extensive experience in public accounting which includes auditing, advising on financial reporting matters as well as governance and regulatory compliance matters relating to the Companies Act and SGX-ST listing rules, IPO, restructuring exercises, due diligence and merger and acquisitions.

Mr Tran is a member of the Institute of Singapore Chartered Accountants (ISCA) and holds a Bachelor of Commerce Degree from the University of New South Wales, Australia. He is also a member of the Singapore Institute of Directors.

Date of Appointment	27 March 2023
Date of last re-appointment	26 April 2023
Age	59
Country of principal residence	Singapore
The Board's comments on this appointment	Not applicable, Mr Tran Phuoc is not due for retirement by rotation at the forthcoming Annual General Meeting.
Board Committee Membership	Chairman of the Audit and Risk Committee and Remuneration Committee, Member of the Nominating Committee
Professional qualifications	Bachelor Commerce Degree- University of New South Wales, Australia Member of Singapore Institute of Directors Member of the institute of Singapore Chartered Accountants
Other Principal Commitments* Including Directorships	
Past (for the last 5 years)	• RSM Chio Lim LLP • KPMG LLP
Present	• Natural Cool Holdings Limited • WLT Assurance LLP • Singapura Finance Ltd.
Conflict of Interest (including any competing business)	No

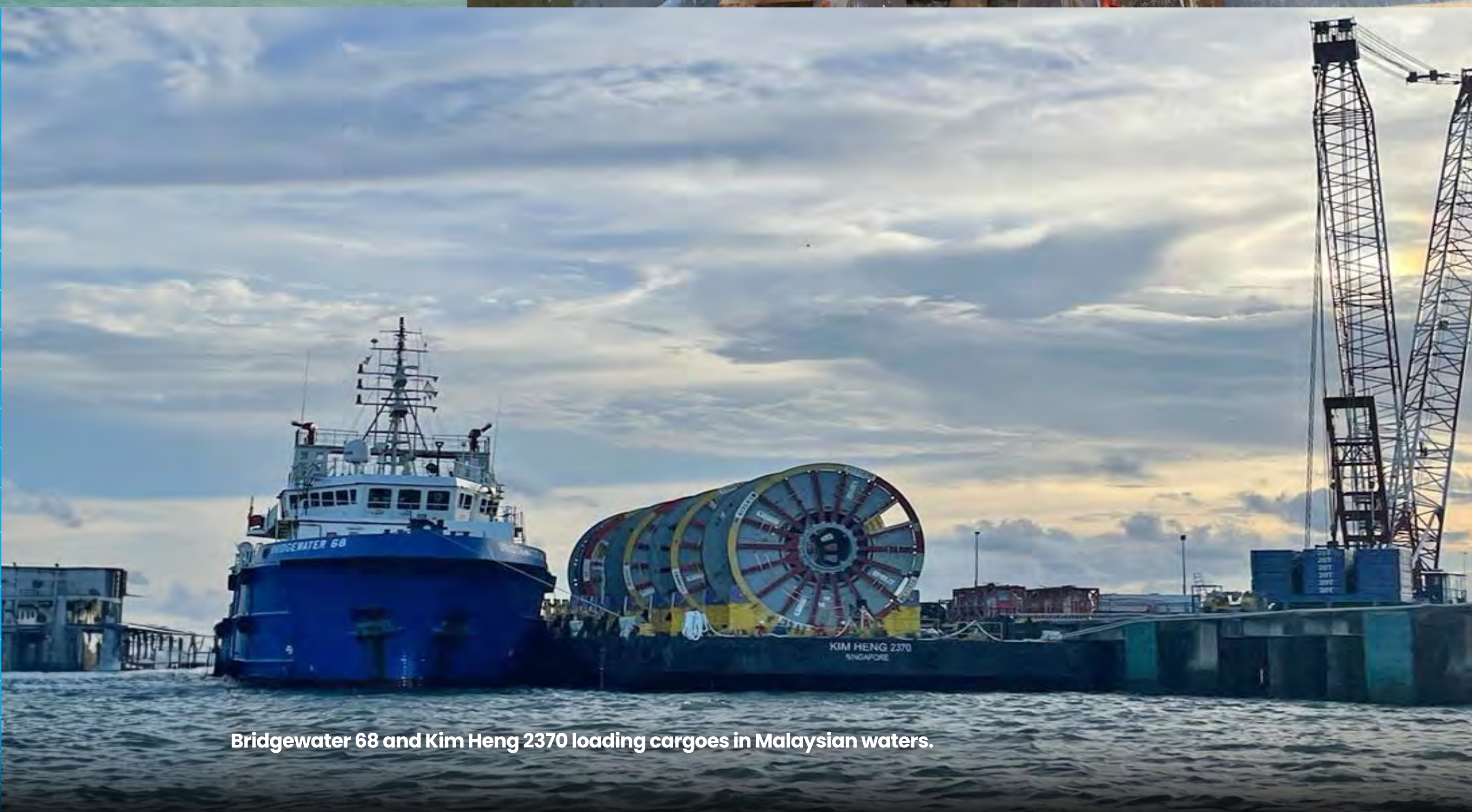
The Group had procured the undertaking set out in Appendix 7H under Rule 720(1) for the Catalist Rules for Tran Phuoc.

* *"Principal Commitments" has the same meaning as defined in the Code.*

Bridgewater 131 working for a platform decommissioning project in Malaysian water

ELEVATING OUR POTENTIAL

Gas pipeline installation works by Direct Pipe



Bridgewater 68 and Kim Heng 2370 loading cargoes in Malaysian waters.

Management Team

Tan Wen Hao Justin Anderson (Deputy Chief Executive Officer)

Mr Justin Tan joined the company in August 2014, spearheading the corporate and business development segments of the Company and was involved in the day to day operations of the Group under the tutelage of the senior management. He was appointed as a General Manager of the Company in October 2015 and was promoted to Chief Operating Officer- Offshore & Marine on 1 April 2020 and Group Deputy CEO on 1 September 2023. Currently, he is overseeing the shipyard operations, its heavy equipment business, the marine & offshore vessel charter & operations and horizontal directional drilling.

Mr Justin Tan holds a Bachelor of Arts (Honours) degree in Business Economics from the University of Exeter.

Nick Lim (Chief Financial Officer)

Mr Nick Lim joined the group in March 2014 and was promoted to the Group's Chief Financial Officer on 22 December 2020 where he is responsible for overseeing the financial and management accounting, compliance and taxation matters. He brings with him more than 17 years of experience in accountancy, auditing and finance. He had held various audit and financial management positions at various multinational companies and SMEs.

Mr Lim obtained his Bachelor of Commerce from the University of Sydney in 2003. He is a member of the Institute of Singapore Chartered Accountants and CPA Australia.

Yeo Seh Hong Lilian (Chief Operating Officer - Oilfield Services)

Ms Yeo Seh Hong has been re-designated as Chief Operating Officer-Oilfield Services of the Group on 1 April 2020. She was previously with AMF Tuboscope Inc. from 1978 to 1985 where she prepared technical inspection reports and handled commercial enquiries. From 1985 to 1988, she was an operations foreman with T.D Inspection Pte Ltd overseeing the Southeast Asia inspection division for offshore & onshore rigs. She first began her career with the Group in 1988 and has, over the years, held various positions as materials manager, business development manager and general manager. She is currently managing the Group's oilfield & drilling customers, handling their commercial enquiries for oilfield products and services such as agency, mooring, drilling tubulars and drilling equipment.

Ms Yeo Seh Hong completed her formal education at Sekolah Menegah Perempuan Jalan Ipoh Kuala Lumpur in 1974 and obtained her Secretarius Certificate from ATT Singapore in 1976.

Tan Keng Hoe Melvin (Chief Technical Officer)

Mr Tan Keng Hoe Melvin has been re-designated as Chief Technical Officer with effect from 1 April 2020 and is responsible for overseeing the engineering division of the group. He supports Mr Justin Tan and Ms Yeo Seh Hong Lilian in the technical demands of all projects & operations to ensure that the Group's competency. His first stint with the Group was managing its Marine Division. Mr Tan Keng Hoe Melvin then moved on to assume various logistical roles in leading drilling contractor companies in the Oil & Gas industry before rejoining the Group in May 2010.

Mr Tan Keng Hoe Melvin holds a diploma in Business Management from the University of Bradford.

Operations and Financial Review

Blowout Preventor & Lower Marine Riser Package offloading in anchorage

Financial Performance

The Group's FY2023 revenue increased by S$21.4 million or 26.7%, from S$79.8 million for FY2022 to S$101.2 million for FY2023. The increase is attributed to the increase in revenue of S$15.1 million from trading of vessels, mainly due to completion in sale and delivery of vessels to customer; the increase in revenue of S$12.3 million from marine offshore support services, mainly due to new projects; the increase in revenue of S$0.1 million from material sales; partially offset by the decrease in revenue of S$3.5 million from equipment rental; and the decrease in revenue of S$2.6 million from chartering of vessels.

In line with the increase in revenue, cost of sales for FY2023 increased by S$16.3 million or 31.3%, from S$52.1 million for FY2022 to S$68.4 million for FY2023. Gross profit increased by S$5.0 million or 18.2%, from S$27.7 million for FY2022 to S$32.8 million for FY2023. Gross profit margin decreased from 34.7% for FY2022 to 32.4% for FY2023. The decrease was mainly due to the lower profits from equipment rental segment.

Other income decreased by S$5.4 million, from S$8.4 million for FY2022 to S$3.0 million for FY2023, mainly due to lower gain on disposal of property, plant and equipment partially offset by higher insurance compensation.

Distribution expenses decreased by S$0.4 million or 18.0%, from S$2.1 million for FY2022 to S$1.7 million for FY2023 mainly due to lower advertisement & promotion expenses partially offset by higher travelling and accommodation expenses for FY2023.

Administrative expenses and other operating expenses have all increased in FY2023 which is in line with the increase in business activities and global inflationary macro environment.

Finance costs increased by S$0.7 million in FY2023 or 30.9% from S$2.4 million for FY2022 to S$3.1 million.

Income tax expense increased by S$1.4 million or 61.7%, from S$2.3 million for FY2022 to S$3.7 million for FY2023 mainly due to higher provision of deferred tax liabilities and provision of current tax.

- **FY2023 revenue increased 26.7% to S$101.2 million**
- **EBIDTA at S$17.9 million for FY2023**

Operations and Financial Review

The Group recorded a net profit after tax of S$2.3 million for FY2023 as compared to S$8.6 million for FY2022.

The Group achieved EBITDA of S$17.9 million for FY2023 as compared to S$21.7 million for FY2022.

Financial Position

Non-current assets decreased by S$3.8 million from S$101.1 million as at 31 December 2022 to S$97.3 million as at 31 December 2023. The decrease was mainly due to depreciation expenses of property, plant and equipment as well as reclassification of vessels to inventories due to the change of use; partially offset by purchase of property, plant and equipment during the year.

The Group's current assets increased by S$17.6 million from S$52.4 million as at 31 December 2022 to S$70.0 million as at 31 December 2023. This increase was mainly due to increase in inventories partially offset by decrease in assets held-for-sales, cash and cash equivalents as well as trade and other receivables.

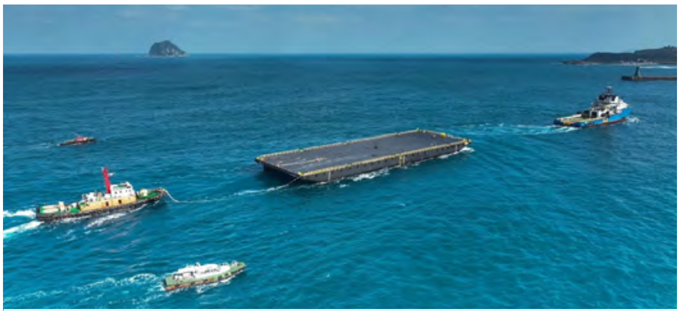
The Group's cash and cash equivalents decreased by S$2.1 million from S$13.1 million as at 31 December 2022 to S$11.0 million as at 31 December 2023 mainly due to cash used in investing and financing activities, offset by cash generated from operating activities. Trade and other receivables and contract assets decreased by S$1.0 million from S$30.8 million as at 31 December 2022 to S$29.8 million as at 31 December 2023, mainly due to decrease in deposit paid for property, plant and equipment.

The Group's non-current liabilities increased by S$4.1 million from S$34.4 million as at 31 December 2022 to S$38.5 million as at 31 December 2023, mainly due to additional loans and borrowings obtained for vessel and increase in deferred tax liabilities provision; partially offset by repayment for loans and borrowings.

Hailong Offshore Wind Farm HDD works in Taiwan

Surface Stack - Blowout Preventor commissioning

In-house built deck cargo barge launching



Bridgewater 168 towing 300 feet barge from Singapore to Taiwan

Bridgewater 168 towing a rig from Offshore Malaysia to Kemaman

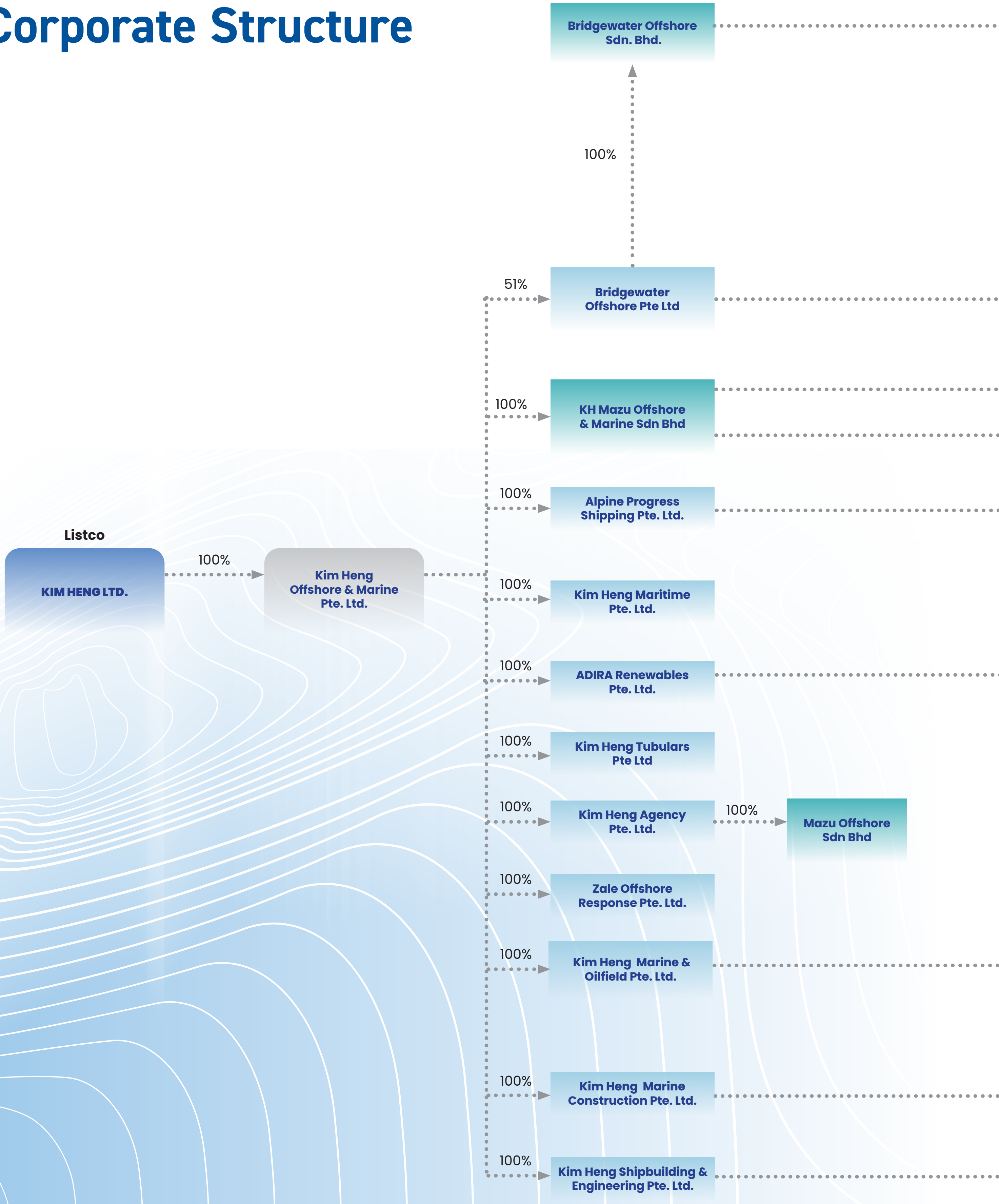
Current liabilities increased by S$9.9 million, from S$55.5 million as at 31 December 2022 to S$65.4 million as at 31 December 2023. This increase was mainly due to increase in loans and borrowings.

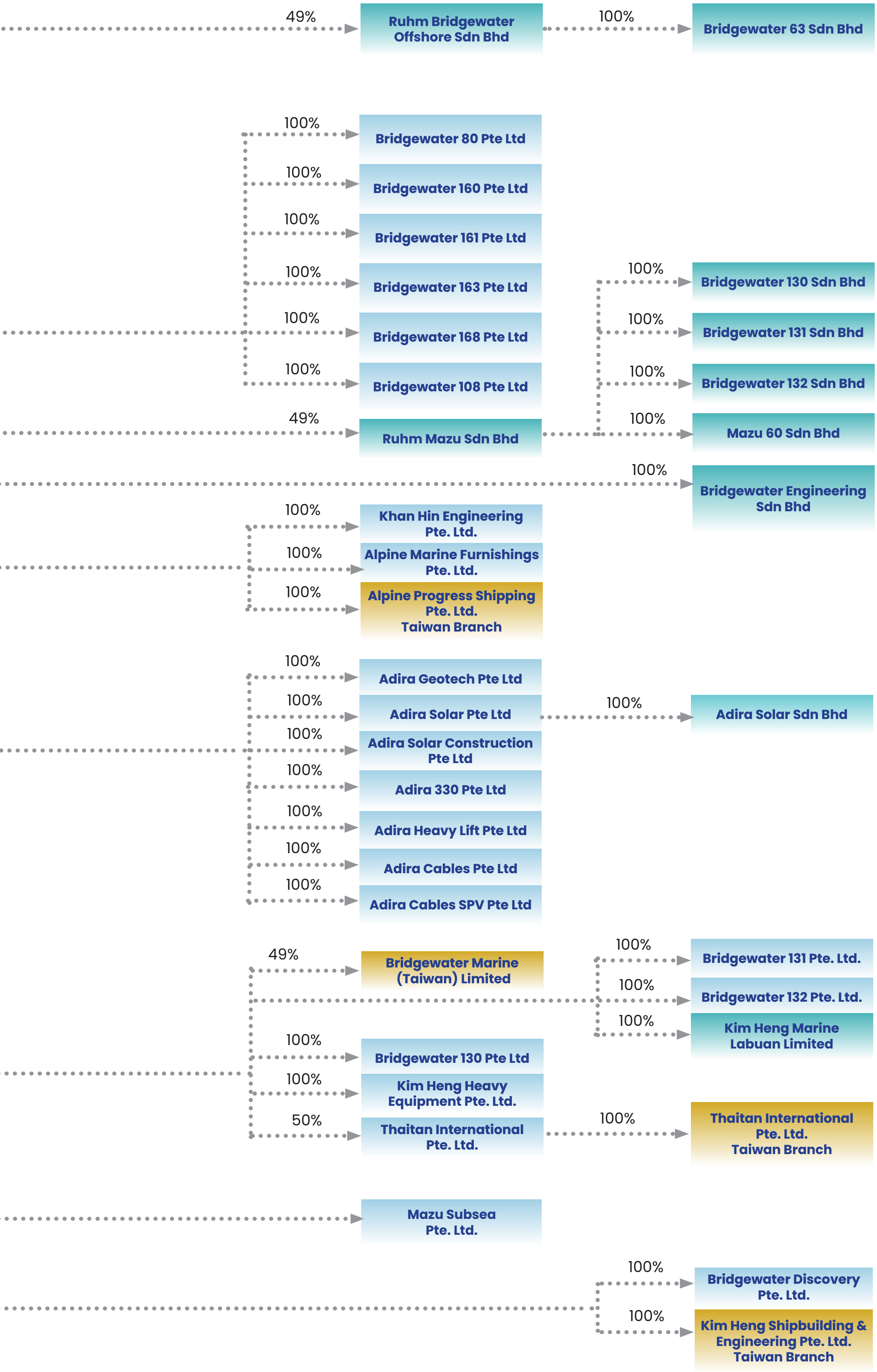
Cash Position and Cash Flow

As at 31 December 2023, the Group's cash and cash equivalents was S$11 million compared to S$13.1 million as at 31 December 2022. The Group continued to record positive operating cash flow in FY2023 of S$5.7 million. Net cash used in investing activities of S$3.8 million for FY2023 is mainly due to purchase of property, plant and equipment, partially offset by proceeds from disposal of property, plant and equipment.

Net cash used in financing activities of S$3.7 million for FY2023 is mainly due to repayment of term loans, lease liabilities, interest payment and dividend payment; partially offset by proceeds from term loans and trust receipts.

Corporate Structure




49%
Ruhm Bridgewater Offshore Sdn Bhd
100%
Bridgewater 63 Sdn Bhd
100%
Bridgewater 80 Pte Ltd
100%
Bridgewater 160 Pte Ltd
100%
Bridgewater 161 Pte Ltd
100%
Bridgewater 163 Pte Ltd
100%
Bridgewater 168 Pte Ltd
100%
Bridgewater 108 Pte Ltd
49%
Ruhm Mazu Sdn Bhd
100%
Bridgewater 130 Sdn Bhd
100%
Bridgewater 131 Sdn Bhd
100%
Bridgewater 132 Sdn Bhd
100%
Mazu 60 Sdn Bhd
100%
Bridgewater Engineering Sdn Bhd
100%
Khan Hin Engineering Pte. Ltd.
100%
Alpine Marine Furnishings Pte. Ltd.
100%
Alpine Progress Shipping Pte. Ltd. Taiwan Branch
100%
Adira Geotech Pte Ltd
100%
Adira Solar Pte Ltd
100%
Adira Solar Sdn Bhd
100%
Adira Solar Construction Pte Ltd
100%
Adira 330 Pte Ltd
100%
Adira Heavy Lift Pte Ltd
100%
Adira Cables Pte Ltd
100%
Adira Cables SPV Pte Ltd
49%
Bridgewater Marine (Taiwan) Limited
100%
Bridgewater 131 Pte. Ltd.
100%
Bridgewater 132 Pte. Ltd.
100%
Kim Heng Marine Labuan Limited
100%
Bridgewater 130 Pte Ltd
100%
Kim Heng Heavy Equipment Pte. Ltd.
50%
Thaitan International Pte. Ltd.
100%
Thaitan International Pte. Ltd. Taiwan Branch
Mazu Subsea Pte. Ltd.
100%
Bridgewater Discovery Pte. Ltd.
100%
Kim Heng Shipbuilding & Engineering Pte. Ltd. Taiwan Branch

Corporate Information

Board of Directors

Tan Keng Siong Thomas
Executive Chairman and CEO

Choo Kee Siong
Non-Executive Director

Tan Kok Kiong Andrew
Independent Director

Tran Phuoc
Independent Director

Audit & Risk Committee

Tran Phuoc - Chairman
Choo Kee Siong
Tan Kok Kiong Andrew

Remuneration Committee

Tran Phuoc - Chairman
Choo Kee Siong
Tan Kok Kiong Andrew

Nominating Committee

Tan Kok Kiong Andrew - Chairman
Choo Kee Siong
Tran Phuoc

Registered Office Address

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Singapore 128465
Telephone: (65) 6777 9990
Fax: (65) 6778 9990
Website: www.kimheng.com.sg

Company Registration Number

201311482K

Company Secretaries

Ms Lotus Isabella Lim Mei Hua, ACIS
Ms Joanna Lim Lan Sim, ACIS

Principal Bankers

United Overseas Bank Limited
80, Raffles Place Singapore 048624
Malayan Banking Berhad
Maybank Tower
2 Battery Road Singapore 049907

Auditors

Foo Kon Tan LLP
Partner in charge:
Kong Chih Hsiang Raymond
(Since financial year ended 31 December 2019)
1 Raffles Place #04-61/62
One Raffles Place Tower 2
Singapore 048616

Share Registrar

Tricor Barbinder Share Registration Services
9 Raffles Place, #26-01
Republic Plaza,
Singapore 048619

Investor Relations Contact

Ms Jocelyn Tan
Tel: (65) 6777 9990
Email: jocelyn.tan@kimheng.com.sg

Sponsor

SAC Capital Private Limited
1 Robinson Road #21-00,
AIA Tower Singapore 048542

Corporate Governance Report

The Board of Directors ("**Board**" or "**Directors**") of Kim Heng Ltd. ("**Company**") and its subsidiaries ("**Group**") are committed to observing and maintaining high standards of corporate governance to safeguard the interests of all its stakeholders and to promote investors' confidence.

This corporate governance report ("**Report**") describes the corporate governance framework and practices of the Company that were in place throughout the financial year ended 31 December 2023 ("**FY2023**") with specific reference to the Principles and Provisions of the Code of Corporate Governance 2018 ("**Code**") and accompanying Practice Guidance.

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 Listing Manual Section B: Rules of Catalist of the Singapore Exchange Securities Trading Limited (the "**SGX-ST**") ("**Catalist Rules**"), the Board confirms that the Company and Group have for FY2023, complied with and observed the Principles as set out in the Code. The Board also confirms that where there are deviations from the Provisions of the Code, explanations, including the provision from which it has varied, reasons for deviation and how the Group's practices adopted are consistent with the intent, aim and philosophy of the Principle in question, have been provided in the relevant sections below:-

Sustainability reporting

The Board recognises that one of the keys to building a sustainable business involves finding a balance between addressing its business needs and the needs of the society and the environment in which the Group operates. The Board strongly believes that to grow sustainably as a forward-looking corporate entity, the Group has to regularly reach out and work together with all its stakeholders, from its employees to the community, and be responsible stewards of its natural environment. The Company remains committed to better resource usage, regard for the environment, and use low sulphur content bunker for our vessels where possible.

The Board is aware that, pursuant to Rule 711B with effect from 1 January 2022, the Company must provide climate-related disclosures consistent with the recommendations of the Task Force on Climate-related Financial Disclosures ("**TCFD**") on a 'comply or explain' basis in their sustainability report with effect from 1 January 2022. As the Company is classified under the Energy - Fossil Fuels, Oil Related Services and Equipment industry, climate reporting based on the recommendations of TCFD framework will be mandatory for the Company from FY2023 onwards. Pursuant to Rule 711A, for FY2023, the Board will ensure to release the sustainability report no later than 4 months after the end of the financial year. Should the Company conduct external assurance on the sustainability report, the Company will publish its sustainability report no later than 5 months after the end of the financial year. The Company will comply with Rule 711A of the Catalist Rules to issue its sustainability report by end of April 2024. All Directors had undergone a one-time training in relation to sustainability matters.

Corporate Governance Report

BOARD MATTERS

The Board's Conduct of Affairs

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

Provision 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 primarily responsible for providing effective leadership and setting strategic directions of the Group to enhance long-term value to its shareholders and other stakeholders. The management of the Company ("**Management**") also plays a pivotal role in providing Board members with complete, adequate and timely information to assist the Board in the fulfillment of its responsibilities for the long-term success of the Group.

The Board exercises due diligence and independent judgment in dealing with the business affairs of the Group and are fiduciaries who are obliged to act in good faith and to take objective decisions in the best interests of the Group. Any Director who faces a conflict of interest, discloses and recuses himself from meetings and decisions involving the issue.

The Board oversees the business affairs of the Group and works with the Management to make objective decisions in the best interests of the Group. The Board is also aware of the requirements of Rule 905 and 906 of the Catalist Rules in relation to Interested Person Transactions ("**IPT**"). The Company will ensure that any IPT is clearly communicated to shareholders in public announcements released via SGXNET, when deemed necessary.

The Board recognises that principal duties of each Director include:

- providing entrepreneurial leadership, and setting strategic objectives, which should include appropriate focus on value creation, innovation and sustainability;
- ensuring that adequate resources are available to meet strategic objectives;
- establishing and maintaining a sound risk management framework to effectively monitor and manage risks, and achieving an appropriate balance between risks and Company performance;
- constructively challenging Management, and reviewing and monitoring their performance towards achieving organisational goals;
- overseeing succession planning for Management;
- reviewing and approving, inter alia, the releases of the half year and full year results announcements, the annual report and financial statements, material acquisitions and disposals of assets, IPT, corporate strategies, annual budgets, and investment proposals of the Group;
- reviewing and evaluating the adequacy and integrity of the Group's internal controls, compliance, risk management and financial report systems;

Corporate Governance Report

- instilling an ethical corporate culture for the Group and ensuring that the corporate values, standards, policies, and practices are consistent with the culture;

- ensuring accurate and timely reporting in communication with shareholders;

- considering sustainability issues including environmental and social factors in the Group's strategic formulation; and

- ensuring transparency and accountability to key stakeholder groups.

Provision 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.

The Board ensures that incoming new Directors are given comprehensive and tailored induction training on joining the Board including onsite visits, if necessary, to familiarize them with the business of the Group and the corporate governance practices of the Group upon their appointment to facilitate the effectiveness in discharging their duties. Newly appointed Directors will be provided with a formal letter setting out their duties and obligations. They will be given briefings by the Management on the business activities of the Group and its strategic directions as well as its corporate governance practices. The Company is responsible for arranging and funding the trainings of Directors. In addition, in FY2023, the directors have been provided with briefings and/or updates on (i) the developments in financial reporting standards by the external auditors; (ii) changes in the relevant laws and regulations pertaining to the Group's business and changing commercial risks and business conditions of the Group by the Management during the Board and/or Board Committee meetings; and (iii) updates on the changes in Catalist Rules and the SGX-ST's guidance notes by the Company's sponsor.

Newly appointed Directors with no prior experience as a director of a listed Company in Singapore will undergo training in the roles and responsibilities of a listed company in Singapore as prescribed by the SGX-ST in accordance to Rule 406(3). Mr Tan Kok Kiong Andrew and Mr Tran Phuoc are the newly appointed directors in FY2023. Being a first time director of a listed company in Singapore, Mr Tan Kok Kiong Andrew has completed the training on the roles and responsibilities of a director of a listed issuer as prescribed by SGX-ST.

Provision 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.

The Group has adopted internal guidelines setting forth matters that require the Board's approval. Matters specifically reserved for the approval by the Board are as follows:

1. the strategy, business plan and annual budget of the Group;
2. material acquisitions and disposal of assets;
3. capital related matters including corporate or financial restructuring, investment or expenditure exceeding certain threshold limits;
4. share issuances;
5. interim dividend and other returns to shareholders; and
6. interested person transactions.

Clear directions have been disseminated to the Management that reserved matters must be approved by the Board. These matters which require board approval are set out above.

Corporate Governance Report

Provision 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.

The Board has delegated specific responsibilities to the committees of the Board, namely, the Nominating Committee ("**NC**"), the Remuneration Committee ("**RC**") and the Audit & Risk Committee ("**ARC**") (collectively, the "**Board Committees**"). These Board Committees, formed with clear written terms of reference which clearly set out its objectives, scope of duties and responsibilities, rules and regulations, and procedures governing the manner in which it operates and how decisions are to be taken, will assist the Board in carrying out and discharging its duties and responsibilities efficiently and effectively. These Board Committees are made up of Non-Executive Directors and Independent Directors and chaired by an Independent Director respectively.

More details on each of the Board Committees, including the names of the committee members, the terms of reference, any delegation of the Board's authority to make decisions and a summary of their activities, are set out in the further sections of this Report.

Provision 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.

The Board meets regularly with at least four (4) scheduled meetings held within each financial year to approve, amongst others, announcements of the Group's half-yearly and full year financial results. Ad-hoc meetings are also convened to discuss and deliberate on urgent substantive matters or issues. Attendance via telephone conference and conference via audio-visual communication at Board meetings are allowed pursuant to the Company's Constitution.

The Board may also have informal discussions on matters requiring urgent attention which would then be formally approved by circular resolutions in writing. The Company's Constitution provides for the Board to convene meetings via telephone conferencing and electronic means in the event where the Directors are unable to attend meetings in person.

The number of Board and Board Committee meetings held in FY2023 and the attendance of each Board member at these meetings are set out below:

		Board Committees		
	Board	**Audit & Risk Committee**	**Remuneration Committee**	**Nominating Committee**
No. of Meeting(s) Held	4	4	1	1
	No. of Meetings Attended			
Thomas Tan Keng Siong	4	4*	1*	1*
Ho Boon Chuan Wilson (1)	1	1	0	1
Ong Sie Hou Raymond (2)	1	1	0	1
Choo Kee Siong	4	4	1	1
Tan Kok Kiong Andrew (3)	3	3	1	0
Tran Phuoc (4)	3	3	1	0

Corporate Governance Report

** By invitation*

(1) Mr Ho Boon Chuan Wilson ceased to be the Independent Director of the Company, chairman of the Audit and Risk Committee, member of the Remuneration Committee and Nominating Committee with effect from 26 April 2023.

(2) Mr Ong Sie Hou Raymond ceased to be the Independent Director of the Company, member of the Audit and Risk Committee, chairman of the Remuneration Committee and Nominating Committee with effect from 26 April 2023.

(3) Mr Tan Kok Kiong Andrew was appointed as the Independent Director of the Company, member of the Audit and Risk Committee, Remuneration Committee and Nominating Committee with effect from 17 March 2023. Mr Andrew Tan Kok Kiong was appointed as Chairman of the Nominating Committee with effect from 26 April 2023.

(4) Mr Tran Phuoc was appointed as the Independent Director of the Company, member of the Audit and Risk Committee, Remuneration Committee and Nominating Committee with effect from 27 March 2023. Mr Tran Phuoc was appointed as Chairman of Audit and Risk Committee and Remuneration Committee with effect from 26 April 2023.

The Board values the importance of Directors' attendance at Board meetings but agrees that it should not be the only criterion to measure their contributions. Our Directors have made a conscious effort to make themselves available and accessible to the Management for discussion and consultation outside the framework of formal meetings. The Board also takes into consideration other criteria in assessing Board members' contributions including periodical reviews, the nature and extent of their guidance and expertise rendered to the committees on which they sit and the scope of advice given on various matters relating to the Group. Directors with multiple board representations also ensure that sufficient time and attention are given to the affairs of each Company.

Provision 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.

The Directors are provided with relevant Board papers adequately and timely prior to meetings so that they can develop a better understanding on the matters to be put before the Board meeting. This ensures that discussions during the Board meetings are constructive. The Board papers which Management provides typically include financial updates with explanations of material variances and other materials with useful information. This allows the Directors to ask well-focused questions which are directly relevant to the agenda of the meetings as well as make informed decisions to fulfill their duties and responsibilities.

Any additional materials or information requested by the Directors are promptly furnished. If necessary, management staff who are able to explain and provide insights to the matters to be discussed are invited to make the appropriate presentation and answer any queries that the Directors may have.

In addition, on an ongoing basis, Management will update the Board on matters of the Company when necessary. The Board also receives updates and information on regulatory changes, industry developments, and business initiatives as well as changes to the accounting standards. All Directors are encouraged to constantly keep abreast of developments in regulatory, legal and accounting frameworks that are of relevance to the Group.

Corporate Governance Report

Provision 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 Directors have separate and independent access to the Company's Management, the Company Secretary, and external advisers (where necessary) at the Company's expense. The Management, together with the Company Secretary, are responsible for ensuring the Group's compliance to Board procedures and other applicable rules and regulations. The Management is responsible for day-to-day operations and administration of the Group and they are accountable to the Board. The Company Secretary assists the Chairman in making sure that board procedures are followed and regularly reviewed so that the functioning of the Board is effective, and that the Company's Constitution and the relevant rules and regulations, not limited to the requirements of the Companies Act and the Catalist Rules, are complied with. As part of implementing and reinforcing good governance practices, the Company Secretary or their representatives administers, attends and prepares minutes of all Board meetings. The Board, as a whole, holds the decision on the appointment and the removal of the Company Secretary.

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.

Provision 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.

Provision 2.2: Independent directors make up a majority of the Board where the Chairman is not independent.

Provision 2.3: Non-executive directors make up a majority of the Board.

The current composition of the Board comprises of four (4) Directors, three (3) of whom are Non-Executive Directors, of which two (2) are Independent Directors and one (1) Non-Independent Non-Executive Director. Mr Thomas Tan Keng Siong is the Executive Chairman and Chief Executive Officer ("**CEO**") of the Group, the Independent Directors only make up half of the Board and does not satisfy Provision 2.2 of the code that independent directors should make up a majority of the board where the Chairman is not independent for FY2023.

However, taking into consideration the following factors, the Board is of the view that the current composition of the Board is consistent with the aim of Principle 2 of the Code for FY2023:

(i) Three (3) out of four (4) directors are non-executive, and hence, majority of the Board is made up of Non- Executive Directors, which satisfies the requirements of Provision 2.3 of the Code. The current Board composition is also in compliance with Rule 406(3)(c) of the Catalist Rules, which require Independent Directors to make up at least one-third of the Board.

(ii) As Independent Directors make up half of the Board, there is a strong independent element on the Board and no individual or group of individuals dominates the Board's decision-making process.

Corporate Governance Report

(iii) The Independent Directors provide the Board with independent and objective judgment on the corporate affairs of the Group and together with the Non-Executive Director, they have the necessary experience and expertise to assist the Board in decision-making and to provide a check and balance to the Board as they are not involved in the day-to-day operations of the Company and the Group.

Nonetheless, the Board, together with the NC, will closely monitor the practices and effectiveness of the Board and ensure that, at all times, the Board will be in compliance with the aim of Principle 2 of the Code.

The current members of the Board and their membership on the Board Committees are as follows: -

Name of Director	Board Membership	Audit & Risk Committee	Nominating Committee	Remuneration Committee
Thomas Tan Keng Siong	Executive Chairman & CEO	–	–	–
Tran Phuoc	Independent Director	Chairman	Member	Chairman
Tan Kok Kiong Andrew	Independent Director	Member	Chairman	Member
Choo Kee Siong	Non-Executive Director	Member	Member	Member

A brief description of the background of each Director is presented at the "Board of Directors" section of the Annual Report.

The NC reviews the independence of the Directors as mentioned under Provision 2.1 of the Code on an annual basis, and as and when circumstances require. Each of the Independent Directors has confirmed that he does not have any relationship with the Company or its related corporations, its shareholders who have an interest of at least 5% of the Company's total voting shares (excluding treasury shares), or its officers that could interfere, or be reasonably perceived to interfere, with the exercise of independent judgment in carrying out the functions as an Independent Director with a view to the best interests of the Group. The Board and the NC have reviewed, determined and confirmed the independence of the Independent Directors.

Rules 406(3)(d) also stipulates that a director will not be independent if he is employed by the issuer or any of its related corporations for the current or any of the past three financial years; or if he has an immediate family member who is employed or has been employed by the issuer or any of its related corporations for the past three financial years, and whose remuneration is determined by the remuneration committee of the issuer; or if he has been a director of the issuer for an aggregate period of more than nine years (whether before or after listing). In this regard, each of the Independent Directors has confirmed their independence and they and their respective associates do not have any employment relationships with the Company for FY2023.

Provision 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 Board and the NC has reviewed and is satisfied that the current composition and board size of four (4) Directors is appropriate for effective decision-making, having taken into consideration the nature and scope of the Group's operations, the requirements of the business and the need to avoid undue disruptions from changes to the composition of the Board and the Board Committees. The Board is of the view that the Directors as a group provide a wide spectrum of industry skills, experience in accounting, finance, business strategies, and management experience to lead and govern the Group effectively.

Corporate Governance Report

The Company had adopted a formal Board Diversity Policy. With the addition of two board members in FY2023, the current Board composition offers diversity of experience and core competencies. New directors are nominated and selected based on suitability, availability, experience and knowledge as well as potential contributions they can bring to the Board. The Board has taken steps to enhance balance and diversity by conducting an annual evaluation to ensure that objectives of the Board diversity are met.

The NC conducts an annual review on the Board's composition to ensure that the Board has the appropriate mix of expertise and experience. Having reviewed and considered the composition of the Board and its committees, the NC is of the view that the current Board comprises individuals whose diverse skills, experience and attributes provide for effective functioning of the Board. The Board members also collectively possess the necessary core competencies necessary to lead and manage the Company. The profile of each of the Directors is set out on pages 12 to 15 of this annual report.

The Board will continue to review its composition in line with evolving business needs, and put in place succession plans, taking into consideration the appropriate balance and mix of skills, knowledge, experience, gender and age.

Provision 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.

Whilst all the Directors share equal responsibility for the Company's operations, the role of the Independent and Non-Executive Directors is crucial in helping to develop proposals on Company strategies and to ensure that the strategies proposed by the Management are constructively challenged, fully discussed and rigorously examined. The Independent Non-Executive Directors are also responsible for reviewing the performance of the Management in meeting agreed goals and objectives and monitoring the reporting of performance. The Independent and Non-Executive Directors, communicate without the presence of the Management as and when the need arises. The chairman of such meetings will then, where necessary, provide the feedback to the Board. The Company also benefits from the Management's ready access to its Directors for guidance and exchange of views both within and outside the formal environment of the Board and Board Committees meetings.

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.

Provision 3.1: The Chairman and the CEO are separate persons to ensure an appropriate balance of power, increased accountability, and greater capacity of the Board for independent decision making.

Provision 3.2: The Board establishes and sets out in writing the division of responsibilities between the Chairman and the CEO.

The Code advocates that there should be a clear division of responsibilities between the leadership of the Board and the executives responsible for managing the Group's business and no one individual should represent a considerable concentration of power.

Corporate Governance Report

Mr Thomas Tan Keng Siong is the Chairman of the Board and CEO of the Group. As Chairman of the Board, his duties and responsibilities include:

- overseeing the smooth functioning of the Board and ensuring that Directors receive complete, adequate and timely information;
- setting the agenda and ensuring that adequate time is available for discussion of all agenda items, in particular strategic issues;
- promoting a culture of openness and debate at the Board;
- ensuring effective communication by the Board and the Management with shareholders;
- encouraging constructive relations within the Board and between the Board and Management;
- facilitating the effective contribution of Non-Executive Directors, in particular; and
- promoting high standards of corporate governance.

In addition, as CEO of the Group, he assumes responsibility for running the day-to-day business of the Group; ensures implementation of policies and strategy across the Group as set by the Board; manages the Management team; and leads the development of the Group's strategic direction including identifying and assessing risks and opportunities for the growth of its business and reviewing the performance of its existing businesses.

Provision 3.1 of the Code sets out that the Chairman and CEO should be separate persons to ensure an appropriate balance of power, increased accountability, and greater capacity of the Board for independent decision-making. However, taking into account the current corporate structure, size, nature and scope of the Group's operations, the Board is of the view that it is presently not necessary to separate the roles of the Chairman and CEO, and there are sufficient safeguards and checks to ensure that the process of decision-making by the Board is independent, based on collective decisions without any individual or group of individuals being able to exercise considerable concentration of power or influence.

Provision 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.

Currently, the Company does not have a lead independent director while the CEO is not independent, as the Board and its committees consists of a majority of non-executive directors, the Board believes that there are sufficient safeguards and checks to ensure that the process of decision-making by the Board is independent and based on collective decisions, without any individual or group of individuals exercising any considerable concentration of power or influence. As such, no lead independent director has been appointed. Matters in relation to remuneration, succession, and audit are deliberated by the respective Board Committees that comprises Independent Directors only. However, in the event circumstances arise where the Chairman is conflicted, the Chairman will recuse himself from voting. If there is any query or request on any matters which requires a lead independent director's attention, the Board will look to appoint and/or redesignate an existing

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independent director to become a lead independent director to provide oversight and leadership. For good corporate governance, Mr Tran Phuoc and/or Mr Tan Kok Kiong Andrew are available to shareholders where there are concerns or issues which could not be resolved with, or inappropriate to be communicated to, the Executive Chairman and CEO and/or Chief Financial Officer ("**CFO**"). Where necessary, the Independent Directors will meet without the presence of the other Directors and will provide feedback to the Chairman after such meetings.

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.***

Provision 4.1: The Board establishes a 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 programmes for the Board and its directors; and***

(d) ***the appointment and re-appointment of directors (including alternate directors, if any).***

Provision 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.

The NC consists of three (3) members, majority of whom, including the NC Chairman, are Independent Directors:

Mr Tan Kok Kiong Andrew*	–	Chairman
Mr Tran Phuoc*	–	Member
Mr Choo Kee Siong	–	Member

* Independent Director

The NC will meet at least once a year. The NC is responsible for making recommendations to the Board on all Board appointments and re-appointments. The key terms of reference of the NC include the following:

- regularly reviewing the Board structure, size and composition and making recommendations to the Board with regards to any adjustments that are deemed necessary;
- determining the process for search, nomination, selection and appointment of new Board members and assessing nominees or candidates for appointment and re-election to the Board;
- reviewing Board succession plans for Directors, in particular, the Chairman and CEO, and key management personnel;

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- making recommendations to the Board on the appointment and re-appointment of Directors (including alternate Directors, if applicable), having regard to the Director's contribution and performance and ensuring that all Directors submit themselves for re-election at regular intervals;
- identifying suitable candidates and reviewing all nominations for appointment and re-appointment to the Board;
- developing a process for assessing and evaluating the effectiveness of the Board as a whole and its Board Committees as well as the contributions of each individual Director to the effectiveness of the Board;
- deciding how the Board's performance may be evaluated and to propose objective performance criteria;
- determining on an annual basis whether a Director is independent, bearing in mind the circumstances set forth in the Code and any other salient factors;
- reviewing training and professional development programs for the Board; and
- determining whether or not a Director is able to and has been adequately carrying out his/her duties as a Director of the Company, particularly when he/she has multiple Board representations.

Provision 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.

The NC has in place a formal process for the selection of new Directors and re-appointment of Directors as follows:

- the NC evaluates the balance of skills, knowledge and experience of the Board and, in light of such evaluation and in consultation with Board, prepares a description of the role and the essential and desirable competencies for a particular appointment;
- if required, the NC may engage consultants to undertake research on, or assess, candidates for new positions on the Board and Board Committees;
- the NC meets with short-listed candidates to assess their suitability and ensure that the candidates are aware of the expectations; and
- the NC makes recommendations to the Board for approval.

When considering the nomination of Directors for re-election and re-appointment, the NC takes into account Directors' contributions to the effectiveness of the Board, the preparedness, participation and competing time commitment faced by Directors who have multiple board representations.

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Provision 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.

The NC determines annually, and as and when circumstances require, the independence of the Independent Directors, having regard to the circumstances set forth in Provision 2.1 of the Code. Saved as disclosed under Principle 2 of the Report above, there are no relationships between the Directors with the Company, its related corporations, its substantial shareholders or its officers, if any, which may affect their independence. Further, an Independent Director shall immediately disclose to the NC any relationships or circumstances that could interfere, or be reasonably perceived to interfere, with the exercise of his independent business judgement in the best interests of the Company.

Provision 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.

The NC will ensure that the selected candidate is aware of the expectations and the level of commitment required. The NC also ensures that new Directors are aware of their duties and obligations and decides if a director is able to and has been adequately carrying out his duties as a director of the Company. Directors are encouraged to attend relevant training programs conducted by the Singapore Institute of Directors, SGX-ST, and other business and financial institutions.

The NC has considered and taken the view that it would not, at this time, be appropriate to set a limit on the number of listed directorships that a Director may hold because Directors have different capabilities. The nature of the organisations in which they hold appointments and the committees on which they serve are of different complexities. Accordingly, each Director would personally determine the demands of his competing directorships and obligations and assess the number of listed directorships they could hold and serve effectively. The NC considers that the multiple board representations held presently by the Directors do not impede their respective performance in carrying out their duties to the Company.

The NC is satisfied that sufficient time and attention are being devoted by the Directors to the affairs of the Company and the Group during FY2023. The NC will continue to review from time to time, the Board representations and other principal commitments to ensure that Directors continue to meet the demands of the Group and are able to discharge their duties adequately. Key information regarding the Directors, including the listed company directorships and principal commitments of each director, is set out in the section "Board of Directors" of this Annual Report. Information on the Directors' shareholdings in the Company and its related corporations is set out in the section "Directors' Statement" of this Annual Report.

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Pursuant to Article 103 of the Company's Constitution, at least one-third of the Directors shall retire from office at each AGM and Article 107 of the Company's Constitution, any Director so appointed shall hold office only until the next Annual General Meeting and shall then be eligible for re-election. Further, pursuant to Rule 720(4) of the Catalist Rules, all Directors must retire at least once every three (3) years at the AGM. The Directors, by the recommendation of NC, shall have the power to appoint any person to be the Director either to fill a casual vacancy or as an additional Director. In this respect, the NC has recommended and the Board has agreed for the following Directors who are due for retirement and re-election, pursuant to Article 103 of the Constitution of the Company, to seek re-election at the forthcoming AGM:

1. Mr Thomas Tan Keng Siong and
2. Mr Choo Kee Siong,

Thomas Tan Keng Siong will, upon re-election as Director of the Company, remain as the Executive Chairman and Chief Executive Officer of the Company.

Mr Choo Kee Siong will, upon re-election as Director of the Company, remain as a Member of the ARC, NC and the RC.

In making the recommendations, the NC considers the overall contribution and performance of the Directors, Mr Choo Kee Siong had abstained from deliberation in respect of his own nomination and assessment.

As at the date of this Report, there is no Independent Director appointed to the Board of any of the Group's principal subsidiaries. The Board will be informed of the revised Board structures of the principal subsidiaries, should there be any appointment of an Independent Director onto the board of any of the principal subsidiaries at any point in time.

The Company does not have any alternate Director as the Board does not encourage the appointment of alternate 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.

Provision 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.

Provision 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 undertakes an annual evaluation of the overall effectiveness of the Board as a whole, its Board Committees, as well as the contribution by the Chairman and each individual director to the Board.

The performance criteria for the evaluation of the effectiveness of the Board as a whole and its Board Committees, include Board commitment, standard of conduct, competency, accountability, training & development and interaction with Directors, Management and stakeholders.

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Each director also undertakes a self-assessment to evaluate their contribution to the Board. This self-assessment process takes into account, inter alia, the commitment, value of contribution to the development of strategy, availability at board meetings, interactive skills, degree of preparedness, industry awareness and business knowledge and experience of each director.

All Directors are requested to complete an evaluation questionnaire designed to seek their views on the various aspects of themselves and Board performance so as to assess the overall effectiveness of the Board.

The completed questionnaires were collated by the Company Secretary and the results of the evaluation exercise were subsequently considered by the NC, before making recommendations to the Board, aimed at assisting the Board's abilities to discharge its duties more effectively. Following the review of the questionnaire assessment of the Board for FY2023, both the NC and the Board are of the view that the performance of the Board as a whole is satisfactory. The NC is satisfied that each member of the Board has effectively and efficiently contributed to the Board and the Group during the year.

The Board has not engaged any external facilitator in conducting the assessment of the effectiveness of the Board and the Board Committee and the performance of individual Directors. Where relevant, the NC will consider such engagement.

Each member of the NC shall abstain from voting on any resolutions and making any recommendation and/or participating in any deliberations of the NC in respect of the assessment of his/her own performance or re-nomination as director. Accordingly, Mr Choo Kee Siong, Mr Tan Kok Kiong Andrew and Mr Tran Phuoc have abstained from voting on any resolutions in respect of the assessment of their own performance and retirement or re-nomination as a Director of the Company.

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.***

Provision 6.1: The Board establishes a 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.

Provision 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.

Provision 6.3: The RC considers all aspects of remuneration, including termination terms, to ensure they are fair.

Provision 6.4: The Company discloses the engagement of any remuneration consultants and their independence in the Company's annual report.

Matters concerning remuneration of the Board, senior executives and other employees who are related to the controlling shareholders and/or the Directors (if any) are handled by the RC whose primary function is to develop formal and transparent policies on remuneration matters in the Company. The RC also reviews and ensures that the Company's remuneration system is competitive and sufficient to attract, retain and motivate the required talents to run the Company successfully.

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Matters which are required to be disclosed in the annual remuneration report have been sufficiently disclosed in this Report under Principles 7 and 8 as well as in the audited financial statements of the Company and of the Group.

The RC consists of three (3) members, all of whom are Non-Executive Directors and majority of whom, including the RC Chairman, are Independent Directors:

Mr Tran Phuoc*	–	Chairman
Mr Tan Kok Kiong Andrew*	–	Member
Mr Choo Kee Siong	–	Member

* Independent Director

The RC will meet at least once a year. The RC carries out its duties in accordance with a set of terms of reference which includes the following:

- reviewing and recommending to the Board, in consultation with the Executive Chairman and CEO, for endorsement, a framework of remuneration policies to determine the specific remuneration packages and terms of employment for each Director and key management personnel, including employees related to the Directors and controlling shareholders, and the implementation of appropriate performance-related elements to be incorporated in the remuneration framework;

- reviewing and recommending the remuneration of the Non-Executive Directors, taking into account factors such as their effort, time spent and their responsibilities;

- reviewing and determining the contents of any service contracts for any Directors or key management personnel; and

- carrying out other duties as may be agreed by the RC and the Board, subject always to any regulations or restrictions that may be imposed upon the RC by the Board from time to time.

The RC is responsible for ensuring a formal and transparent procedure is in place for fixing the remuneration packages of individual Directors, key management personnel and related employees. All aspects of remuneration, including but not limited to, Directors' fees, salaries, allowances, bonuses, awards to be granted under the performance share plan and the options to be issued under the employee share option scheme as well as other benefits-in-kind are reviewed by the RC. The recommendations of the RC are submitted for endorsement by the Board. Such frameworks are reviewed periodically to ensure that the Directors and key management personnel are adequately but not excessively remunerated as compared to industry benchmarks and other comparable companies. This is also to ensure that the remuneration is appropriate to attract, retain and motivate the Directors and key management personnel to successfully manage the Group for the long term. Each RC member shall abstain from reviewing, deliberating and voting on any resolution in respect of his remuneration package or that of any employees who are related to him.

The RC also reviews the fairness and reasonableness of the termination clauses of the service agreements of the Executive Director and key management personnel to ensure that such contracts of service contain fair and reasonable termination clauses which are not overly generous, with an aim to be fair and avoid rewarding poor performance. The Executive Director has a service agreement with the Company which can be terminated by the Company (without prejudice to and in addition to any other remedy) by giving not less than six (6) months' written notice. The appointment of such senior position is on a long-term basis and no onerous removal clauses are contained in their respective service agreement. Where necessary, the RC will consult external professionals on remuneration matters of the Directors and key management personnel and review the independence of the external professionals. No remuneration consultants were engaged by the Company in FY2023.

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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.***

Provision 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.

Provision 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.

Provision 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.

The remuneration of Executive Director and key management personnel comprise a fixed component, (basic salary) and a variable component (variable performance bonus and benefits-in-kind). The annual variable bonus and performance-related component of remuneration is designed to align the interests of the Executive Director and key management personnel with those of the shareholders and link rewards to the Group's financial performance. As such, a significant and appropriate proportion of the remuneration of the Executive Director and key management personnel is structured to link rewards to both corporate and individual performance, where the performance-related remuneration is aligned with the interests of shareholders to promote long-term success of the Group. The Executive Director does not receive Directors' fees but is remunerated as member of Management.

The RC is of the view that it is currently not necessary to use contractual provisions to allow the Company to reclaim incentive components of remuneration from the Executive Director and key management personnel in exceptional circumstances of misstatement of financial statements, or of misconduct resulting in financial loss to the Company and the Group. The Executive Director owes a fiduciary duty to the Company. The Company should be able to avail itself to remedies against the Executive Director and key management personnel in the event of such exceptional circumstances of breach of fiduciary duty.

The remuneration of Non-Executive Director and Independent Directors is in the form of a fixed fee which will be subjected to shareholders' approval at the AGM. Directors who also serve as Chairman of each Board Committee receives additional fees in respect of their service as Chairman of the respective Board Committees. Accordingly, the RC is also of the view that the proposed remuneration of Non-Executive Directors for FY2023 is appropriate to the level of contribution, taking into account the Directors' respective roles and responsibilities in the Board and Board Committees, as well as the frequency of such meetings. Each member of the RC abstains from voting on any resolutions in respect of his own remuneration package.

The remuneration of employees related to Director/CEO will be reviewed by the RC to ensure that their remuneration packages are in line with the staff remuneration guidelines and commensurate with their respective job scopes and level of responsibilities. Any bonuses, pay increments and/or promotions for these related employees will also be subject to the review and approval of the RC. In the event that a member of the RC is related to the employee under review, he will abstain from participating in the review.

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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.***

Provision 8.1: The Company discloses 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.

Provision 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.

Provision 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.

Details of the remuneration of the Directors and key management personnel of the Group for FY2023 are set out below:

	Breakdown of Remuneration in Percentage (%)				
Directors	**Fees (%)**	**Salary (%)**	**Benefits-in-kind (%)**	**Variable Bonus (%)**	**Total (%)**
From S$250,000 and below					
Ong Sie Hou Raymond	100	–	–	–	100
Ho Boon Chuan Wilson	100	–	–	–	100
Choo Kee Siong	100	–	–	–	100
Tan Kok Kiong Andrew	100	–	–	–	100
Tran Phuoc	100	–	–	–	100
From S$ S$1,000,000 to S$1,500,000					
Thomas Tan Keng Siong	–	90	3	7	100

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Key Management Personnel	Designation	Breakdown of Remuneration in Percentage (%)			
		Salary (%)	Benefits-in-kind (%)	Variable Bonus (%)	Total (%)
From S$250,000 and below					
Nick Lim Wei Ming	Chief Financial Officer	92	–	8	100
From S$250,001 to S$500,000					
Tan Wen Hao Justin Anderson	Deputy CEO	83	6	11	100
Tan Keng Hoe Melvin	Chief Technical Officer	88	4	8	100
From S$500,001 to S$750,000					
Yeo Seh Hong	Chief Operating Officer - Oilfield Services	91	2	7	100

In aggregate, the total remuneration (including CPF contribution, bonus and benefits-in-kind) paid to the top Four (4) key management personnel (who are not Directors or the CEO) in FY2023 was S$1,539,867. The Group only has top four key management personnel.

Provision 8.1 stipulates that the Company should disclose the names, amounts and breakdown of remuneration of each individual director and the CEO. However, to maintain confidentiality on the remuneration policies of the Company, the Board is of the view that it is in the best interests of the Company to keep the disclosure of remuneration of each individual Director and key management personnel in salary bands.

Save as disclosed above, there are no termination, retirement and post-employment benefits that may be granted to the Directors and key management personnel.

For FY2023, save for (i) Ms Tan Peck Ling Jocelyn (Head of Corporate Services), and (ii) Ms Tan Peck Ching Jeliane (Head of Supply Chain), being the children of Mr Thomas Tan Keng Siong (the Executive Chairman, CEO and substantial shareholder of the Company), whose remuneration band is between S$150,001 to S$200,000, as well as (iii) Mr Tan Wen Hao Justin Anderson (Deputy Chief Executive Officer) and (iv) Mr Tan Keng Hoe Melvin (Chief Technical Officer), being the son and brother of Mr Thomas Tan Keng Siong respectively, whose remuneration band is between S$250,001 to S$500,000, none of the other full-time employees are related to the Directors, CEO or substantial shareholders of the Company.

The RC is of the view that their remunerations are in line with the Company's staff remuneration guidelines and commensurate with their job scopes and level of responsibilities.

The remuneration package for the Executive Director is based on terms stipulated in his service agreement. The remuneration package of Mr Thomas Tan Keng Siong includes a profit-sharing scheme that is performance related to align his interests with those of the shareholders.

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ACCOUNTABILITY AND AUDIT

Risk Management and Internal Controls

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

Provision 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.

Provision 9.2: The Board requires and discloses in the Company's annual report that it has received assurance from: (a) the CEO and the 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 who are responsible, regarding the adequacy and effectiveness of the Company's risk management and internal control systems.

The Board recognises the importance of providing accurate and relevant information on a timely basis. In this respect, the ARC reviews all financial statements and recommends them to the Board for approval.

In discharging its responsibility of providing accurate relevant information on a timely basis to shareholders in compliance with statutory and regulatory requirements, the Board strives to ensure timely release of the Group's financial results and that the results provide a balanced and understandable assessment of the Group's performance, position and prospects.

The Board takes steps to ensure compliance with legislative and regulatory requirements, including requirements under the Catalist Rules, where appropriate. The Independent Directors and Non-Executive Director, in consultation with the Management, may request for the establishment of written policies of any particular matter that is deemed essential to form part of management control.

On a quarterly basis, the Management will report to the ARC the financial processes and controls that are in place, highlighting material financial risks and impacts and providing updates on the status of significant financial issues of the Group, if any.

The Board is responsible for the governance of risk. It ensures that the Management maintains a sound system of risk management and internal controls to safeguard the Company's shareholders' interests and the Group's assets and to determine the nature and extent of significant risks which the Board is willing to take in achieving its strategic objectives.

The Management is responsible to the Board for the design, implementation and monitoring of the Group's risk management and internal control systems and to provide the Board with a basis to determine the Group's level of risk tolerance and risk policies. The Board acknowledges that it is responsible for reviewing the adequacy and effectiveness of the Group's risk management and internal control systems including financial, operational, compliance and information technology controls. The Board also recognises its responsibilities in ensuring a sound system of internal controls to safeguard the Company's shareholders' investments and the Group's assets as well as managing potential risks.

The Group has established an Enterprise Risk Management ("**ERM**") framework for identification of key risks within the business and has adopted the use of risk register and summary of comfort matrices to document the identified risks as well as taking appropriate measures to control and mitigate these risks.

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The Company has engaged a professional services firm, PricewaterhouseCoopers Risk Services Pte. Ltd. ("**PwC**" or "**internal auditors**") to carry out internal control reviews, as instructed by the ARC, as part of the Group's annual internal audit plan approved by the ARC. PwC is a professional service firm that specialises in the provision of, inter alia, internal audit and risk management services. The PwC internal audit team is led by a partner with significant experience performing internal audit services for companies listed on the SGX-ST. The team members supporting the partner are dedicated internal audit specialists with knowledge and experience. Pursuant to its review, the ARC is satisfied that PwC has the relevant qualifications and experience and has met the standards established by the International Standards for the Professional Practice of Internal auditing set by The Institute of Internal Auditors.

The Management Risk Committee ("**MRC**") which was formed in FY2015 comprises of Management and executive officers from various departments. The MRC conducts regular reviews and provides reports to the ARC every half year on the Group's business and operational activities in respect of the key risk control areas including financial, operational, compliance and information technology controls and continues to apply appropriate measures to control to mitigate these risks. All significant matters are highlighted to the Board and the ARC for further discussion. The Board and the ARC also work with the internal auditors, the external auditors and the Management on their recommendations to institute and execute relevant controls with a view to managing such risks.

Based on the internal controls established and maintained by the Group, work performed by the internal auditors and the external auditors, and reviews performed by the Management, the Board with the concurrence of the ARC on an annual basis, is of the opinion that the Group's risk management and internal control systems put in place during FY2023 to address financial, operational, compliance and information technology risks, are adequate and effective. The Board has received assurances from the CEO and the CFO that:

(a) the financial records of the Group have been properly maintained and the financial statements for FY2023 give a true and fair view of the Group's operations and finances, and are prepared in accordance with the relevant accounting standards; and

(b) the Company's risk management and internal control systems are adequate and effective.

The Board notes that the system of internal controls is designed to manage, rather than to eliminate, the risk of failure in achieving business objectives, and that no system of risk management and internal control can provide absolute assurance against the occurrence of errors, losses, fraud or other irregularities and the containment of business risk. Nonetheless, the Board believes its responsibility of overseeing the Group's risk management framework and policies are well supported. The Board will look into the need for establishment of a separate board risk committee at the relevant time.

Audit Committee

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

Provision 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;

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(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.***

Provision 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.

Provision 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.

Provision 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.

Provision 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 ARC currently comprises Three (3) members, majority of whom, including the ARC chairman, are Independent Directors:

Mr Tran Phuoc*	–	Chairman
Mr Tan Kok Kiong Andrew*	–	Member
Mr Choo Kee Siong	–	Member

* Independent Director

The Board is of the view that the ARC members are appropriately qualified and have sufficient accounting and/or related financial management expertise and experience to discharge the ARC's responsibilities.

The ARC meets on a quarterly basis and plays a key role in assisting the Board to review significant financial reporting issues and judgments to ensure the quality and integrity of the accounting reports, the audit procedures, internal controls, financial statements and any announcements relating to the Group's financial performance, as well as the risk management functions. Where the external auditors raise any significant issues (e.g. adjustments) which has a material impact on the interim financial statement or financial updates previously announced by the Company, the ARC will bring this to the Board's attention, and the Board will then consider whether an immediate announcement under Rule 703 of the Catalist Rules is required. The ARC will also advise the Board if changes are needed to improve the quality of future interim financial statements or financial updates.

Corporate Governance Report

The ARC meets with the external auditors and internal auditors without the presence of the Management, at least annually.

The members of the ARC carry out their duties in accordance with a set of terms of reference which includes:

- assisting the Board in discharging its responsibilities on financial reporting matters;
- reviewing, with the internal and external auditors, the audit plans, scope of work, their evaluation of the system of internal accounting controls, their management letter and the Management's response, and results of their audits compiled by the internal and external auditors;
- reviewing the periodic consolidated financial statements and results announcements before submission to the Board for approval, focusing in particular, on changes in accounting policies and practices, major risk areas, significant adjustments resulting from the audit, the going concern statement, compliance with financial reporting standards as well as compliance with the Catalist Rules and any other statutory and regulatory requirements;
- reviewing the effectiveness and adequacy of the internal control procedures addressing financial, operational and compliance risks, and ensure co-ordination between the internal and external auditors, and the Management, reviewing the assistance given by the Management to the auditors, and discussing problems and concerns, if any, arising from the interim and final audits, and any matters which the auditors may wish to discuss (in the absence of the Management where necessary);
- reviewing the assurance from the CEO and CFO on the financial records and financial statements;
- reviewing the adequacy, effectiveness, scope and results of the external audit and the Group's internal audit function, and the independence and objectivity of the external auditors and internal auditors;
- reviewing and discussing with the external auditors any suspected fraud or irregularity, or suspected infringement of any relevant laws, rules or regulations, which has or is likely to have a material impact on the Group's operating results or financial position, and the Management's response;
- making recommendations to the Board on the proposals to the shareholders relating to the appointment, re-appointment and removal of the external auditors, and approving the remuneration and terms of engagement of the external auditors;
- reviewing significant financial reporting issues and judgments with the CFO and the external auditors so as to ensure the integrity of the financial statements of the Group and any formal announcements relating to the Group's financial performance before their submission to the Board;
- reviewing and reporting to the Board at least annually the adequacy and effectiveness of the Group's main internal controls with the CFO and the internal and external auditors, including financial, operation, compliance and information technology controls via reviews;
- reviewing and approving transactions falling within the scope of Chapter 9 and Chapter 10 of the Catalist Rules;

Corporate Governance Report

- reviewing any potential conflicts of interest;
- reviewing the suitability of the CFO and the adequacy of the finance team on an on-going basis;
- reviewing and approving all hedging policies and instruments (if any) to be implemented by the Group;
- undertaking such other reviews and projects as may be requested by the Board and report to the Board its findings from time to time on matters arising and requiring the attention of the ARC;
- reviewing the financial risk areas, with a view to providing an independent oversight on the Group's financial reporting, the outcome of such review to be disclosed in the annual reports or if the findings are material, to be immediately announced via SGXNET;
- reviewing and establishing procedures for receipt, retention and treatment of complaints received by the Group, inter alia, criminal offences involving the Group or its employees, questionable accounting, auditing, business, safety or other matters that impact negatively on the Group;
- reviewing the Group's compliance with such functions and duties as may be required by statute or the Catalist Rules, and by such amendments made thereto from time to time;
- reviewing arrangements by which the staff may, in confidence, raise concerns about improprieties in matters of financial reporting or other matters, and to ensure that those arrangements are in place for independent investigations of such matters and for appropriate follow-up;
- undertaking generally such other functions and duties as may be required by law or the Catalist Rules, and by such amendments made thereto from time to time;
- reviewing and recommending the risk management strategies, policies and risk tolerance levels for the Board's approval;
- advising the Board on the current risk exposure and future risk strategy of the Group;
- reviewing and assessing, at least annually, the adequacy of risk management policies and framework in identifying, measuring, monitoring and controlling risks and the extent to which these are operating effectively;
- reviewing and recommending new policies or changes to policies and to consider their risk implications;
- reporting to the Board on the Group's risk exposures, including review risk assessment model used to monitor the risk exposures and the Management's views on the acceptable and appropriate level of risk faced by the Group;
- reviewing all relevant risk reports on the Group;
- reporting to the Board on any material changes to the risk profile of the Group;

Corporate Governance Report

- reviewing risk management structure and recommend appropriate measures to control and mitigate the risks of the Group, as and when these arise;
- receiving and reviewing periodic report from MRC; and
- advising the Board on proposed strategic transactions, focusing in particular on risk aspects and implications for the risk tolerance of the Group, and taking independent external advice where appropriate and available

Apart from the duties listed above, the ARC shall commission and review the findings of internal investigations into matters where there is any suspected fraud or irregularity, or failure of internal controls or infringement of any Singapore law, rule or regulation which has or is likely to have a material impact on the Group's operating results and/or financial position. Each member of the ARC shall abstain from voting on any resolutions in respect of matters in which he is interested.

As at date of this Report, in FY2023, the ARC has:

(i) reviewed the scope of work of the external auditors;

(ii) reviewed the scope of work of the internal auditors;

(iii) reviewed the MRC's report and the risk register and summary of comfort matrices;

(iv) reviewed the audit plans of both the internal and external auditors and discussed the results of the findings and evaluation of the Company's system of internal controls;

(v) reviewed and reported to the Board the adequacy and effectiveness of the Company's internal controls, including financial, operational, compliance and information technology controls based on internal auditors reports;

(vi) reviewed the interested person transactions of the Company;

(vii) met with the Company's external auditors and internal auditors without the presence of the Management;

(viii) reviewed the independence and objectivity of external auditors;

(ix) reviewed the Company's procedures for detecting fraud and whistle blowing matters; and

(x) reviewed and recommended to the Board announcements relating to the Group's half and full year results.

Corporate Governance Report

Key Audit Matters

Subsequent to the discussions with Management and the external auditors, the ARC has determined that the following matters are the key audit matters, amongst other significant matters considered in relation to the Group's financial statements for FY2023. The table below indicates how these matters were discussed and addressed:

Key audit matter	Action
Impairment of non-financial assets, including investments in subsidiaries	The Group's non-financial asset comprise buildings on leasehold land, vessels, machinery and equipment and right-of-use assets and the Company's investment in subsidiaries, including non-trade advances extended to the subsidiaries. The ARC has reviewed the Management assessment and discussed with auditors the methodology of Management's impairment assessment. The assessment involves judgements and estimates which are sensitive to changes in future economic and business conditions. The ARC is satisfied with the management's basis of impairment assessment.
Recoverabilty of trade receivables and contract assets	The Group records impairment losses in accordance with SFR(I) 9, where the impairment losses are now based on expected credit loss (ECL) rather than incurred loss model. The ARC has reviewed the Management's assessment of allowance for doubtful debts and discussed with auditors on their review of the reasonableness. The ARC concurred with the Management's assessment on the allowance for doubtful debt and found the allowance for doubtful debt is reasonable.
Inventories measured at lower of cost and net realisable value	The Group's inventories mainly comprise of vessels held for trading which were reclassified from property, plant and equipment and vessels under construction. These vessels are carried at the lower of cost and net realisable value. The ARC has reviewed the Management's assessment of provision of inventory obsolescence is not required. The ARC has discussed with auditors their review of the reasonableness and concurred with the Management's assessment.

The aggregate amount of audit and non-audit fees paid or payable to the external auditors, Foo Kon Tan LLP, for FY2023 are S$248,900 and S$59,100 respectively. The ARC has undertaken a review of the volume and nature of the non-audit services provided by the external auditors to the Group and is satisfied that the nature and extent of such services will not prejudice the independence and objectivity of the external auditors. The ARC has recommended to the Board the nomination of Foo Kon Tan LLP for re-appointment as auditors of the Company at the forthcoming AGM. The Group has also complied with Rules 712 and 715 of the Catalist Rules in relation to the appointment of its external auditors.

Corporate Governance Report

The ARC has explicit authority to investigate any matter within its terms of reference. It has full access to, and has had the full co-operation of the Management. It also has full discretion to invite any Director or any member of the Management to attend its meetings or be provided with reasonable resources to enable it to discharge its functions properly.

To keep abreast of the changes in accounting standards and issues which have a direct impact on the financial statements, the ARC will seek advice from the external auditors at the ARC meetings held.

No former partner or director of the Company's existing auditing firm is a member of the ARC.

Whistle Blowing Policy

The Company has adopted the whistle-blowing policy where staff of the Group may, in confidence, raise concerns on any suspicion of wrongdoings which covers improprieties in matters of financial reporting, fraudulent acts and other matters within the Group via email to the ARC Chairman. The Management and the ARC have been vested with the power and authority to receive, investigate and enforce appropriate follow up actions when any such non-compliance matter is brought to its attention.

As at the date of this Report, there were no reports received through the whistle-blowing mechanism.

The ARC's responsibilities over the Group's internal controls and risk management are complemented by the work of the internal auditors. The internal auditors have unrestricted direct access to all of the Group's documents, records, properties and personnel and reports directly to the ARC on all internal audit matters, in respect of covering the scope of their reviews as part of the Group's annual internal audit plan for FY2023. The Group's annual internal audit plan is submitted to ARC for approval prior to the commencement of the internal controls reviews and PwC plans their internal controls review schedules in consultation with the Management.

Having reviewed the Group's annual internal audit plan, the ARC is satisfied that the internal auditors are independent and their staff are equipped with the relevant qualifications and experience, to perform the internal controls reviews effectively and to meet the needs of the Group in its current business environment.

The hiring, removal, evaluation of the internal auditors and compensation to be paid to them is recommended by the ARC and approved by the Board.

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 matters affecting the Company. The Company gives shareholders a balanced and understandable assessment of its performance, position and prospects.***

Provisions 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.

Provision 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.

Corporate Governance Report

Provision 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.

Provision 11.4: The Company's Constitution (or other constitutive documents) allow for absentia voting at general meetings of shareholders.

Provision 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.

Provision 11.6: The Company has a dividend policy and communicates it to shareholders.

Engagement with Shareholders

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

Provision 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.

Provision 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.

Provision 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 Group recognises the importance of maintaining transparency and accountability to its shareholders. The Board ensures that all the Company's shareholders are treated equitably and the rights of all investors, including non-controlling shareholders are protected. In line with the continuing disclosure obligations of the Company pursuant to the Catalist Rules and the Companies Act 1967 of Singapore, the Group is committed to providing shareholders with adequate, timely and relevant information pertaining to the Group's business developments, financial performance and other factors which could have a material impact on the Company's share price. The Company communicates with shareholders and the investing community through the timely release of announcements via SGXNET.

To enhance the above practices, the Company has established a channel to enable the shareholders to contact the Company's Investor Relations through a designated email as disclosed in the corporate information section.

The result announcements of the Group is released within 45 days from the end of the Group's half-year period, and 60 days from the full financial year end. In addition, the Annual Report 2023 will be released to shareholders on SGXNet at least 14 days before the AGM to be held on 26 April 2024.

Corporate Governance Report

Notwithstanding the Board's decision to cease quarterly reporting from FY2020 due to, inter alia, management time, administrative efforts and costs required in connection therewith, the Board notes the importance of engaging and communicating with its shareholders under Principle 11 and 12 of the Code. In this respect, the Board will continue to monitor and will consider whether interim updates will be provided to shareholders on a voluntary basis, as well as the type of information which shareholders would deem useful and relevant to get a better understanding of the Company's performance in the context of the current business environment, in addition to the Group's mandatory financial statements. Such information would include, inter alia, a discussion of the significant factors that affected the Company's interim performance, relevant market trends including the risks and opportunities that may have a material impact on the Company's prospects.

The Board embraces openness and transparency in the conduct of the Group's affairs, whilst safeguarding its commercial interests. The Company does not practice selective disclosure and price sensitive and/or trade sensitive information is publicly disclosed on an immediate basis where required under the Catalist Rules. Material information on the Group has been released to the public through the Company's announcements via the SGXNET.

Shareholders are able to proactively engage the Board and the Management on the Group's business activities, financial performance and other business-related matters through dialogue sessions. The Group believes in regular, effective and fair communication with shareholders and is committed to hearing shareholders' views and addressing their concerns. Shareholders are also informed of the rules and voting procedures governing such meetings.

The Board notes that Provision 11.6 of the Code sets out that the Company should have a dividend policy and communicates it to shareholders. However, as at the date of this Report, the Company does not have a fixed dividend policy. Nonetheless, the Company is of the view that the following disclosure would constitute a balanced and understandable assessment of its position on a dividend policy, and such practice is consistent with the intent of Principle 11 of the Code. Additionally, the Company also discloses the reasons for the decision of the Board to declare or recommend a dividend, together with the announcement of the financial statements, which is in line with Rule 704(23) of the Catalist Rules.

In considering the form, frequency and amount of dividends that the Board may recommend or declare in respect of any particular year or period, the Board takes into account various factors including:

- The level of the Group's cash and retained earnings.
- The Group's actual and projected financial performance.
- The Group's projected levels of capital expenditure and other investment plans.
- The Group's working capital requirements and general financing condition.

Any payouts of dividend are clearly communicated to shareholders in public announcements and via announcements on SGXNET when the Company discloses its financial results. The Board recommended that a tax exempt (one-tier) final dividend of 0.2126 Singapore cents per ordinary share for the financial year ended 31 December 2023, payable at a date to be determined by the Board, be recommended to the shareholders for approval at the forthcoming AGM of the Company.

The Group supports and encourages active shareholders' participation and vote at general meetings. The Board believes that general meetings serve as an opportune forum for shareholders to meet the Board and key management personnel, and to interact with them. Information on general meetings is disseminated through notices in the annual reports or circulars sent to all shareholders. The notices are also released via SGXNET, as well as posted on the Company's website.

Corporate Governance Report

In addition to SGXNET announcements and its annual report, the Company updates shareholders its major corporate developments thought its corporate website at www.kimheng.com.sg.

The Company's Constitution allows all shareholders to appoint not more than two proxies to attend general meetings and vote on their behalf. Presently, the Company's Constitution does not allow a shareholder to vote in absentia, such as via mail, electronic mail or facsimile. This is not in line with Provision 11.4 of the Code, where the Company's Constitution should allow for absentia voting at general meetings of shareholders. As the authenticity of shareholders' identity and other related integrity issues still remain a concern, the Company has decided, for the time being, not to implement voting in absentia.

Shareholders are encouraged to attend the AGM of the Company to ensure a high level of accountability and to stay informed of the Company's strategy and goals. If the shareholders are unable to attend the meetings, the Company's Constitution allows a shareholder of the Company to appoint up to two proxies to attend and vote in place of the shareholder. Relevant Intermediaries (defined herein) are entitled to appoint more than two proxies to attend and vote on their behalf at general meetings provided that each proxy is appointed to exercise the rights attached to different shares held by the member.

Shareholders, including CPF and SRS investors, may submit substantial and relevant questions related to the resolutions to be tabled for approval at the AGM in advance of the AGM. When submitting questions by post or via email, shareholders should also provide the following details: (i) the shareholder's full name; (ii) the shareholder's email address; and (iii) the manner in which the shareholder holds shares in the Company (e.g., via CDP, CPF/SRS and/or physical scrip), for verification purposes. The Company will address all substantial and relevant questions received from shareholders by publishing its responses to such questions on the Company's corporate website and on the SGXNet and at least 48 hours prior to the closing date and time for the lodgement of instruments appointing a proxy(ies). The Company will respond to questions or follow-up questions submitted after the deadline either within a reasonable timeframe before the AGM, or at the AGM itself. Where substantially similar questions are received, the Company will consolidate such questions and consequently not all questions may be individually addressed.

Separate resolutions on each distinct issue are tabled at general meetings and explanatory notes are set out in the notices of general meetings where appropriate. The Company avoids "bundling" resolutions unless the issues are interdependent and linked so as to form one significant proposal. In situations where resolutions are "bundled", the Company will provide clear explanations on the reasons and material implications in the notice of meeting.

All Directors including Chairman of the Board and the respective Chairman of the Board Committees, the Management, legal professionals, and the external auditors are intended to be in attendance at the AGMs to address any queries of the shareholders.

The Company will record the minutes of general meetings that include substantial and pertinent comments from shareholders relating to the agenda of the meetings and responses from the Board and Management. The Company will publish the minutes of the AGM the SGX website within one month after the date of the AGM.

The Company will put all resolutions to vote by poll at general meetings and an announcement of the detailed results of the number of votes cast for and against each resolution and the respective percentages will be made on the same day.

Corporate Governance Report

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.***

Provision 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.

Provision 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.

Provision 13.3: The Company maintains a current corporate website to communicate and engage with stakeholders.

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

The Company ensures that all material information relating to the Company and its financial performance is disclosed in a timely manner via SGXNET.

The Company also maintains a current corporate website, at https://www.kimheng.com.sg, on which financial and other information to be communicated to members of the public are made available.

OTHER CORPORATE GOVERNANCE MATTERS

The Company has in place internal codes of conduct and practices for its Board members and employees on securities transactions while in possession of price-sensitive information and their conduct of business activities.

DEALINGS IN SECURITIES

(Rule 1204 (19) of the Catalist Rules)

The Company has complied with Rule 1204(19) of the Catalist Rules in relation to dealings in the Company's securities by the Company, Directors, and all employees of the Group.

The Group has adopted an internal compliance code to provide guidance to its Directors and all employees of the Group with regards to dealings in the Company's securities. The code prohibits dealing in the Company's securities by the Directors and employees of the Group while in possession of unpublished price sensitive or trade sensitive information. Directors and employees are not allowed to deal in the Company's securities on short-term considerations and during the period of one (1) month before the announcement of the Company's half year and full year financial results. The Company, Directors and employees are also required to adhere to the provisions of the Securities and Futures Act 2001 of Singapore, Companies Act 1967 of Singapore, the Catalist Rules, and any other relevant regulations with regards to their securities transactions. They are also expected to observe insider trading laws at all times even when dealing in securities within the permitted trading period.

Corporate Governance Report

INTERESTED PERSON TRANSACTIONS

(Rule 907 of the Catalist Rules)

The Company has established internal control policies to ensure that transactions with interested persons are reported in a timely manner to the ARC and that the transactions are carried out on an arm's length basis and on normal commercial terms that will not be prejudicial to the interests of the Company and its minority shareholders.

The ARC and the Board have reviewed below interested person transactions for FY2023.

Name of Interested Person	Aggregate value of all interested person transactions during the financial year under review (excluding transactions less than S$100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920)	Aggregate value of all interested person transactions conducted under shareholders' mandate pursuant to Rule 920 (excluding transactions less than S$100,000)
	Total value of the transaction	**Total value of the transaction**
	$'000	**$'000**
Interest expense to Mr Thomas Tan Keng Siong, who is the Executive Chairman, Chief Executive Officer and Controlling Shareholder of the Group*	143	–

* Shareholder loan of S$7,000,000 from Mr Thomas Tan Keng Siong, who is the Executive Chairman, Chief Executive Officer and Controlling Shareholder of the Group.

* Please refer to the announcement dated 18 September 2023 for more details.

The Company does not have a shareholders' mandate for interested person transactions pursuant to Rule 920 of the Catalist Rules.

MATERIAL CONTRACTS

(Rule 1204(8) of the Catalist Rules)

Save for the service agreement between the Company and the Executive Director, disclosures above in the "**Interested Person Transactions**" section and except as disclosed in this Report, Directors' Report and the audited financial statements of the Company for FY2023, there were no other material contracts of the Company and its subsidiaries involving the interests of the CEO or any Director or controlling shareholder, either subsisting at the end of the financial year reported on or if not then subsisting, which were entered into since the end of the previous financial year.

Corporate Governance Report

NON-SPONSOR FEES

(Rule 1204(21) of the Catalist Rules)

No non-sponsor fees were paid to the Company's sponsor, SAC Capital Private Limited in FY2023.

CODE OF CONDUCT & PRACTICES

The Group recognises the importance of integrity and professionalism on the conduct of its business activities. Employees are expected to embrace, practise and adopt these values when performing their duties and always to act in the best interest of the Group and avoid situations that may create conflicts of interest.

FINANCIAL CONTENTS

Directors' Statement

For the financial year ended 31 December 2023

The directors submit this statement to the members of Kim Heng Ltd. (the "Company") together with the audited consolidated financial statements of the Company and its subsidiaries (collectively the "Group") and statement of financial position of the Company for the financial year ended 31 December 2023.

In our opinion:

(a) the accompanying financial statements of the Group and the statement of financial position of the Company are drawn up so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2023 and the financial performance, changes in equity and cash flows of the Group for the year ended on that date in accordance with the provisions of the Singapore Companies Act, 1967 (the "Act") and Singapore Financial Reporting Standards (International); 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.

Name of directors

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

Tan Keng Siong Thomas	(Executive Chairman and Chief Executive Officer)
Choo Kee Siong	(Non-Executive Director)
Tan Kok Kiong Andrew	(Independent Director)
Tran Phuoc	(Independent Director)

Directors' interests in shares or debentures

According to the Register of Directors' Shareholdings kept by the Company under Section 164 of the Act, none of the directors who held 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:

	Shareholdings registered in the name of directors		**Shareholdings in which directors are deemed to have an interest**	
	As at 1.1.2023	**As at 31.12.2023**	As at 1.1.2023	**As at 31.12.2023**
The Company	Number of ordinary shares			
Tan Keng Siong Thomas	100,000	**900,000**	283,347,000	**283,347,000**
Choo Kee Siong	–	**–**	124,999,600	**124,999,600**
Ong Sie Hou Raymond [(1)]	100,000	**–**	–	**–**
Ho Boon Chuan Wilson [(1)]	125,000	**–**	–	**–**

[(1)] Retired on 26 April 2023

Directors' Statement

For the financial year ended 31 December 2023

Directors' interests in shares or debentures (Cont'd)

By virtue of Section 7 of the Act, Tan Keng Siong Thomas is deemed to have interests in the shares of the Company held by KH Group Holdings Pte. Ltd.. Tan Keng Siong Thomas, by virtue of his interests of not less than 20% of the issued share capital of the Company, is deemed to have an interest in the whole of the share capital of the Company's wholly-owned subsidiaries. Choo Kee Siong is deemed to have interests in the shares of the Company held by HAGF Investment (I) Pte. Ltd..

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

There are no changes to the above shareholdings as at 21 January 2024.

Audit & Risk Committee

The Audit & Risk Committee at the end of the financial year comprises the following members:

Tran Phuoc (Chairman)
Tan Kok Kiong Andrew
Choo Kee Siong

The Audit & Risk Committee performs the functions set out in Section 201B(5) of the Act, the Listing Manual of the Singapore Exchange and the Code of Corporate Governance. In performing those functions, the Audit & Risk Committee reviewed the following:

(i) overall scope of both the internal and external audits and the assistance given by the Company's officers to the auditors. It met with the Company's internal and external auditors to discuss the results of their respective examinations and their evaluation of the Company's system of internal accounting controls;

(ii) the audit plan of the Company's independent auditor and any recommendations on internal accounting controls arising from the statutory audit;

(iii) the half yearly and annual financial information and the statement of financial position of the Company and the consolidated financial statements of the Group for the financial year ended 31 December 2023 as well as the auditor's report thereon;

(iv) effectiveness of the Company's material internal controls, including financial, operational and compliance controls and information technology controls and risk management systems via reviews carried out by the internal auditors;

(v) met with the external auditor, internal auditor, other committees, and management in separate executive sessions to discuss any matters that these groups believe should be discussed privately with the Audit & Risk Committee;

Directors' Statement

For the financial year ended 31 December 2023

Audit & Risk Committee (Cont'd)

(vi) reviewed legal and regulatory matters that may have a material impact to the financial statements, related compliance policies and programmes and any reports received from regulators;

(vii) reviewed the cost effectiveness and the independence and objectivity of the external auditor;

(viii) reviewed the nature and extent of non-audit services provided by the external auditor;

(ix) recommended to the Board of Directors the external auditor to be nominated, approved the compensation of the external auditor, and reviewed the scope and results of the audit;

(x) reported actions and minutes of the Audit & Risk Committee to the Board of Directors with such recommendations as the Audit & Risk Committee considered appropriate;

(xi) reviewed with the Board of Directors and management the possible risks or exposures that may exist and identifying the necessary steps to take in order to minimise such risks to the Company; and

(xii) reviewed interested person transactions (as defined in Chapter 9 of the Listing Manual of the Singapore Exchange).

The Audit & Risk Committee has full access to and has the co-operation of the management and has been given the resources required for it to discharge its functions properly. It also has full authority and the discretion to invite any director or executive officer to attend its meetings. The Audit & Risk Committee also recommends the appointment of the external auditor and reviews the level of audit and non-audit fees. The external and internal auditors have unrestricted access to the Audit & Risk Committee.

The Audit & Risk Committee is satisfied with the independence and objectivity of the external auditor and has recommended to the Board of Directors that the auditor, Foo Kon Tan LLP, be nominated for re-appointment as auditor at the forthcoming Annual General Meeting of the Company.

Further details regarding the Audit & Risk Committee are provided in the Report on Corporate Governance.

In appointing auditors of the Company and its subsidiaries, we have complied with Rules 712 and 715 of the SGX Listing Manual.

Directors' Statement

For the financial year ended 31 December 2023

Independent auditor

The independent auditor, Foo Kon Tan LLP, Public Accountants and Chartered Accountants, has expressed its willingness to accept re-appointment.

On behalf of the Directors

TAN KENG SIONG THOMAS

CHOO KEE SIONG

Dated: 11 April 2024

Independent Auditor's Report

To the members of Kim Heng Ltd. and its subsidiaries

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Kim Heng Ltd. (the "Company") and its subsidiaries (the "Group"), which comprise the consolidated statement of financial position of the Group and the statement of financial position of the Company as at 31 December 2023, the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows of the Group for the year then ended, and notes to the financial statements, including material accounting policy information.

In our opinion, the accompanying consolidated financial statements of the Group 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)") so as to give a true and fair view of the consolidated financial position of the Group and the financial position of the Company as at 31 December 2023, and of the consolidated financial performance, consolidated changes in equity and consolidated cash flows of the Group for the year ended on that date.

Basis for Opinion

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

Key Audit Matters

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

Independent Auditor's Report

To the members of Kim Heng Ltd. and its subsidiaries

Key Audit Matters (Cont'd)

1. Impairment testing of non-financial assets

Despite the Group registering profit for the current financial year, management has identified that the crane segment in which the Group operates in remains weak in terms of volume and margins while the market outlook for certain types and classes of vessels was not favourable, resulting in under-utilisation in these vessels and cranes which are indicators of impairment.

This gives rise to risks such as impairment of (i) the Group's non-financial assets comprising mainly buildings on leasehold land, vessels, machinery and equipment and right-of-use assets and (ii) the Company's investment in a subsidiary, including non-trade advances extended to the subsidiary.

(a) Impairment assessment of vessels and cranes

As at 31 December 2023, the Group's property, plant and equipment and right-of-use assets (collectively known as "PPE") amounted to $75.3 million and $21.9 million, respectively, as disclosed in Notes 4 and 5 to the financial statements. The carrying amount of the Group's vessels and cranes amounted to $64.0 million, representing 66% of the Group's PPE or 38% of the Group's total assets is significant to our audit as at 31 December 2023. Management carried out a review of the recoverable amounts of the abovementioned vessels and cranes. The impairment test was conducted by comparing the carrying amounts of the vessels and cranes to their respective recoverable amounts. The recoverable amount is based on the higher of the fair value less cost of disposal and value-in-use of the vessels and cranes. There is significant judgement involved in the impairment assessment to determine the recoverable amounts.

Management has appointed independent professional valuers to ascertain the recoverable amounts based on the fair value less cost of disposal of vessels and cranes, determined by reference to the valuation reports, and has considered the reasonableness of the valuations. In preparing the valuation reports, some of the factors considered by the professional valuers include the current market conditions of the vessels and cranes, the recent market sales of the similar vessels and cranes, the specification and condition of each vessel and crane as well as the cost to a market participant buyer to acquire or construct a substitute asset of comparable utility, adjusted for obsolescence of the vessels and cranes. Management has recorded impairment loss of $195,000 on an equipment as disclosed in Note 4 to the financial statements in the consolidated statement of comprehensive income in the current financial year.

Due to the significant judgment involved in estimating the values and the significance of the carrying amounts of the vessels and cranes, we have determined this as a key audit matter.

Independent Auditor's Report

To the members of Kim Heng Ltd. and its subsidiaries

Key Audit Matters (Cont'd)

1. Impairment testing of non-financial assets (Cont'd)

(a) Impairment assessment of vessels and cranes (Cont'd)

Our response and work performed:

We assessed the appropriateness of management's identification of the cash generating units ("CGUs") through making inquiries with management and our understanding of the Group's operations and its internal management reporting process. We have considered both internal and external sources of information to determine if the CGUs have any indicators of impairment as well as whether there is any indication that the impairment loss recognised on the CGUs in prior years may no longer exist or may have decreased.

We evaluated management's assessment of impairment by comparing the carrying values of the vessels and cranes with their recoverable amounts determined based on fair value less cost of disposal, to determine if any impairment loss is required. We have assessed the competency and objectivity of the management experts.

We involved our auditor's expert to assist us in evaluating the valuation methodologies and assessing the appropriateness of key assumptions used, inter alia, the specifications and the age of the vessels and cranes. We evaluated the competency and objectivity of the auditor's expert and the adequacy of the work performed by the auditor's experts. We also assessed the adequacy of the disclosures in the financial statements.

(b) Impairment of the Company's cost of investment in a subsidiary, including amounts due from subsidiaries at the Company level

As at 31 December 2023, the Company's cost of investment in Kim Heng Offshore & Marine Pte Ltd ("KHOM"), an investment holding company, amounted to $76.3 million (FY 2022 - $76.3 million), and it included non-trade amounts due from the subsidiary of $44.0 million (FY 2022 - $44.0 million) which represented an extension of the Company's net investment in KHOM where the latter has, in turn, invested the amounts in the Company's indirect subsidiaries. In the previous financial year, management had recorded a full impairment loss on a loan extended to an indirect subsidiary of the Company, determined based on the difference between the realisable net asset value ("RNAV") of the subsidiary and the carrying amount of the net investment. As at 31 December 2023, management performed an impairment assessment and concluded that there are no indications that the impairment loss recognised in prior years may no longer exist or may have decreased as the subsidiary continued to record a deficiency in its RNAV.

We considered the audit of management's impairment test on the balance to be significant because the carrying amount of the investment in the subsidiary represented 91% of the Company's total assets as at 31 December 2023 and the impairment assessment involves significant judgment. Management has determined the recoverable amount of the cost of investment, including the non-trade amounts, in KHOM based on the respective RNAV of the CGU of KHOM.

Independent Auditor's Report

To the members of Kim Heng Ltd. and its subsidiaries

Key Audit Matters (Cont'd)

1. Impairment testing of non-financial assets (Cont'd)

(b) Impairment of the Company's cost of investment in a subsidiary, including amounts due from subsidiaries at the Company level (Cont'd)

Our response and work performed:

We assessed the appropriateness of management's identification of the CGU through making inquiries with management and our understanding of the Group's operations and its internal management reporting process.

We obtained an understanding from management on their assessment of the current market sentiments have on the operations of the direct subsidiaries of KHOM. We have also considered if there is any indication that the impairment loss recognised in prior years may no longer exist or may have decreased.

In addition, the audit procedures discussed in the preceding paragraphs in 1(a) relating to the impairment assessment on vessels and cranes and other factors such as the various subsidiaries' historical and current performance and financial positions were taken into consideration when evaluating the management's impairment assessment of investment in the subsidiary and the non-trade amounts extended to the subsidiary.

We also assessed the adequacy and appropriateness of the related disclosures set out in Note 6 to the financial statements.

2. Recoverability of trade receivables and contract assets

As at 31 December 2023, the Group's trade receivables and contract assets amounted to $12.6 million (2022 - $16.6 million) net of allowance for expected credit losses ("ECL") of approximately $0.7 million (2022 - $0.9 million), and $9.7 million (2022 - $1.9 million) respectively, representing 13% (2022 – 12%) of the Group's total assets.

The recoverability of trade receivables and contract assets is a key element of the Group's working capital management, which is managed on an ongoing basis by management. Management determines impairment of trade receivables by making debtor-specific assessment for credit-impaired debtors. For the remaining group of debtors and contract assets, management provides lifetime expected credit losses using a provision matrix. The provision rates are determined based on the Group's historical default rates analysed based on days past due by grouping customers based on the customer profiles, adjusted for current and forward-looking information.

This area is a key audit matter due to the amounts involved, as well as the inherent subjectivity that was involved in making judgement by the management in relation to the assumptions used in the ECL model such as forward-looking macroeconomic factors.

Independent Auditor's Report

To the members of Kim Heng Ltd. and its subsidiaries

Key Audit Matters (Cont'd)

2. Recoverability of trade receivables and contract assets (Cont'd)

Our response and work performed:

As part of our audit, we assessed the Group's processes and key controls relating to the monitoring of trade receivables and contract assets including the process in determining whether a debtor is credit-impaired and the Group's processes in collating the key data sources and assumptions for data used in the ECL model. We reviewed the key data sources and assumptions for data used in the determination of default rate and the correlation between the default rate and the current and forward-looking adjustment factor. We considered the age of the debts as well as the trend of collections to identify the collection risks. We obtained trade receivable confirmations and reviewed for collectability by way of obtaining evidence of receipts from the debtors subsequent to the balance sheet date. We also considered the disclosures in the financial statements about the extent of estimation and judgement involved in determining allowance for doubtful debts.

Disclosure of the pertinent information has also been set out in Notes 8, 18 and 27 to the financial statements.

3. Inventories measured at the lower of cost and net realisable value

As at 31 December 2023, the Group's inventories amounted to approximately $28.7 million representing 17% of the Group's total assets. The Group's inventories mainly comprise (a) vessels held for trading which were reclassified from property, plant and equipment amounting to $4.7 million; and (b) vessels under construction amounting to $19.2 million, (collectively, "vessel inventories") respectively. These vessel inventories are carried at the lower of cost and net realisable value.

As the general market conditions continue to be challenging and competitive due to pricing competition and higher interest rates, there is a risk that the realisable value of the Group's vessel inventories may be below cost, resulting in an overstatement of the vessels.

The net realisable values of the vessel inventories are determined by reference to the valuation report prepared by a firm of independent professional valuers ("management expert"). The valuation of the vessel inventories is based on "as is, where is" sale at their current locations, between a willing buyer and a willing seller. The valuation method involves understanding of the vessels' specifications and general arrangements, reviewing the vessels' historical valuation records, including previous and recent actual sales transactions in the market, and consideration of market conditions and inherent values of the vessel inventories which requires significant management judgement. Accordingly, we determined that this is a key audit matter. No provision for inventory obsolescence was recorded on these vessel inventories during the current financial year.

Independent Auditor's Report

To the members of Kim Heng Ltd. and its subsidiaries

Key Audit Matters (Cont'd)

3. Inventories measured at the lower of cost and net realisable value (Cont'd)

Our response and work performed:

For those vessel inventories that have been reclassified from property, plant and equipment to inventories during the financial year, we obtained management's confirmation regarding their intention on the change in use with a view to sell. We obtained supporting document such as signed/draft memorandum of sale agreements entered with third parties in respect of these vessel inventories and performed net realisable value test by checking to (i) the sale and purchase agreements/ sale invoices subsequent to the balance sheet date, if any, or having regard to the (ii) market values stated in the valuation report prepared by the appointed management expert, to determine if any provision for inventory obsolescence is required. We obtained an understanding of the work performed by the management expert and evaluated the appropriateness of the management expert's work as audit evidence. We have assessed the competency, capability and objectivity of the management expert engaged to perform a valuation on the Group's vessel inventories. We involved our auditor's expert to assist us in evaluating the appropriateness of the valuation methodology, the bases and assumptions used by the management expert to ascertain that the vessel inventories are stated at the lower of cost and net realisable value. In addition, we evaluated the competency and objectivity of our auditor's expert and the adequacy of the related disclosure made in the financial statements.

Information Other than the Financial Statements and Auditor's Report Thereon

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

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Directors for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Act and SFRS(I)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 processes.

Independent Auditor's Report

To the members of Kim Heng Ltd. and its subsidiaries

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

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

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

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

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

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

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

Independent Auditor's Report

To the members of Kim Heng Ltd. and its subsidiaries

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

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

Report on Other Legal and Regulatory Requirements

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

The engagement partner on the audit resulting in this independent auditor's report is Kong Chih Hsiang, Raymond.

Foo Kon Tan LLP
Public Accountants and
Chartered Accountants

Singapore, 11 April 2024

Statements of Financial Position

As at 31 December 2023

	Note	The Group 31 December 2023 $'000	The Group 31 December 2022 $'000	The Company 31 December 2023 $'000	The Company 31 December 2022 $'000
ASSETS					
Non-Current Assets					
Property, plant and equipment	4	**75,294**	83,918	**–**	–
Right-of-use assets	5	**21,893**	17,077	**–**	–
Club memberships		**63**	63	**–**	–
Investment in a subsidiary	6	**–**	–	**76,250**	76,250
		97,250	101,058	**76,250**	76,250
Current Assets					
Inventories	7	**28,740**	2,819	**–**	–
Trade and other receivables	8	**20,146**	28,845	**7,265**	2,285
Contract assets	9	**9,722**	1,942	**–**	–
Cash and bank balances	10	**10,974**	13,137	**29**	50
		69,582	46,743	**7,294**	2,335
Assets held-for-sale	11	**394**	5,664	**–**	–
		69,976	52,407	**7,294**	2,335
Total assets		**167,226**	153,465	**83,544**	78,585
EQUITY AND LIABILITIES					
Capital and Reserves					
Share capital	12	**74,409**	74,409	**74,409**	74,409
Treasury shares	12	**(323)**	(323)	**(323)**	(323)
Reserves	13	**(33,600)**	(33,172)	**–**	–
Retained earnings		**15,492**	15,927	**1,795**	2,103
Equity attributable to owners of the Company		**55,978**	56,841	**75,881**	76,189
Non-controlling interests	6	**7,285**	6,712	**–**	–
Total equity		**63,263**	63,553	**75,881**	76,189
Non-Current Liabilities					
Loans and borrowings	14	**20,909**	20,834	**3,055**	1,257
Lease liabilities	15	**12,045**	10,328	**–**	–
Deferred tax liabilities	16	**5,584**	3,240	**–**	–
		38,538	34,402	**3,055**	1,257
Current Liabilities					
Contract liabilities	9	**1,668**	19	**–**	–
Bank overdrafts	10	**1,054**	1,422	**–**	–
Loans and borrowings	14	**23,534**	15,039	**4,412**	944
Lease liabilities	15	**3,763**	2,912	**–**	–
Trade and other payables	17	**33,987**	34,244	**196**	195
Current tax payable	22	**1,419**	922	**–**	–
		65,425	54,558	**4,608**	1,139
Liability directly associated with assets held-for-sale	11	**–**	952	**–**	–
		65,425	55,510	**4,608**	1,139
Total liabilities		**103,963**	89,912	**7,663**	2,396
Total equity and liabilities		**167,226**	153,465	**83,544**	78,585

The annexed notes form an integral part of and should be read in conjunction with these financial statements.

Consolidated Statement of Comprehensive Income

For the financial year ended 31 December 2023

The Group	Note	**Year ended 31 December 2023 $'000**	Year ended 31 December 2022 $'000
Revenue	18	**101,194**	79,841
Cost of sales		**(68,435)**	(52,115)
Gross profit		**32,759**	27,726
Other income	19	**2,966**	8,376
Distribution expenses		**(1,704)**	(2,077)
Administrative expenses		**(18,263)**	(15,416)
Other expenses		**(6,587)**	(5,286)
Finance costs	20	**(3,110)**	(2,376)
Profit before tax	21	**6,061**	10,947
Tax expense	22	**(3,716)**	(2,298)
Profit for the year		**2,345**	8,649
Other comprehensive loss after tax:			
Items that may be reclassified subsequently to profit or loss:			
Foreign currency translation differences (at nil tax)		**(428)**	(180)
Items that will not be reclassified subsequently to profit or loss:			
Foreign currency translation differences (at nil tax)		**(207)**	(166)
Other comprehensive loss for the year, net of tax		**(635)**	(346)
Total comprehensive income for the year		**1,710**	8,303
Profit attributable to:			
Owners of the Company		**1,565**	7,365
Non-controlling interests		**780**	1,284
		2,345	8,649
Total comprehensive profit attributable to:			
Owners of the Company		**1,137**	7,185
Non-controlling interests	6	**573**	1,118
		1,710	8,303
Profit per share:			
Basic and diluted profit per share (cents)	23	**0.22**	1.04

The annexed notes form an integral part of and should be read in conjunction with these financial statements.

Consolidated Statement of Changes in Equity

For the financial year ended 31 December 2023

	Share capital $'000	Treasury shares $'000	Merger deficit $'000	Translation reserve $'000	Retained earnings $'000	Equity attributable to owners of the Company $'000	Non-controlling interests $'000	Total equity $'000
At 1 January 2022	74,409	(183)	(32,763)	(229)	8,562	49,796	5,594	55,390
Profit for the year	–	–	–	–	7,365	7,365	1,284	8,649
Other comprehensive loss	–	–	–	(180)	–	(180)	(166)	(346)
Total comprehensive income for the year	–	–	–	(180)	7,365	7,185	1,118	8,303
Transactions with owners recognised directly in equity:								
Contributions by and distributions to owners:								
Purchase of treasury shares	–	(140)	–	–	–	(140)	–	(140)
Total transactions with owners	–	(140)	–	–	–	(140)	–	(140)
At 31 December 2022	**74,409**	**(323)**	**(32,763)**	**(409)**	**15,927**	**56,841**	**6,712**	**63,553**
Profit for the year	**–**	**–**	**–**	**–**	**1,565**	**1,565**	**780**	**2,345**
Other comprehensive loss	**–**	**–**	**–**	**(428)**	**–**	**(428)**	**(207)**	**(635)**
Total comprehensive income for the year	**–**	**–**	**–**	**(428)**	**1,565**	**1,137**	**573**	**1,710**
Transactions with owners recognised directly in equity:								
Contributions by and distributions to owners:								
Dividends (Note 12)	**–**	**–**	**–**	**–**	**(2,000)**	**(2,000)**	**–**	**(2,000)**
Total transactions with owners	**–**	**–**	**–**	**–**	**(2,000)**	**(2,000)**	**–**	**(2,000)**
At 31 December 2023	**74,409**	**(323)**	**(32,763)**	**(837)**	**15,492**	**55,978**	**7,285**	**63,263**

The annexed notes form an integral part of and should be read in conjunction with these financial statements.

Consolidated Statement of Cash Flows

For the financial year ended 31 December 2023

	Note	**Year ended 31 December 2023 $'000**	Year ended 31 December 2022 $'000
Cash Flows from Operating Activities			
Profit before taxation		**6,061**	10,947
Adjustments for:			
Depreciation of property, plant and equipment	4, 21	**6,439**	6,474
Depreciation of right-of-use assets	5, 21	**2,293**	1,944
Impairment loss recognised on trade and other receivables (net)	21, 28	**107**	29
Impairment loss recognised on property, plant and equipment	4	**195**	-
Gain on disposal of assets held-for-sale	19	**(634)**	(750)
Gain on disposal of property, plant and equipment and right-of-use assets	19	**(435)**	(6,831)
Interest income	19	**(10)**	(3)
Interest expense	20	**3,110**	2,376
Operating profit before working capital changes		**17,126**	14,186
Changes in inventories		**(9,634)**	(742)
Changes in trade and other receivables		**(4,182)**	(10,214)
Changes in trade and other payables		**3,087**	16,151
Cash generated from operations		**6,397**	19,381
Income tax paid	22	**(747)**	(334)
Net cash generated from operating activities		**5,650**	19,047
Cash Flows from Investing Activities			
Acquisition of property, plant and equipment and right-of-use assets	Note A	**(11,211)**	(7,211)
Deposit for purchase of property, plant and equipment	8	**(237)**	(5,231)
Proceeds from disposal of assets held-for-sale		**6,188**	1,701
Proceeds from disposal of property, plant and equipment and right-of-use assets		**1,398**	10,418
Interest received		**10**	3
Net cash used in investing activities		**(3,852)**	(320)
Cash Flows from Financing Activities			
Dividend paid	12	**(2,000)**	-
Purchase of treasury shares	12	**-**	(140)
Interest paid	Note B	**(3,110)**	(2,376)
Repayment of lease liabilities	Note B	**(3,427)**	(3,100)
Repayment of term loans	Note B	**(10,852)**	(9,299)
Proceeds from/ (repayment of) trust receipts	Note B	**3,257**	(302)
Proceeds from term loans	Note B	**12,394**	1,080
Changes in deposits pledged		**8**	3
Net cash used in financing activities		**(3,730)**	(14,134)
Net (decrease)/increase in cash and cash equivalents		**(1,932)**	4,593
Cash and cash equivalents at beginning of year		**11,094**	6,167
Effects of exchange rate fluctuations on cash held		**145**	334
Cash and cash equivalents at end of year	10	**9,307**	11,094

The annexed notes form an integral part of and should be read in conjunction with these financial statements.

Consolidated Statement of Cash Flows

For the financial year ended 31 December 2023

Note A:

	Note	2023 $'000	2022 $'000
Property, plant and equipment additions	4	**17,036**	7,702
Right-of-use assets additions	5	**7,109**	5,768
Utilisation of deposits paid in prior years	8	**(5,231)**	-
Accrued capital expenditure	17	**(1,169)**	(2,338)
Repayment of accrued capital expenditure in prior year	17	**2,338**	-
Property, plant and equipment acquired under borrowings	Note B	**(2,875)**	-
Right-of-use assets acquired under lease liabilities	Note B	**(5,997)**	(3,921)
Acquisition of property, plant and equipment and right-of-use assets		**11,211**	7,211

Note B:

The table below details changes in the Group's liabilities arising from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are those for which cash flows were, or future cash flows will be, classified in the Group's consolidated statement of cash flows as cash flows from financing activities.

	Borrowings $'000 (Note 11)	Borrowings $'000 (Note 14)	Lease liabilities $'000 (Note 15)	Total $'000
At 1 January 2022	-	45,353	12,423	57,776
Cash flows:				
- Proceed from trust receipts	-	(302)	-	(302)
- Proceeds from term loans	-	1,080	-	1,080
- Repayment of term loans	-	(9,299)	-	(9,299)
- Interest paid	-	(2,076)	(300)	(2,376)
- Repayment of lease liabilities	-	-	(3,100)	(3,100)
	-	(10,597)	(3,400)	(13,997)
Non-cash changes:				
- Additions to right-of-use assets	-	-	3,921	3,921
- Interest expense	-	2,076	300	2,376
- Exchange difference on translation	-	(7)	(4)	(11)
- Reclassification to liability directly associated with assets held-for-sale	952	(952)	-	-
	952	1,117	4,217	6,286
At 31 December 2022	952	35,873	13,240	50,065
Cash flows:				
- Proceed from trust receipts	**-**	**3,257**	**-**	**3,257**
- Proceeds from term loans and shareholder loan		**12,394**	**-**	**12,394**
- Repayment of term loans	**(952)**	**(9,900)**	**-**	**(10,852)**
- Interest paid	**(25)**	**(2,588)**	**(497)**	**(3,110)**
- Repayment of lease liabilities	**-**	**-**	**(3,427)**	**(3,427)**
	(977)	**3,163**	**(3,924)**	**(1,738)**
Non-cash changes:				
Additions to property plant equipment	**-**	**2,875**	**-**	**2,875**
- Additions to right-of-use assets	**-**	**-**	**5,997**	**5,997**
- Interest expense	**25**	**2,588**	**497**	**3,110**
- Exchange difference on translation	**-**	**(56)**	**(2)**	**(58)**
	25	**5,407**	**6,492**	**11,924**
At 31 December 2023	**-**	**44,443**	**15,808**	**60,251**

The annexed notes form an integral part of and should be read in conjunction with these financial statements.

Notes to the Financial Statements

For the financial year ended 31 December 2023

1 General Information

The financial statements of the Group for the year ended 31 December 2023 and the statement of financial position of the Company as at 31 December 2023 were authorised for issue in accordance with a resolution of the directors on the date of the Directors' statement.

The Company is incorporated as a limited liability company domiciled in Singapore and is listed on the Catalist Exchange of Singapore.

The registered office of the Company is located at 9 Pandan Crescent, Singapore 128465. The principal activities of the Company are that of an investment holding company. The principal activities of the subsidiaries are disclosed in Note 6 to the financial statements.

2(a) Basis of preparation

The financial statements have been prepared in accordance with Singapore Financial Reporting Standards (International) ("SFRS(I)") and have been prepared under the historical cost convention, except as disclosed in the accounting policies below.

Items included in the financial statements of each entity in the Group are measured using the currency of the primary economic environment in which the entity operates ("functional currency").

The financial statements are presented in Singapore Dollar which is the Company's functional currency. All financial information is presented in Singapore Dollar and have been rounded to the nearest thousand, unless otherwise stated.

The accounting policies have been applied consistently to all years presented in these financial statements.

The preparation of the financial statements in conformity with SFRS(I) requires the use of judgements, estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the financial year. Although these estimates are based on management's best knowledge of current events and actions, actual results may differ from those estimates. 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 and in any future periods affected.

Notes to the Financial Statements

For the financial year ended 31 December 2023

2(a) Basis of preparation (Cont'd)

Significant accounting estimates and judgement

The significant accounting estimates and assumptions used and areas involving a high degree of judgement are detailed below:

(a) *Critical accounting estimates and assumptions used in applying accounting policies*

The key assumptions concerning the future and other key sources of estimation uncertainty at the balance sheet date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

The Group based its assumptions and estimates on parameters available when the financial statements are prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising beyond the control of the Group. Such changes are reflected in the assumptions when they occur.

(i) Impairment of Group's non-financial assets (Notes 4 and 5)

At the reporting date, management performed an impairment assessment on its property, plant and equipment and right-of-use assets in accordance with SFRS(I) 1-36 and identified impairment indicators on certain non-performing assets. Management determined the recoverable value of these assets based on the fair value less cost of disposal with reference to valuation reports obtained from independent professional valuers at the reporting date.

The recoverable amounts could change significantly as a result of changes in market conditions and the assumptions used in determining the market value. A change of more than 30% in the fair value of the non-financial assets will result in an impairment loss on the Group's non-financial assets. The carrying amounts of the Group's and the Company's non-financial assets are disclosed in Notes 4 and 5.

(ii) Impairment of investment in a subsidiary (Note 6)

The carrying value of the investment in a subsidiary is reviewed for impairment whenever there is any indication that the investment is impaired. If an indication of impairment exists, the investment's recoverable amount is estimated in accordance with the accounting policy described in Note 3. This determination requires significant judgement. The Company evaluates, amongst other factors, the future profitability of the subsidiaries, the financial health and the near-term business outlook including factors such as industry performance and operational and financing cash flows. The recoverable amount of the investment could change significantly as a result of changes in market conditions and assumptions used in determining the recoverable amount.

Notes to the Financial Statements

For the financial year ended 31 December 2023

2(a) Basis of preparation (Cont'd)

Significant accounting estimates and judgement (Cont'd)

The significant accounting estimates and assumptions used and areas involving a high degree of judgement are detailed below: (Cont'd)

(a) Critical accounting estimates and assumptions used in applying accounting policies (Cont'd)

(iii) Net realisable value of vessel inventories (Note 7)

The Group reviews the realisable value of vessel inventories at the end of each reporting period and applies judgement and makes allowance for inventories, in particular, vessel inventories for which selling prices may have declined due to business environment and market conditions. Management estimates the net realisable value of the vessel inventories based on assessment of the projected timing of sales, prevailing customer demand, committed sales prices, estimated future pricing, recent sales activities and market positioning of the vessels. The net realisable value of the vessel inventories may also be based on the valuations performed by the independent professional valuers. The estimated selling price may differ from the price at which the Group's vessel inventories could be sold at a particular time, since actual selling prices are negotiated between willing buyers and sellers. The carrying amount of the Group's vessel inventories at the end of the reporting period is disclosed in Note 7 to the financial statements. A more than 15% decrease in net realisable values of the vessel inventories from management's estimates will result in a material write-down of inventory value.

(iv) Provision for expected credit losses on trade receivables and contract assets (Notes 8 and 9)

The Group uses a provision matrix to calculate expected credit losses ("ECL") for trade receivables and contract assets. The provision rates are based on days past due for groupings of various customer segments that have similar loss patterns. The provision matrix is initially based on the Group's historical observed default rates, adjusted for forecast economic conditions with forward looking information. The amount of ECLs is sensitive to changes in circumstances and of forecast economic conditions. The Group's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future. The information relating to ECLs on the Group's trade receivables and contract assets is disclosed in Notes 8, 9 and 28. A reasonable change in the estimates will not result in a significant impact to the Group's ECL.

2(b) Standards issued and effective that are applicable to the Group

The Group and the Company have adopted all new and revised SFRS(I) and amendments to SFRS(I), effective for the current financial year that are relevant to them.

- SFRS(I) 17 *Insurance Contracts*
- Amendments to SFRS(I) 1-1 and SFRS(I) Practice Statement 2 *Disclosure of Accounting Policies*
- Amendments to SFRS(I) 1-8 *Definition of Accounting Estimates*
- Amendments to SFRS(I) 1-12 *Deferred Tax related to Assets and Liabilities arising from a Single Transaction*
- Amendments to SFRS(I) 1-12 *International Tax Reform – Pillar Two Model Rules*

The adoption of these new and revised SFRS(I) pronouncements does not result in significant changes to the Group's and the Company's accounting policies and has no material effect on the amounts or the disclosures reported for the current or prior reporting periods.

Notes to the Financial Statements

For the financial year ended 31 December 2023

2(c) Standards issued but not yet effective

At the date of authorisation of these financial statements, the Group and the Company have not adopted the new and revised SFRS(I) and amendments to SFRS(I) that have been issued but are not yet effective to them. Management anticipates that the adoption of these new and revised SFRS(I) pronouncements in future periods will not have a material impact on the Group's and the Company's accounting policies in the period of their initial application.

Reference	**Description**	**Effective date (Annual periods beginning on or after)**
Amendments to SFRS(I) 1-1	*Classification of Liabilities as Current or Non-current*	1 January 2024
Amendments to SFRS(I) 1-1	*Non-current Liabilities with Covenants*	1 January 2024
Amendments to SFRS(I) 16	*Lease Liability in a Sale and Leaseback*	1 January 2024
Amendments to SFRS(I) 1-7 and SFRS(I) 7	*Supplier Finance Arrangements*	1 January 2024
Amendments to SFRS(I) 1-21	*Lack of Exchangeability*	1 January 2025
Amendments to SFRS(I) 10 and SFRS(I) 1-28	*Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*	Yet to be determined

Management anticipates that the adoption of these relevant new and revised SFRS(I) pronouncements in future periods will not have a material impact on the Group's and the Company's financial statements in the period of their initial application.

3 Material accounting policy information

Consolidation

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

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

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

Losses and other comprehensive income are attributable to the non-controlling interest even if that results in a deficit balance.

Notes to the Financial Statements

For the financial year ended 31 December 2023

3 Material accounting policy information (Cont'd)

Consolidation (Cont'd)

Subsidiary

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

Thus, the Group controls an investee if, and only if, the Group has all of the following:

- power over the investee;
- exposure, or rights or variable returns from its involvement with the investee; and
- the ability to use its power over the investee to affect its returns.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

When the Group has less than a majority of the voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally.

The Group considers all relevant facts and circumstances in assessing whether or not the Group's voting rights in an investee are sufficient to give it power, including:

- the size of the Group's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- potential voting rights held by the Group, other vote holders or other parties;
- rights arising from other contractual arrangements; and
- any additional facts and circumstances that indicate that the Group has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

Acquisitions from entities under common control

Business combinations arising from transfers of interests in entities that are under the control of the shareholder that controls the Group are accounted for as if the acquisition had occurred at the beginning of the earliest comparative year presented or, if later, at the date that common control was established. For this purpose, comparatives are restated. The assets and liabilities acquired are recognised at the carrying amounts recognised previously in the Group controlling shareholder's consolidated financial statements. The components of equity of the acquired entities are added to the same components within Group equity and any gain/loss arising is recognised directly in equity.

Transactions with Non-Controlling Interest

Non-controlling interest represents the equity in subsidiaries not attributable, directly or indirectly, to owners of the Company, and are presented separately in the consolidated statement of comprehensive income and within equity in the consolidated statement of financial position, separately from equity attributable to owners of the Company.

Notes to the Financial Statements

For the financial year ended 31 December 2023

3 Material accounting policy information (Cont'd)

Consolidation (Cont'd)

Change in ownership interest without loss of control

Changes in the Group's ownership interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Group.

Loss of control

When the Group loses control of a subsidiary, a gain or loss is recognised in the statement of comprehensive income and is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interest. All amounts previously recognised in other comprehensive income in relation to that subsidiary are accounted for as if the Group had directly disposed of the related assets or liabilities of the subsidiary (i.e. reclassified to profit or loss or transferred to another category of equity as specified/permitted by applicable SFRS(I)).

The fair value of any investment retained in the former subsidiary at the date when the control is lost is regarded as the fair value on the initial recognition for subsequent accounting under SFRS(I) 9, when applicable, the cost on initial recognition of an investment in an associate or a joint venture.

Property, plant and equipment and depreciation

Property, plant and equipment are stated at cost, less accumulated depreciation and accumulated impairment losses, if any. Depreciation on other items of property, plant and equipment is calculated using the straight-line method to allocate their depreciable amount over their estimated useful lives as follows:

Building on a leasehold land	over the original lease term of 20 to 30 years
Machinery and equipment	3 - 20 years
Vessels	5 - 20 years
Furniture, fittings, office equipment and computers	3 - 10 years

Assets under construction are not depreciated.

The cost of property, plant and equipment includes expenditure that is directly attributable to the acquisition of the items. Dismantlement, removal or restoration costs are included as part of the cost of property, plant and equipment if the obligation for dismantlement, removal or restoration is incurred as a consequence of acquiring or using the asset.

Subsequent expenditure relating to property, plant and equipment that has already been recognised is added to the carrying amount of the asset when it is probable that future economic benefits in excess of the standard of performance of the asset before that expenditure was made will flow to the Group and the cost can be reliably measured. Other subsequent expenditure is recognised as an expense during the financial year in which it is incurred.

Notes to the Financial Statements

For the financial year ended 31 December 2023

3 Material accounting policy information (Cont'd)

Property, plant and equipment and depreciation (Cont'd)

For acquisitions and disposals during the financial year, depreciation is provided from the month of acquisition and to the month before disposal, respectively. Fully depreciated property, plant and equipment are retained in the books of accounts until they are no longer in use.

The gain or loss arising on disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amounts of the asset and is recognised in the statement of comprehensive income.

Depreciation methods, useful lives and residual values are reviewed, and adjusted as appropriate, at each reporting date as a change in estimates.

Leases

The Group as a lessee

The Group assesses whether a contract is or contains a lease at inception of the contract. The Group recognises a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for short-term leases (defined as leases with a lease term of twelve months or less) and leases of low value assets. For these leases, the Group recognises the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

(a) Lease liabilities

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Group uses the incremental borrowing rate specific to the lessee.

The incremental borrowing rate is defined as the rate of interest that the lessee would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment.

Lease payments included in the measurement of the lease liability comprise:

- fixed lease payments (including in-substance fixed payments), less any lease incentives;
- variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;
- the amount expected to be payable by the lessee under residual value guarantees;
- exercise price of purchase options, if the lessee is reasonably certain to exercise the options; and
- payments of penalties for terminating the lease, if the lease term reflects the exercise of an option to terminate the lease.

Notes to the Financial Statements

For the financial year ended 31 December 2023

3 Material accounting policy information (Cont'd)

Leases (Cont'd)

The Group as a lessee (Cont'd)

(a) Lease liabilities (Cont'd)

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 recognises those lease payments in the statement of comprehensive income in the periods that trigger those lease payments. For all contracts that contain both lease and non-lease components, the Group has elected to not separate lease and non-lease components and account these as one single lease component. The lease liabilities are presented as a separate line item in the statement of financial position.

The lease liability is subsequently measured at amortised cost, by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made.

The Group remeasures the lease liability (with a corresponding adjustment to the related right-of-use asset or to the statement of comprehensive income if the carrying amount of the right-of-use asset has already been reduced to nil) whenever:

- the lease term has changed or there is a significant event or change in circumstances resulting in a change in the assessment of exercise of a purchase option, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate;
- the lease payments change due to changes in an index or rate or a change in expected payment under a guaranteed residual value, in which cases the lease liability is remeasured by discounting the revised lease payments using the initial discount rate (unless the lease payments change is due to a change in a floating interest rate, in which case a revised discount rate is used); or
- a lease contract is modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate at the effective date of the modification.

(b) Right-of-use assets

The right-of-use asset comprises the initial measurement of the corresponding lease liability, lease payments made at or before the commencement day, less any lease incentives received and any initial direct costs. They are subsequently measured at cost less accumulated depreciation and impairment losses.

Whenever the Group incurs an obligation for costs to dismantle and remove a leased asset, restore the site on which it is located or restore the underlying asset to the condition required by the terms and conditions of the lease, a provision is recognised and measured under SFRS(I) 1-37. To the extent that the costs relate to a right-of-use asset, the costs are included in the related right-of-use asset, unless those costs are incurred to produce inventories.

Notes to the Financial Statements

For the financial year ended 31 December 2023

3 Material accounting policy information (Cont'd)

Leases (Cont'd)

The Group as a lessee (Cont'd)

(b) Right-of-use assets (Cont'd)

Depreciation on right-of-use assets is calculated using the straight-line method to allocate their depreciable amounts over the shorter period of lease term and useful life of the underlying asset, as follows:

Leasehold land	Over the remaining lease term of 1 year to 13 years
Machinery and equipment	3 - 20 years
Motor vehicles	5 years

If a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the Group expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. The depreciation starts at the commencement date of the lease.

The right-of-use assets are presented as a separate line item in the statement of financial position.

The Group applies SFRS(I) 1-36 to determine whether a right-of-use asset is impaired and accounts for any identified impairment loss.

The Group as a lessor

When the Group acts as a lessor, it determines at lease inception whether each lease is a finance lease or an operating lease. To classify each lease, the Group makes an overall assessment of whether the lease transfers substantially all of the risks and rewards incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then it is an operating lease. As part of this assessment, the Group considers certain indicators such as whether the lease is for the major part of the economic life of the asset.

At inception or on modification of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease component on the basis of their relative stand-alone prices. If an arrangement contains lease and non-lease components, then the Group applies SFRS(I) 15 to allocate the consideration in the contract.

The Group applies the derecognition and impairment requirements in SFRS(I) 9 to the net investment in the lease. The Group further regularly reviews estimated unguaranteed residual values used in calculating the gross investment in the lease.

Investment in subsidiaries

In the Company's separate financial statements, investments in subsidiaries are stated at cost less allowance for any impairment losses on an individual subsidiary basis.

Notes to the Financial Statements

For the financial year ended 31 December 2023

3 Material accounting policy information (Cont'd)

Non-current assets held-for-sale

Non-current assets that are highly probable to be recovered primarily through sale rather than through continuing use, are classified as held-for-sale. Immediately before classification as held-for-sale, the assets are remeasured in accordance with the Group's accounting policies. Thereafter, the assets classified as held-for-sale are generally measured at the lower of their carrying amount and fair value less costs to sell.

Impairment losses on initial classification as held for sale and subsequent gains or losses on remeasurement are recognised in statement of comprehensive income. Gains are not recognised in excess of any cumulative impairment loss. Property, plant and equipment and right-of-use assets once classified as held-for-sale, are not depreciated.

The Group measures a non-current asset that ceases to be classified as held for sale at the lower of: (a) its carrying amount before the asset was classified as held for sale, adjusted for any depreciation, amortisation or revaluations that would have been recognised had the asset not been classified as held for sale, and (b) its recoverable amount at the date of the subsequent decision not to sell.

Impairment of non-financial assets

As at each reporting date, the Group and the Company review the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Group and the Company estimate the recoverable amount of the cash-generating unit to which the asset belongs. Where a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Recoverable amount is the higher of fair value less costs to sell and value-in-use. In assessing value-in-use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in the statement of comprehensive income, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in the statement of comprehensive income, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

Notes to the Financial Statements

For the financial year ended 31 December 2023

3 Material accounting policy information (Cont'd)

Inventories

Inventories mainly comprise bunkers on vessels and vessels under construction. Inventories are valued at the lower of cost and net realisable value. Cost is determined on a first-in first-out basis and includes all costs in bringing the inventories to their present location and condition. Net realisable value is the expected amount to be realised from use as estimated by the management.

Financial instruments

Financial instruments carried on the statement of financial position include financial assets and financial liabilities. The particular recognition methods adopted are disclosed in the individual policy statements associated with each item. These are recognised on the Group's and the Company's statement of financial position when the Group and the Company become a party to the contractual provisions of the instrument.

Disclosures of the Group's and the Company's financial risk management objectives and policies are provided in Note 28.

Financial assets and financial liabilities are offset and the net amount presented on the statement of financial position when, and only when, the Group and the Company currently have a legally enforceable right to set off the recognised amounts, and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Financial assets

Initial recognition and measurement

Financial assets are classified, at initial recognition, and subsequently measured at amortised cost, fair value through other comprehensive income ("FVOCI"), and fair value through profit or loss ("FVTPL").

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's and the Company's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Group and the Company have applied the practical expedient, the Group and the Company initially measure a financial asset at its fair value plus, in the case of financial asset not at fair value through profit or loss, transaction costs.

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

In order for a financial asset to be classified and measured at amortised cost or FVOCI, it needs to give rise to cash flows that are "solely payments of principal and interest" ("SPPI") on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level.

The Group's and the Company's business model for managing financial assets refer to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

Notes to the Financial Statements

For the financial year ended 31 December 2023

3 Material accounting policy information (Cont'd)

Financial assets (Cont'd)

Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in four categories:

- Financial assets at amortised cost (debt instruments);
- Financial assets at FVOCI with recycling of cumulative gains and losses (debt instruments);
- Financial assets designated at FVOCI with no recycling of cumulative gains and losses upon derecognition (equity instruments); or
- Financial assets at FVTPL

The Group and the Company do not hold any financial assets at FVOCI or financial assets at FVTPL.

Subsequent measurement of debt instruments depends on the Group's and the Company's business model with the objective to hold financial assets in order to collect contractual cash flows and the contractual cash terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal and interest on the principal amount outstanding the asset.

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

The Group's and the Company's financial assets at amortised cost comprise trade and other receivables and cash and bank balances.

Impairment of financial assets and contract assets

The Group and the Company assess on a forward-looking basis, the expected credit losses ("ECLs") associated with its debt instrument assets carried at amortised cost and FVOCI. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group and the Company expect to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

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

For trade receivables and contract assets, the Group and the Company measure the loss allowance at an amount equal to lifetime ECLs. Therefore, the Group and the Company do not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at the end of each reporting period. The Group and the Company have established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

Notes to the Financial Statements

For the financial year ended 31 December 2023

3 Material accounting policy information (Cont'd)

Financial assets (Cont'd)

Impairment of financial assets and contract assets (Cont'd)

For other receivables, the Group recognises lifetime ECL when there has been a significant increase in credit risk since initial recognition. If, on the other hand, the credit risk on other receivables has not increased significantly since initial recognition, the Group measures the loss allowance for that financial instrument at an amount equal to 12-month ECL.

The assessment of whether lifetime ECL should be recognised is based on significant increase in the likelihood or risk of a default occurring since initial recognition instead of on evidence of a financial asset being credit-impaired at the reporting date or an actual default occurring.

The Group and the Company consider a financial asset to be in default when internal or external information indicates that the Group and the Company are unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group and the Company.

At the end of each reporting period, the Group and the Company assess whether financial assets carried at amortised cost are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable data:

- significant financial difficulty of the borrower or issuer;
- a breach of contract such as a default or being more than 90 days past due;
- the restructuring of a loan or advance by the Group on terms that the Group would not consider otherwise;
- it is probable that the borrower will enter bankruptcy or other financial reorganisation; or
- the disappearance of an active market for a security because of financial difficulties.

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of these assets. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

Cash and cash equivalents

Cash and cash equivalents comprise cash balances and short-term deposits with maturities of three months or less from the date of acquisition that are subject to an insignificant risk of changes in their fair value, and are used by the Group in the management of its short-term commitments. For the purpose of the statement of cash flows, pledged deposits are excluded whilst bank overdrafts that are repayable on demand and that form an integral part of the Group's cash management are included in cash and cash equivalents.

Notes to the Financial Statements

For the financial year ended 31 December 2023

3 Material accounting policy information (Cont'd)

Borrowings

Borrowings are presented as current liabilities unless the Group has an unconditional right to defer settlement for at least 12 months after the balance sheet date, in which case they are presented as non-current liabilities. Borrowings are initially recognised at fair value (net of transaction costs) and subsequently carried at amortised cost. 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.

Trade and other payables

Trade and other payables represent liabilities for goods and services provided to the Group prior to the end of financial year which are unpaid. They are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). Otherwise, they are presented as non-current liabilities. Trade and other payables are initially recognised at fair value, and subsequently carried at amortised cost using the effective interest method.

Contract assets

A contract asset is the right to consideration in exchange for goods or services transferred to the customers. If the Group transferred goods or services to a customer before the customer pays consideration or before payment is due, a contract asset is recognised for the earned consideration that is conditional.

Contract liabilities

Contract liabilities relate primarily to the progress billing issued in excess of the Group's right to the consideration in respect of its marine offshore support service business.

Share capital

Ordinary shares

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

Repurchase, disposal and reissue of share capital (treasury shares)

When share capital recognised as equity is repurchased, the amount of the consideration paid, which includes directly attributable costs, net of any tax effects, is recognised as a deduction from equity. Repurchased shares are classified as treasury shares and are presented in the reserve for own share account. When treasury shares are sold or reissued subsequently, the amount received is recognised as an increase in equity, and the resulting surplus or deficit on the transaction is presented in non-distributable capital reserve.

Notes to the Financial Statements

For the financial year ended 31 December 2023

3 Material accounting policy information (Cont'd)

Financial guarantee contracts

Financial guarantees are financial instruments issued by the Company that require the issuer to make specified payments to reimburse the holder for the loss it incurs because a specified debtor fails to meet payment when due in accordance with the original or modified terms of a debt instrument.

Financial guarantees issued are initially measured at fair value. Subsequently, they are measured at the higher of the loss allowance determined in accordance with SFRS(I) 9 and the amount initially recognised less, when appropriate, the cumulative amount of income recognised in accordance with the principles of SFRS(I) 15.

ECLs are probability-weighted estimate of credit losses. ECLs are measured for financial guarantees issued as the expected payments to reimburse the holder less any amounts that the Company expects to recover.

Provisions

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

The directors review the provisions annually and where in their opinion, the provision is inadequate or excessive, due adjustment is made.

Borrowing costs

Borrowing costs are recognised in the statement of comprehensive income as incurred except to the extent that they are capitalised. Borrowing costs are capitalised if they are directly attributable to the acquisition, construction or production of a qualifying asset. Foreign exchange differences arising from foreign currency borrowings are capitalised to the extent that they are regarded as an adjustment to interest costs.

Capitalisation of borrowing costs commences when the activities to prepare the asset for its intended use or sale are in progress and the expenditures and borrowing costs are incurred. Borrowing costs are capitalised until the assets are ready for their intended use or sale.

Employee benefits

Defined contribution obligations

Defined contribution plans are post-employment benefit plans under which the Group pays fixed contributions into separate entities such as the Central Provident Fund in Singapore and Employees Provident Fund in Malaysia, on a mandatory, contractual or voluntary basis. The Group has no further payment obligations once the contributions have been paid. The contributions to national pension schemes are charged to the statement of comprehensive income in the year to which the contributions relate.

Notes to the Financial Statements

For the financial year ended 31 December 2023

3 Material accounting policy information (Cont'd)

Employee benefits (Cont'd)

Employee leave entitlements

Employee entitlements to annual leave are recognised when they accrue to employees. Accrual is made for unconsumed leave as a result of services rendered by employees up to the end of the reporting period.

Income taxes

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 the tax rates and tax laws that have been enacted or substantively enacted by the end of reporting period.

Deferred income tax is recognised for all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements except when the deferred income tax arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and affects neither accounting or taxable profit or loss at the time of the transaction.

A deferred income tax liability is recognised on temporary differences arising on investments in subsidiaries, associates and joint ventures, except where the Group is able to control the timing of the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred income tax is measured:

(i) at the tax rates that are expected to apply when the related deferred income tax asset is realized or the deferred income tax liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted by the date of the financial position; and

(ii) based on the tax consequence that will follow from the manner in which the Group expects, at the date of the financial position, to recover or settle the carrying amounts of its assets and liabilities.

Current and deferred income taxes are recognised as income or expense in the statement of comprehensive income except to the extent that the tax arises from a business combination or a transaction which is recognised either in other comprehensive income or directly in equity. Deferred tax arising from a business combination is adjusted against goodwill on acquisition.

Revenue

Revenue from sale of goods and services rendered in the course of ordinary activities is recognised when the Group satisfies a performance obligation (PO) by transferring control of a promised good or service to the customer. The amount of revenue recognised is the amount of the transaction price allocated to the satisfied PO.

Notes to the Financial Statements

For the financial year ended 31 December 2023

3 Material accounting policy information (Cont'd)

Revenue (Cont'd)

The transaction price is allocated to each PO in the contract on the basis of the relative stand-alone selling prices of the promised goods or services. The individual standalone selling price of a good or service that has not been previously sold on a stand-alone basis, or has a highly variable selling price, is determined based on the residual portion of the transaction price after allocating the transaction price to goods and/or services with observable stand-alone selling prices. A discount or variable consideration is allocated to one or more, but not all, of the performance obligations if it relates specifically to those performance obligations.

Transaction price is the amount of consideration in the contract to which the Group expects to be entitled in exchange for transferring the promised goods or services. The transaction price may be fixed or variable and is adjusted for time value of money if the contract includes a significant financing component.

Consideration payable to a customer is deducted from the transaction price if the Group does not receive a separate identifiable benefit from the customer. When consideration is variable, the estimated amount is included in the transaction price to the extent that it is highly probable that a significant reversal of the cumulative revenue will not occur when the uncertainty associated with the variable consideration is resolved.

Revenue may be recognised at a point in time or over time following the timing of satisfaction of the PO. If a PO is satisfied over time, revenue is recognised based on the percentage of completion reflecting the progress towards complete satisfaction of the PO.

<u>Marine offshore support services income</u>

Marine offshore support services principally generate revenue from offshore support services rendered and freight service income. Revenue is recognised when services are rendered over time.

<u>Chartering, towage and rental of equipment</u>

Chartering and towage income, and equipment rental income are recognised on an accrual basis over the period for which the vessels are chartered and the period of rental of equipment, respectively.

<u>Trading in vessels and sale of goods</u>

Revenue is recognised when the vessels or goods are delivered to the customer and all criteria for acceptance has been satisfied.

Notes to the Financial Statements

For the financial year ended 31 December 2023

3 Material accounting policy information (Cont'd)

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 Group and 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 Group or Company or of a parent of the Company.

(b) An entity is related to the Group and 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. If the Company is itself such a plan, the sponsoring employers are also 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); or

(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.

In considering each possible related party relationship, attention is directed to the substance of the relationship and not merely the legal form.

Key management personnel

Key management personnel are those persons having the authority and responsibility for planning, directing and controlling the activities of the entity. Directors and certain key executive officers are considered key management personnel.

Notes to the Financial Statements

For the financial year ended 31 December 2023

3 Material accounting policy information (Cont'd)

Conversion of foreign currencies

Foreign currency transactions and balances

Transactions in a currency other than the functional currency ("foreign currency") are translated into the functional currency using the exchange rates at the date of the transactions.

Currency translation differences from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at the closing rates at the end of reporting period are recognised in profit of loss, unless they arise from borrowings in foreign currencies and net investment in foreign operations. Those currency translation differences are recognised in the currency translation reserve in the consolidated financial statements and transferred to the profit or loss as part of the gain or loss on disposal of the foreign operation.

Non-monetary items measured at fair values in foreign currencies are translated using the exchange rates at the date when the fair values are determined.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the date of the transactions.

Group entities

The results and financial position of all the Group entities (none of which has the currency of a hyperinflationary economy) and the Company that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

(i) Assets and liabilities (including comparatives) are translated at the closing exchange rates at the end of reporting period;

(ii) Income and expenses for each statement presenting profit or loss and other comprehensive income (i.e. including comparatives) are translated at exchange rates at the dates of transactions; and

(iii) All resulting currency translation differences are recognised in other comprehensive income and accumulated in the currency translation reserve.

Earnings per share

The Group presents basic and diluted earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding, adjusted for the effects of all dilutive potential ordinary shares, which comprise share options granted to employees.

Notes to the Financial Statements

For the financial year ended 31 December 2023

3 Material accounting policy information (Cont'd)

Operating segments

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker has been identified as the Chief Executive Officer who makes strategic resources allocation decisions.

Additional disclosures on operating segments are shown in Note 27 to the financial statements, including the factors used to identify the reportable segments and the measurement basis of segment information. Segment results that are reported to Chief Executive Officer include items directly attributable to a segment as well as those that can be allocated on a reasonable basis.

4 Property, plant and equipment

The Group	Building on leasehold land $'000	Machinery and equipment $'000	Vessels $'000	Furniture, fittings, office equipment and computers $'000	Assets under construction $'000	Total $'000
Cost						
At 1 January 2022	37,483	29,691	57,286	1,463	8,608	134,531
Transfers	–	–	5,347	–	(5,347)	–
Additions	–	315	1,363	138	5,886	7,702
Disposals/write-off	–	(1,266)	(5,291)	–	–	(6,557)
Reclassification to "assets held-for-sale" (Note 11)	–	(512)	(6,696)	–	–	(7,208)
Exchange difference on translation	–	(12)	(1,279)	(1)	58	(1,234)
At 31 December 2022	37,483	28,216	50,730	1,600	9,205	127,234
Transfers	**–**	**–**	**1,217**	**–**	**(1,217)**	**–**
Additions	**15**	**1,351**	**9,150**	**91**	**6,429**	**17,036**
Disposals/write-off	**–**	**(4,826)**	**–**	**(58)**	**–**	**(4,884)**
Reclassification from "right-of-use assets" (Note 5)	**–**	**199**	**–**	**–**	**–**	**199**
Reclassification to "inventories" (Note 7)	**–**	**–**	**(6,214)**	**–**	**(10,518)**	**(16,732)**
Reclassification to "assets held-for-sale" (Note 11)	**–**	**(2,130)**	**–**	**–**	**–**	**(2,130)**
Exchange difference on translation	**–**	**(10)**	**(1,519)**	**–**	**(88)**	**(1,617)**
At 31 December 2023	**37,498**	**22,800**	**53,364**	**1,633**	**3,811**	**119,106**

Notes to the Financial Statements

For the financial year ended 31 December 2023

4 Property, plant and equipment (Cont'd)

The Group	Building on leasehold land $'000	Machinery and equipment $'000	Vessels $'000	Furniture, fittings, office equipment and computers $'000	Assets under construction $'000	Total $'000
Accumulated depreciation and impairment loss						
At 1 January 2022	8,830	11,951	20,501	1,146	–	42,428
Depreciation for the year (Note 21)	1,965	1,643	2,754	112	–	6,474
Disposals/write-off	–	(477)	(2,650)	–	–	(3,127)
Reclassification to "assets held-for-sale" (Note 11)	–	(132)	(2,175)	–	–	(2,307)
Exchange difference on translation	–	(6)	(146)	–	–	(152)
At 31 December 2022	10,795	12,979	18,284	1,258	–	43,316
Depreciation for the year (Note 21)	**1,965**	**1,501**	**2,850**	**123**	**–**	**6,439**
Impairment loss recognised (Note 21)	**–**	**195**	**–**	**–**	**–**	**195**
Disposals/write-off	**–**	**(3,864)**	**–**	**(57)**	**–**	**(3,921)**
Reclassification from "right-of-use assets" (Note 5)	**–**	**199**	**–**	**–**	**–**	**199**
Reclassification to "inventories" (Note 7)	**–**	**–**	**(445)**	**–**	**–**	**(445)**
Reclassification to "assets held-for-sale" (Note 11)	**–**	**(1,736)**	**–**	**–**	**–**	**(1,736)**
Exchange difference on translation	**–**	**(4)**	**(230)**	**(1)**	**–**	**(235)**
At 31 December 2023	**12,760**	**9,270**	**20,459**	**1,323**	**–**	**43,812**
Carrying amount						
At 31 December 2023	**24,738**	**13,530**	**32,905**	**310**	**3,811**	**75,294**
At 31 December 2022	26,688	15,237	32,446	342	9,205	83,918

Assets under construction relate to a building at the Group's yard located at 9 Pandan Crescent, Singapore as at 31 December 2023 and 2022; and 1 (2022 – 3) vessel assets under reactivation/ conversion, respectively.

As at 31 December 2023, property, plant and equipment with a carrying amount of $58.2 million (2022 - $61.1 million) are pledged as collateral for secured term loans (Note 14).

In 2023, impairment loss of $0.2 million was recognised on one unit of crane classified as "held-for-sale" (Note 11) to write-down the carrying amount to its fair value less cost of disposal.

Notes to the Financial Statements

For the financial year ended 31 December 2023

5 Right-of-use assets

The Group	Leasehold land $'000	Machinery and equipment and motor vehicles $'000	Total $'000
Cost			
At 1 January 2022	10,189	7,490	17,679
Additions	–	5,768	5,768
Disposal	–	(196)	(196)
Exchange difference on translation	–	(1)	(1)
At 31 December 2022	**10,189**	**13,061**	**23,250**
Additions	**–**	**7,109**	**7,109**
Reclassification to property, plant and equipment (Note 4)	**–**	**(199)**	**(199)**
Exchange difference on translation	**–**	**(1)**	**(1)**
At 31 December 2023	**10,189**	**19,970**	**30,159**
Accumulated depreciation			
At 1 January 2022	3,323	945	4,268
Depreciation for the year (Note 20)	1,318	626	1,944
Disposal	–	(39)	(39)
At 31 December 2022	**4,641**	**1,532**	**6,173**
Depreciation for the year (Note 20)	**1,318**	**975**	**2,293**
Reclassification to property, plant and equipment (Note 4)	**–**	**(199)**	**(199)**
Exchange difference on translation	**–**	**(1)**	**(1)**
At 31 December 2023	**5,959**	**2,307**	**8,266**
Carrying amount			
At 31 December 2023	**4,230**	**17,663**	**21,893**
At 31 December 2022	5,548	11,529	17,077

As at 31 December 2023, the Group leased the land for its building at No. 48 Penjuru Road Singapore 609152 and No. 9 Pandan Crescent Singapore 128465 from Jurong Town Corporation ("JTC"). The remaining average lease term of the right-of-use assets range from 10 months to 13 years.

Notes to the Financial Statements

For the financial year ended 31 December 2023

5 Right-of-use assets (Cont'd)

Details of the leasehold land in the Group's right-of-use assets as at 31 December 2023 are as follows:

Property name/ Location	Description/ Existing use	Land area	Tenure	The Group's effective equity interest
48 Penjuru Road, Singapore 609152	Office, shipyard and fabrication yard	19,512 sqm	Lease for 30 years from 22 November 2006	100%
9 Pandan Crescent, Singapore 128465	Shipyard, fabrication yard and warehouse	34,125 sqm	Lease for 20 years from 1 January 2016 and was renewed for 3 years from 16 October 2021, i.e. to 15 October 2024, subject to approval for further extension to FY 2036	100%

6 Subsidiaries

The Company	**2023 $'000**	2022 $'000
Unquoted equity investment, at cost	**36,133**	36,133
Amounts due from subsidiaries (non-trade)	**43,994**	43,994
	80,127	80,127
Allowance for impairment loss	**(3,877)**	(3,877)
	76,250	76,250

The non-trade amounts due from subsidiaries are unsecured and interest-free with repayment terms at the discretion of the subsidiaries. As the amount is, in substance, a part of the Company's net investment in the subsidiaries, it is considered to be part of the cost of investment, and is stated at cost, less impairment losses, if any.

Management recorded full impairment loss on a loan extended to a subsidiary amounting to $3.9 million determined based on the difference between the realisable net assets value ("RNAV") of the cash generating unit and the carrying amount of the cost of investment, including the loan extended to the cash generating unit. The fair value is within Level 3 of the fair value hierarchy.

As at 31 December 2023, management performed an impairment assessment and concluded that impairment indicators continue to exist and no reversal of impairment loss is deemed necessary as the cash generating unit continues to record a deficiency in its RNAV as at 31 December 2023.

Notes to the Financial Statements

For the financial year ended 31 December 2023

6 Subsidiaries (Cont'd)

Details of significant subsidiaries of the Company are set out below:

Name	Place of incorporation/ principal place of business	Effective equity held by the Company		Principal activities
		2023	2022	
		%	%	
Held by the Company				
Kim Heng Offshore & Marine Pte Ltd* ("KHOM")	Singapore	**100**	100	Investment holding
Held by KHOM				
Bridgewater Offshore Pte Ltd* ("BWOPL")	Singapore	**51^**	51^	Chartering of ships, barges and boats with crew (Freight)
Kim Heng Marine & Oilfield Pte Ltd*	Singapore	**100**	100	Chartering, freight, servicing and repair of vessels, provision of services of marine engineers, consultants, sub-contractors and labour supply
KH Mazu Offshore & Marine Sdn Bhd (KH Mazu)#	Malaysia	**100**	100	Repairing and/or docking of ships and other kinds of vessels, supply chain and crew management, heavy-lift equipment, rental and investment holding
Held by BWOPL				
Bridgewater 161 Pte Ltd*	Singapore	**51^**	51^	Undertake ownership, management and operation of vessels
Bridgewater 168 Pte Ltd*	Singapore	**51^**	51^	Undertake ownership, management and operation of vessels
Bridgewater Offshore Sdn Bhd ("BWOSB")#	Malaysia	**51^**	51^	Undertake ownership, management and operation of vessels
Held by BWOSB				
Ruhm Bridgewater Offshore Sdn Bhd ("RBOSB")#	Malaysia	**25^**	25^	Undertake ownership, management and operation of vessels
Held by RBOSB				
Bridgewater 63 Sdn Bhd#	Malaysia	**25^**	25^	Undertake ownership, management and operation of vessels

Notes to the Financial Statements

For the financial year ended 31 December 2023

6 Subsidiaries (Cont'd)

Details of significant subsidiaries of the Company are set out below: (Cont'd)

Name	Place of incorporation/ principal place of business	Effective equity held by the Company		Principal activities
		2023	2022	
		%	%	
Held by KH Mazu				
RUHM Mazu Sdn Bhd#	Malaysia	**49^**	49^	Provision of ship chartering and marine support services
Held by RUHM Mazu Sdn Bhd				
Bridgewater 131 Sdn Bhd#	Malaysia	**49^**	49^	Ship ownership and provision of ship chartering and marine support services
Bridgewater 132 Sdn Bhd#	Malaysia	**49^**	49^	Ship ownership and provision of ship chartering and marine support services
Mazu 60 Sdn Bhd#	Malaysia	**49^**	49^	Provision of ship chartering and marine support services
Held by Kim Heng Marine & Oilfield Pte Ltd				
Bridgewater Marine (Taiwan) Limited@	Taiwan	**49^**	49^	Vessel chartering and provision of port operating services
Bridgewater 130 Pte Ltd*	Singapore	**100**	100	Ship ownership and provision of ship chartering and marine support services
Kim Heng Heavy Equipment Pte Ltd*	Singapore	**100**	100	Lease, sale, repair and maintenance and after sale services of cranes and industrial equipment
Thaitan International Pte Ltd ("TIPL")*	Singapore	**50^^**	50^^	Marine construction

* Audited by Foo Kon Tan LLP

Audited by member firm of HLB International-HLB Ler Lum Chew PLT

@ Audited by member firm of HLB International-HLB Candor Taiwan CPAs

^ Management has determined that the Group fully controls the entity because they have the existing rights arising from contractual arrangement that give them the current ability to direct the relevant activities that significantly affect the investees' returns.

^^ Management has determined that the Group fully controls the entity because of board representation that give them the current ability to direct the relevant activities that significantly affect the investees' returns.

Notes to the Financial Statements

For the financial year ended 31 December 2023

6 Subsidiaries (Cont'd)

The table below shows details of non-wholly owned subsidiaries of the Group that has material non-controlling interest ("NCI"):

Name of subsidiary	Place of incorporation and principal place of interest	Proportion of ownership interests and voting rights held by NCI		Total comprehensive (loss)/income allocated to NCI		Accumulated NCI	
		2023	2022	**2023**	2022	**2023**	2022
		%	%	**$'000**	$'000	**$'000**	$'000
BWOPL Group	Singapore	**49**	49	**(2,436)**	721	**2,451**	4,887
Ruhm Mazu Group	Malaysia	**51**	51	**908**	410	**2,602**	1,694
TIPL Group	Singapore	**50**	50	**2,797**	(555)	**2,113**	(684)
Others				**(696)**	542	**119**	815
				573	1,118	**7,285**	6,712

No dividend has been paid to the non-controlling interests of the subsidiaries during the current financial year.

Summarised financial information in respect of BWOPL Group, Ruhm Mazu Group and TIPL Group that has material non-controlling interests are set out below:

BWOPL Group	**2023** **$'000**	2022 $'000
Non-current assets	**5,445**	12,937
Current assets	**58,168**	18,326
Current liabilities	**(55,828)**	(18,047)
Non-current liabilities	**(2,783)**	(3,243)
Net assets	**5,002**	9,973
Net assets attributable to NCI	**2,451**	4,887
(Loss)/profit for the year	**(4,885)**	1,387
Other comprehensive (loss)/income for the year	**(86)**	84
Total comprehensive (loss)/profit	**(4,971)**	1,471
Attributable to NCI:		
(Loss)/profit for the year	**(2,394)**	680
Other comprehensive (loss)/income for the year	**(42)**	41
Total comprehensive (loss)/profit	**(2,436)**	721
Cash flows generated from/(used in):		
- Operating activities	**436**	(2,708)
- Investing activities	**–**	2,404
- Financing activities	**(1,556)**	(852)
Net changes in cash and cash equivalents	**(1,120)**	(1,156)

Notes to the Financial Statements

For the financial year ended 31 December 2023

6 Subsidiaries (Cont'd)

	2023	2022
Ruhm Mazu Group	**$'000**	$'000
Non-current assets	**17,787**	13,031
Current assets	**60,458**	13,060
Current liabilities	**(71,049)**	(21,346)
Non-current liabilities	**(2,094)**	(1,424)
Net assets	**5,102**	3,321
Net assets attributable to NCI	**2,602**	1,694
Profit for the year	**1,719**	739
Other comprehensive profit for the year	**61**	64
Total comprehensive income	**1,780**	803
Attributable to NCI:		
Profit for the year	**877**	377
Other comprehensive profit for the year	**31**	33
Total comprehensive income	**908**	410
Cash flows generated from/(used in):		
- Operating activities	**6,903**	(81)
- Investing activities	**(6,496)**	(224)
Net changes in cash and cash equivalents	**407**	(305)
TIPL Group		
Non-current assets	**419**	337
Current assets	**17,896**	8,844
Current liabilities	**(14,079)**	(10,535)
Non-current liabilities	**(10)**	(14)
Net assets/ (liabilities)	**4,226**	(1,368)
Net assets/ (liabilities) attributable to NCI	**2,113**	(684)
Profit/ (loss) for the year	**5,496**	(1,081)
Other comprehensive profit for the year	**98**	(28)
Total comprehensive income	**5,594**	(1,109)
Attributable to NCI:		
Profit/ (loss) for the year	**2,748**	(541)
Other comprehensive profit/ (loss) for the year	**49**	(14)
Total comprehensive income/ (loss)	**2,797**	(555)
Cash flows generated from/(used in):		
- Operating activities	**138**	1,365
- Investing activities	**(149)**	(307)
- Financing activities	**1**	(430)
Net changes in cash and cash equivalents	**(10)**	628

Notes to the Financial Statements

For the financial year ended 31 December 2023

7 Inventories

The Group	**2023** **$'000**	2022 $'000
Finished goods (bunkers and materials), at cost	**1,560**	1,607
Vessel held for trading	**4,700**	–
Vessels under construction	**19,224**	1,681
Construction work-in-progress	**3,717**	–
Allowance for inventory obsolescence:		
Opening balance	**(469)**	(1,311)
Allowance utilised	**–**	963
Exchange difference on translation	**8**	(121)
	(461)	(469)
	28,740	2,819

Changes in inventories recognised in cost of sales in the consolidated statement of comprehensive income amounted to $17,352,000 (2022 - $13,931,000).

In 2023, property, plant and equipment with a carrying amount of $16,287,000 (2022 – Nil) (Note 4) were transferred to inventories.

8 Trade and other receivables

	The Group		**The Company**	
	2023 **$'000**	2022 $'000	**2023** **$'000**	2022 $'000
Trade receivables	**13,359**	17,531	**–**	–
Allowance for impairment loss	**(746)**	(891)	**–**	–
Net trade receivables	**12,613**	16,640	**–**	–
Deposits	**1,269**	357	**–**	–
Deposits for purchase of property, plant and equipment	**237**	5,231	**–**	–
Amounts due from subsidiaries (trade)	**–**	–	**3,039**	468
Amounts due from subsidiaries (non-trade)	**–**	–	**2,706**	–
Dividend receivable from a subsidiary	**–**	–	**1,500**	1,800
Other receivables (Note A)	**1,249**	2,908	**–**	–
Advance payments to suppliers (Note B)	**2,719**	2,341	**–**	–
Financial assets at amortised cost	**18,087**	27,477	**7,245**	2,268
GST receivables	**254**	140	**5**	2
Withholding tax	**394**	352	**–**	–
Prepayments	**1,411**	876	**15**	15
	20,146	28,845	**7,265**	2,285

Notes to the Financial Statements

For the financial year ended 31 December 2023

8 Trade and other receivables (Cont'd)

Amounts due from subsidiaries (trade and non-trade)

The outstanding balances with subsidiaries are unsecured, interest-free and are repayable on demand. There is no allowance for doubtful debts arising from these outstanding balances as the ECL is not material.

Note A:

Other receivables comprised mainly insurance compensation receivables and project retention receivables while as at 31 December 2022, other receivables comprised mainly insurance compensation receivables.

Note B:

Advance payments to suppliers relate to downpayments placed for the construction of new vessels which have been contracted with customers.

Credit and market risks, and impairment losses

The Group's exposure to credit and currency risks, and impairment losses for trade and other receivables is disclosed in Note 28.

9 Contract assets and contract liabilities

The following table provides information about receivables, contract assets and contract liabilities from contracts with customers:

The Group	**2023** **$'000**	2022 $'000
Trade receivables (Note 8)	**12,613**	16,640
Contract assets (Note A)	**9,722**	1,942
Contract liabilities (Note B)	**(1,668)**	(19)

As at 1 January 2023, the Group's gross contract assets; and contract liabilities, related to revenue from contracts with customers amounted to $1,942,000 (2022 - $1,588,000); and $19,000 (2022 – $15,000).

Note A:

Contract assets relate to progress billings to the customers for marine offshore support services when the Group has performed under the contracts but has not yet billed the customers. Contract assets are transferred to receivables when the rights to consideration become unconditional.

Note B:

Contract liabilities mainly relate to advance billings to customers for chartering and towage services, which will be transferred to revenue when the performance obligations are satisfied.

Notes to the Financial Statements

For the financial year ended 31 December 2023

9 Contract assets and contract liabilities (Cont'd)

Management expects that contract liabilities amounting to $1,668,000 (2022 - $19,000) will be recognised as revenue within 12 months from the financial reporting date.

Significant changes in contract assets are explained as follows:

The Group	**2023 $'000**	2022 $'000
Contract assets:		
Contract assets reclassified to trade receivables	**1,942**	1,588
Revenue recognised not yet billed	**9,722**	1,942
Contract liabilities:		
Revenue recognised that was included in the contract liabilities at the beginning of the year	**19**	15
Increase due to cash received, excluding amounts recognised as revenue during the year	**(1,668)**	(19)

10 Cash and bank balances

	The Group		The Company	
	2023 $'000	2022 $'000	**2023 $'000**	2022 $'000
Cash at bank and in hand	**10,361**	12,516	**29**	50
Fixed deposits	**613**	621	**–**	–
Cash and bank balances	**10,974**	13,137	**29**	50
Deposits pledged	**(613)**	(621)		
Bank overdrafts	**(1,054)**	(1,422)		
Cash and cash equivalents in the statement of cash flows	**9,307**	11,094		

Fixed deposits amounting to $613,000 (2022 – $621,000) are pledged to secure term loans and lease liabilities (Notes 14 and 15). As at 31 December 2023, bank overdrafts amounting to $1.1 million (2022 – $1.4 million) bore interest at 6.16% (2022 – 5.25%), and were secured against the Group's leasehold land and buildings and certain vessels. The Group and Company's exposure to interest rate and currency risks is disclosed in Note 28.

Notes to the Financial Statements

For the financial year ended 31 December 2023

11 Assets held-for-sale and liability directly associated with the assets held-for-sale

The Group	**2023** **$'000**	2022 $'000
Assets held-for-sale		
At 1 January	**5,664**	951
Adjustment	**(172)**	–
Additions	**62**	763
Reclassification from property, plant and equipment (Note 4)	**394**	4,901
Disposal	**(5,554)**	(951)
At 31 December	**394**	5,664
Liability directly associated with the assets held-for-sale		
Loans and borrowings (Note 14)	**–**	952

As at 31 December 2023, the carrying amount of the assets held-for-sale comprised one unit of crane amounting to $0.4 million, which was sold subsequent to balance sheet date. In the previous financial year, (i) three units of vessels amounting to $4.7 million, (ii) one excavator amounting to $0.6 million, and (iii) one diving equipment amounting to $0.4 million, respectively, had been classified as assets held-for-sale. Subsequent to 31 December 2023 and 2022, the assets held-for-sale were delivered to the customers.

12 Share capital

	No. of ordinary shares		**Amount**	
	2023	2022	**2023**	2022
The Company	**'000**	'000	**$'000**	$'000
Issued and fully paid with no par value				
At beginning of year	**705,442**	707,142	**74,409**	74,409
Purchase of treasury shares	**-**	(1,700)	**-**	-
At end of year	**705,442**	705,442	**74,409**	74,409

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company. All shares rank equally with regard to the Company's residual assets.

Notes to the Financial Statements

For the financial year ended 31 December 2023

12 Share capital (Cont'd)

Treasury shares

Treasury shares of $323,000 (2022 - $323,000) relate to ordinary shares of the Company that are held by the Company.

	No. of ordinary shares		Amount	
	2023	2022	**2023**	2022
The Company	**'000**	'000	**$'000**	$'000
Treasury shares				
At beginning of year	**4,558**	2,858	**323**	183
Purchase of treasury shares	**–**	1,700	**–**	140
At end of year	**4,558**	4,558	**323**	323

In 2022, the Company purchased 1,700,000 of its ordinary shares by way of on-market purchases at share prices averaging from $0.077 to $0.087. The total amount paid to purchase the shares was $140,000.

Dividends

Final tax exempted (one-tier) dividends of $2 million in respect of FY2022 at $0.002835 per ordinary share were declared during the year (2022 - Nil).

13 Reserves

	2023	2022
The Group	**$'000**	$'000
Merger deficit	**(32,763)**	(32,763)
Translation reserve	**(837)**	(409)
	(33,600)	(33,172)

Merger deficit

The merger deficit arises from the difference between the nominal value of the shares issued by the Company and the nominal value of shares of the subsidiaries acquired under the pooling-of-interest method of consolidation as described in Note 3.

Translation reserve

The translation reserve comprises the foreign exchange differences arising from the translation of financial statements of foreign operations whose functional currencies are different from the presentation currency of the Group.

Notes to the Financial Statements

For the financial year ended 31 December 2023

14 Loans and borrowings

	The Group		The Company	
	2023	2022	**2023**	2022
	$'000	$'000	**$'000**	$'000
Non-current liabilities				
Term loans (Note a)	**18,149**	20,834	**295**	1,257
Shareholder's loan (Note b)	**2,760**	–	**2,760**	–
	20,909	20,834	**3,055**	1,257
Current liabilities				
Term loans (Note a)	**15,187**	13,376	**985**	944
Shareholder's loan (Note b)	**3,427**	–	**3,427**	–
Trust receipts	**4,920**	1,663	**–**	–
	23,534	15,039	**4,412**	944
Total loans and borrowings	**44,443**	35,873	**7,467**	2,201

(a) Term loans

Included in the Group's term loans are secured bank loans with a carrying amount of $33,336,000 and $34,210,000 at 31 December 2023 and 31 December 2022, respectively.

During the current financial year, the Group obtained a loan facility comprising (a) a 42-month term loan of US$4.64 million (equivalent to S$5.39 million); and (b) an interest-rate swap ("IRS") facility of US$4.64 million (equivalent to S$5.39 million) from a financial institution to partially finance the purchase of certain vessels. The IFRS facility is used for IRS transactions for not less than 70% of the loan utilisation to hedge the Group's interest rate and foreign exchange risk within 1 month from the loan disbursement. The realised gains on the IRS facility in FY 2023 were not significant.

The Group is subject to externally imposed capital requirements whose loan facilities are required to maintain its financial position in excess of specified financial thresholds at all times. As at the balance sheet date, one of the Group's subsidiaries has obtained an indulgence waiver from a financial institution on breaches to the loan covenants relating to (a) utilisation rate of the vessels (b) debt servicing ratio and (c) gearing ratio. The Group has complied with the remaining loan covenants at the reporting date.

The banking facilities for term loans are secured as follows:

- Corporate guarantees by the Company amounted to $45,002,000 (2022 - $36,392,000) (See Note 26); and
- Property, plant and equipment, right-of-use assets and fixed deposits as disclosed in Notes 4, 5 and 10, respectively.

(b) Shareholder's loan

In 2023, the Company drew down on the shareholder's loan of $7 million extended by the controlling shareholder and Executive Chairman/ Chief Executive Officer of the Company. The loan is secured over certain vessels and bears fixed interest at 8.5% per annum and is repayable 2 years from the date of drawdown.

Notes to the Financial Statements

For the financial year ended 31 December 2023

14 Loans and borrowings (Cont'd)

(c) Terms and debt repayment schedule

Terms and conditions of outstanding loans and borrowings are as follows:

	Nominal interest rate		Year of maturity		Carrying amount	
The Group	**2023**	2022	**2023**	2022	**2023**	2022
	% p.a.	% p.a.			**$'000**	$'000
Term loans						
- Fixed rate	**3 - 6.91**	3 - 6.91	**2024-2027**	2023-2027	**25,278**	23,060
- Floating rate	**Cost of fund +2.25, 3 months cost of fund +1.5 / +3**	Cost of fund +2.25, 3 months cost of fund +1.5 / +3	**2024-2028**	2023-2028	**8,058**	11,150
Shareholders' loan	**8.50**	–	**2025**	–	**6,187**	–
Trust receipts	**5 - 7.69**	5	**2024**	2023	**4,920**	1,663
					44,443	35,873

The Company						
Fixed rate:						
- Term loans	**5.50-6.91**	5.50 - 6.91	**2024**	2023-2024	**1,280**	2,201
- Shareholder's loan	**8.50**	–	**2025**	–	**6,187**	-
					7,467	2,201

Information about the Group and Company's exposure to interest rate and liquidity risks is disclosed in Note 28.

15 Lease liabilities

The Group	**2023 $'000**	2022 $'000
Undiscounted lease payments due:		
- No later than one year	**4,635**	3,535
- Later than one year and not later than five years	**10,353**	7,801
- Later than five years	**4,115**	4,844
	19,103	16,180
Less: Future interest costs	**(3,295)**	(2,940)
	15,808	13,240
Presented as:		
- Non-current	**12,045**	10,328
- Current	**3,763**	2,912
	15,808	13,240

Notes to the Financial Statements

For the financial year ended 31 December 2023

15 Lease liabilities (Cont'd)

The Group's lease liabilities are secured by the lessors' title to the leased assets. Total cashflows for all leases in the current financial year amounted to $4,075,000 (2022 - $3,488,000). Interest expense on lease liabilities of $497,000 (2022 - $300,000) is recognised within "finance costs" in the consolidated statement of comprehensive income.

Rental expenses not capitalised in lease liabilities but recognised within "operating expenses" in the consolidated statement of comprehensive income are set out below:

The Group	**2023** **$'000**	2022 $'000
Short-term leases	**109**	49
Leases of low-value assets	**42**	39
	151	88

As at 31 December 2023 and 31 December 2022, the Group's short-term lease commitments at the reporting date are not substantially dissimilar to those giving rise to the Group's short-term lease expense for the year.

16 Deferred tax liabilities

Deferred tax assets and liabilities of the Group (prior to offsetting of balances) during the year are as follows:

	At 1 January $'000	**Recognised in profit or loss $'000 (Note 21)**	**At 31 December $'000**
At 31 December 2023			
Deferred tax liabilities			
Property, plant and equipment	**3,240**	**2,344**	**5,584**
At 31 December 2022			
Deferred tax liabilities			
Property, plant and equipment	1,862	1,378	3,240

Deferred tax liabilities and assets are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when the deferred taxes relate to the same tax authority.

Notes to the Financial Statements

For the financial year ended 31 December 2023

16 Deferred tax liabilities (Cont'd)

The amounts determined after appropriate offsetting are included in the statements of financial position as follows:

The Group	2023 $'000	2022 $'000
Deferred tax liabilities - to be settled beyond one year	**5,584**	3,240

As at the reporting date, no deferred tax assets have been recognised in respect of the following temporary differences:

The Group	2023 $'000	2022 $'000
Unutilised tax losses	**18,813**	5,315

The unutilised tax losses are available for set-off against future taxable profits subject to compliance with the Singapore Income Tax Act Chapter 134. The deductible temporary differences do not expire under current tax legislation. Deferred tax assets have not been recognised in respect of these items because it is not probable that future taxable profit will be available against which the Group can utilise the benefits.

17 Trade and other payables

	The Group		The Company	
	2023	2022	**2023**	2022
	$'000	$'000	**$'000**	$'000
Trade payables	**13,650**	8,576	**98**	107
Accrued operating expenses	**5,713**	3,895	**98**	88
Accrued capital expenditure	**1,169**	2,338	**–**	–
Other payables	**272**	55	**–**	–
Deposits received (Note A)	**13,183**	19,380	**–**	–
	33,987	34,244	**196**	195

Note A:

In 2023, deposits received related to vessel construction contracts amounting to $13.2 million, which will be transferred to revenue when the performance obligations are satisfied.

In 2022, deposits received related to (a) vessels classified as held-for-sale amounting to $5.9 million and (b) vessel construction contracts amounting to $13.4 million which will be transferred to revenue at the point when the performance obligations are satisfied.

Notes to the Financial Statements

For the financial year ended 31 December 2023

18 Revenue

The Group	2023 $'000	2022 $'000
Marine offshore support services income, recognised over time	**44,110**	31,043
Chartering and towage income, recognised over time	**25,920**	28,553
Equipment rental income, recognised over time	**4,140**	7,632
Revenue recognised over time	**74,170**	67,228
Sale of goods, recognised at a point in time	**10,413**	11,113
Trading in vessels, recognised at a point in time	**16,611**	1,500
Revenue recognised at a point in time	**27,024**	12,613
	101,194	79,841

Marine offshore support services

Nature of goods or services	Marine offshore support services principally generate revenue from offshore support services rendered and freight service income.
When revenue is recognised	Revenue is recognised when services are rendered over time.
Significant payment terms	Payment is due according to customer terms when services are rendered.

Trading in vessels

Nature of goods or services	Trading in vessels segment principally generates revenue from the trading of vessels.
When revenue is recognised	Revenue is recognised when the vessel is delivered to the customer and all criteria for acceptance has been satisfied.
Significant payment terms	Payment is due according when vessels are delivered.

Sale of goods

Nature of goods or services	Sales of goods segment principally generates revenue from trading of materials and equipment.
When revenue is recognised	Revenue is recognised when the goods are delivered to the customer and all criteria for acceptance has been satisfied.
Significant payment terms	Payment is due according to customer terms when goods are delivered.

Notes to the Financial Statements

For the financial year ended 31 December 2023

19 Other income

The Group	**2023** **$'000**	2022 $'000
Interest income	**10**	3
Insurance compensation income	**1,261**	226
Government grant income	**98**	547
Gain on disposal of assets held-for-sale	**634**	750
Gain on disposal of property, plant and equipment and right-of-use assets	**435**	6,831
Others	**528**	19
	2,966	8,376

20 Finance costs

The Group	**2023** **$'000**	2022 $'000
Interest expenses on:		
- Bank overdrafts, term loans and trust receipts	**2,613**	2,076
- Lease liabilities	**497**	300
	3,110	2,376

Notes to the Financial Statements

For the financial year ended 31 December 2023

21 Profit before tax

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

The Group	Note	2023 $'000	2022 $'000
Audit fees:			
- auditors of the Company		**249**	210
- other auditors - network firms		**77**	76
Non-audit related services:			
- auditors of the Company		**59**	62
- other auditors - network firms		**36**	13
Depreciation of property, plant and equipment	4	**6,439**	6,474
Depreciation of right-of-use assets	5	**2,293**	1,944
Directors' fees		**177**	152
Exchange loss - net		**1,223**	628
Impairment loss on recognised on property, plant and equipment	4	**195**	–
Impairment loss recognised on trade and other receivables	28	**107**	29
Employee benefits:			
- Staff costs, including salaries, bonuses and other costs*		**12,489**	11,680
- Contributions to defined contribution plans*		**1,678**	1,383
		14,167	13,063

* Included in the above is key management personnel compensation, excluding directors' fees paid to non-executive directors, which are disclosed in Note 24(ii).

22 Tax expense

Major components of income tax expense

The major components of income tax expenses for the year ended 31 December 2023 and 31 December 2022 are:

The Group	2023 $'000	2022 $'000
Current tax expense		
Under provision in respect of prior years	**102**	306
Current year tax expense	**1,270**	614
	1,372	920
Deferred tax expense		
Under provision in respect of prior years	**–**	348
Movements in temporary differences	**2,344**	1,030
	2,344	1,378
	3,716	2,298

Notes to the Financial Statements

For the financial year ended 31 December 2023

22 Tax expense (Cont'd)

Reconciliation of effective tax rate

The Group	**2023 $'000**	2022 $'000
Profit before taxation	**6,061**	10,947
Tax at statutory rate of 17% (2022 - 17%)	**1,030**	1,861
Tax effect on non-deductible expenses	**3,284**	4,695
Tax effect on non-taxable income	**(2,799)**	(5,066)
Deferred tax assets on temporary differences not recognised	**2,295**	549
Under provision of current and deferred taxes in respect of prior years	**102**	654
Singapore statutory stepped income exemption	**(391)**	(537)
Tax effect on different tax rates of branch operating in other jurisdictions	**195**	142
	3,716	2,298

Non-deductible expenses mainly relate to depreciation expenses on property, plant and equipment and right-of-use assets determined based on a ratio to allocate the common expenses and common assets incurred by the Group between its tax exempt and non-tax-exempt income categories.

Non-taxable income mainly relates to gain on disposal of property, plant and equipment and certain chartering income that is not subject to tax under Section 13A of the Singapore Income Tax Act.

Movement of current tax payable:

The Group	**2023 $'000**	2022 $'000
At 1 January	**922**	492
Income tax paid	**(747)**	(334)
Current tax expense	**1,372**	920
Exchange difference on translation	**(128)**	(156)
At 31 December	**1,419**	922

23 Profit per share

The Group	**2023 $'000**	2022 $'000
Profit attributable to ordinary shareholders of the Company	**1,565**	7,365

Notes to the Financial Statements

For the financial year ended 31 December 2023

23 Profit per share (Cont'd)

The calculation of the basic and diluted loss per share was based on the weighted average number of ordinary outstanding shares of the Company of 705,442,100 (2022 - 706,120,372) shares, calculated as follows:

Weighted average number of shares

The Group	**2023** **'000**	2022 '000
Issued ordinary shares at 1 January	**705,442**	707,142
Effect of own shares held	**–**	(1,700)
Weighted average number of ordinary shares during the year	**705,442**	705,442

There were no dilutive potential ordinary shares in existence for the year ended 31 December 2023 and 31 December 2022.

24 Related party transactions

(i) Sale and purchase of goods and services

During the financial year, other than those transactions as disclosed elsewhere in the financial statements, there were no related party transactions.

(ii) Compensation of key management personnel

Key management personnel of the Group are those persons having the authority and responsibility for planning, directing and controlling the activities of the Group. The directors are considered as key management personnel of the Group.

The key management personnel compensation comprises:

The Group	**2023** **$'000**	2022 $'000
Short term employee benefits	**2,694**	3,075
Contributions to defined contribution plans	**57**	88
	2,751	3,163

(iii) Other related party transactions

The Group	**2023** **$'000**	2022 $'000
Shareholder loan interest paid to director and controlling shareholder	**143**	–

Notes to the Financial Statements

For the financial year ended 31 December 2023

25 Commitments

Capital commitments

As at 31 December 2023, capital expenditures contracted for but not recognised in the financial statements, are as follows:

The Group	2023 $'000	2022 $'000
Property, plant and equipment	**57**	11,577

26 Contingent liabilities

The Group

There were contingent liabilities in respect of the following:

(a) Immigration bond given to Ministry of Manpower by three of the subsidiaries within the Group in respect of the employment of foreign workers amounting to $660,000 (2022 - $620,000); and

(b) Guarantees given to suppliers, customers, port authorities and immigration authorities by one of the entities within the Group in respect of services rendered amounted to $7,704,000 (2022 - $3,401,000).

The Company

Intra-group financial guarantees comprise corporate guarantees amounting to $45.0 million (FY 2022 - $36.4 million) granted by the Company to financial institutions in respect of banking facilities to secure banking facilities provided to certain subsidiaries. The financial guarantees will expire when the loans have been paid and discharged and/or when the banking facilities are no longer available to the subsidiaries. These financial guarantee contracts are accounted for under SFRS(I) 9. The principal risk to which the Company is exposed is credit risk in connection with the guarantee contracts it has issued. The credit risk represents the loss that would be recognised upon a default by the subsidiaries on behalf of which the guarantees were given. The impact of the fair value accounting of the intra-group financial guarantees extended is not significant.

27 Operating segments

The Group has two reportable segments, as described below, which are the Group's strategic business units. The strategic business units offer different products and services and are managed separately because they require different technology and marketing strategies. For each of the strategic business units, the Group's Chief Executive Officer ("CEO") (the chief operating decision maker) review internal management reports on a monthly basis to make strategic decisions. The following summary describes the operations in each of the Group's reportable segments:

- Offshore Rig Services and Supply Chain Management: Includes chartering, freight, servicing and repair of vessels, provision of services of marine engineers, consultants, sub-contractors, labour supply, fabrication services, trading in drill pipes and related drilling materials, provision of services and rental of marine equipment and cranes.

- Vessel Sales and Newbuild: Includes trading of vessels and newbuild.

Notes to the Financial Statements

For the financial year ended 31 December 2023

27 Operating segments (Cont'd)

Performance is measured based on segment profit before tax, as included in the internal management reports that are reviewed by the Group's CEO. Segment profit before tax is used to measure performance as management believes that such information is the most relevant in evaluating the results of certain segments relative to other entities that operate within these industries. Inter-segment pricing is determined on an arm's length basis.

The segmental results for the financial years ended 31 December 2023 and 2022 relate to the offshore rig services and supply chain management and vessels sales and newbuild as follow:

	Offshore rig services and supply chain management $'000	Vessel sales and newbuild $'000	Total $'000	Adjustments and eliminations $'000	Total $'000
2023					
Revenue					
- External customers	84,583	16,611	101,194	–	101,194
- Inter-segment	25,348	–	25,348	(25,348)	–
Total segment revenue	109,931	16,611	126,542	(25,348)	101,194
Other income	2,966	–	2,966	–	2,966
Finance cost	(3,110)	–	(3,110)	–	(3,110)
Segment results	771	5,290	6,061	–	6,061
Income tax expense	(2,817)	(899)	(3,716)	–	(3,716)
Profit for the year	(2,046)	4,391	2,345	–	2,345
Other information					
Reportable segment assets	144,354	22,872	167,226	–	167,226
Reportable segment liabilities	103,963	–	103,963	–	103,963
Capital expenditure	24,145	–	24,145	–	24,145
Other material non-cash items:					
Deprecation of property, plant and equipment and right-of-use assets	(8,732)	–	(8,732)	–	(8,732)
Gain on disposal of property, plant and equipment	435	–	435	–	435
Gain on disposal of assets held-for-sale	634	–	634	–	634
Impairment loss on trade and other receivables	(107)	–	(107)	–	(107)
Impairment loss on property, plant and equipment	(195)	–	(195)	–	(195)

Notes to the Financial Statements

For the financial year ended 31 December 2023

27 Operating segments (Cont'd)

	Offshore rig services and supply chain management $'000	Vessel sales and newbuild $'000	Total $'000	Adjustments and eliminations $'000	Total $'000
2022					
Revenue					
- External customers	78,341	1,500	79,841	–	79,841
- Inter-segment	18,291	–	18,291	(18,291)	–
Total segment revenue	96,632	1,500	98,132	(18,291)	79,841
Other income	8,376	–	8,376	–	8,376
Finance cost	(2,376)	–	(2,376)	–	(2,376)
Segment results	10,512	435	10,947	–	10,947
Income tax expense	(2,224)	(74)	(2,298)	–	(2,298)
Profit for the year	8,288	361	8,649	–	8,649
Other information					
Reportable segment assets	151,784	1,681	153,465	–	153,465
Reportable segment liabilities	89,912	–	89,912	–	89,912
Capital expenditure	13,470	–	13,470	–	13,470
Other material non-cash items:					
Deprecation of property, plant and equipment and right-of-use assets	(8,418)	–	(8,418)	–	(8,418)
Gain on disposal of property, plant and equipment and right-to-use assets	6,831	–	6,831	–	6,831
Gain on disposal of assets held-for-sale	750	–	750	–	750
Impairment loss on trade and other receivables	(29)	–	(29)	–	(29)

Notes to the Financial Statements

For the financial year ended 31 December 2023

27 Operating segments (Cont'd)

Geographical Information

The Group's operations are mainly in the region of Southeast Asia, Australasia (comprising mainly Australia, Marshall Islands and Papua New Guinea), Middle East and Europe. In presenting information on geographical segments, segment revenue is based on the delivery order address of the customers. Segment assets which are based on the geographical location of the assets, are all in Singapore.

	2023	2022
The Group	**$'000**	$'000
Australia	**1,051**	3,398
Japan	**–**	1,202
Malaysia	**17,639**	16,896
Singapore	**33,654**	25,290
Taiwan	**31,856**	14,325
United Arab Emirates	**7,647**	4,735
Europe	**4,606**	9,222
China	**165**	614
United State of America	**1,494**	292
Myanmar	**4**	128
Vietnam	**1,890**	2,383
Others	**1,188**	1,356
Total revenue	**101,194**	79,841

Revenue from the Group's top 5 major customers amounted to $57.1 million (2022 - the Group's top 5 major customers amounted to $30.2 million).

28 Financial risk management objectives and policies

The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise adverse effects from the unpredictability of financial markets on the Group's financial performance. The Group is exposed to financial risks arising from its operations and the use of financial instruments. The key financial risks included credit risk, liquidity risk, interest rate risk and foreign currency risk.

The Board of Directors has overall responsibility for the establishment and oversight of the Group's risk management framework. Management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner. There has been no significant change in the Group's exposure to these risks or the manner in which it manages and measures risks.

The Group does not hold or issue derivative financial instruments for trading purposes or to hedge against fluctuations, if any, in interest rates and foreign exchange.

Notes to the Financial Statements

For the financial year ended 31 December 2023

28 Financial risk management objectives and policies (Cont'd)

Credit risk

Credit risk refers to the risk that counterparties may default on their contractual obligations resulting in financial loss to the Group.

The Group has a credit policy in place which establishes credit limits for customers and monitors their balances on an ongoing basis. Credit evaluations are performed on all new customers.

The carrying amounts of the financial assets in the statement of financial position represent the Group's and the Company's maximum exposure to credit risk before taking into account any collateral held. The Group and the Company do not require any collateral in respect of their financial assets.

The exposure to credit risk for loans and receivables and contract assets at amortised cost at the reporting date (by geographical region) was:

	The Group		The Company	
	2023	2022	**2023**	2022
	$'000	$'000	**$'000**	$'000
Singapore	**6,404**	8,824	**7,245**	2,268
Southeast Asia excluding Singapore	**6,419**	11,541	**–**	–
Middle East	**816**	3,080	**–**	–
Taiwan	**11,553**	4,623	**–**	–
Europe and others	**2,617**	1,351	**–**	–
	27,809	29,419	**7,245**	2,268

At reporting date, the Group has concentration of credit risk with 3 customers (2022 - 3 customers) engaged in the Oil and Gas sector accounting for approximately 57% (2022 - 61%) of the total trade receivables.

The Group uses an allowance matrix to measure the ECLs of trade receivables from individual customers, which comprise a very large number of small balances.

The movement in the allowance for impairment loss during the year is summarised as follows:

	2023	2022
The Group	**$'000**	$'000
At 1 January	**891**	910
Impairment loss recognised	**567**	29
Impairment loss reversed	**(460)**	–
	107	29
Amounts utilised	**(252)**	(48)
At 31 December	**746**	891

Notes to the Financial Statements

For the financial year ended 31 December 2023

28 Financial risk management objectives and policies (Cont'd)

Credit risk (Cont'd)

The following table provides information about the exposure to credit risk and ECLs for trade receivables and contract assets for individual customers as at each reporting date.

The Group	Weighted average loss rate %	Gross carrying amount $	Impairment loss allowance $	Net carrying amount $	Credit-impaired $
At 31 December 2023					
Current (not past due)	**–**	**11,437**	**–**	**11,437**	**No**
1 - 30 days past due	**–**	**5,101**	**–**	**5,101**	**No**
31 - 120 days past due	**–**	**5,134**	**–**	**5,134**	**No**
More than 120 days past due	**52.95**	**1,409**	**(746)**	**663**	**Yes**
		23,081	**(746)**	**22,335**	
At 31 December 2022					
Current (not past due)	–	6,913	–	6,913	No
1 - 30 days past due	–	6,827	–	6,827	No
31 - 120 days past due	–	3,272	–	3,272	No
More than 120 days past due	36.16	2,461	(891)	1,570	Yes
		19,473	(891)	18,582	

As reporting date, specific impairment loss on trade receivables amounting to $0.6 million (2022 - $0.3 million) are included in the impairment loss allowances.

Loss rates are based on actual credit loss experience over the past four years. These rates are adjusted by scalar factors to reflect differences between economic conditions during the period over which the historic data has been collected, current conditions and the Group's view of economic conditions over the expected lives of the receivables. These scalar factors are calculated using statistical models that determine numeric co-relation of loss rates with relevant economic variables.

The cash and cash equivalents are held with reputable banks and financial institutions which are regulated.

As disclosed in Note 8 to the financial statements, the Company held receivables from its subsidiaries. These balances relate to management fee receivable and dividend receivable from subsidiaries. Impairment on these balances has been measured on the 12-month expected loss basis which reflects the low credit risk of the exposures. The amount of the allowance on these balances is insignificant.

The Group and the Company measure loss allowance for contract assets and other receivables using lifetime ECL and 12-month ECL respectively. The amount of the allowance on these balances has been assessed to be insignificant.

Notes to the Financial Statements

For the financial year ended 31 December 2023

28 Financial risk management objectives and policies (Cont'd)

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of the Group's financial instruments will fluctuate because of changes in market interest rates.

The Group is exposed to changes in interest rates primarily due to the Group's loans and borrowings which are subject to variable interest rates. Interest rate risk is managed by the Group on an ongoing basis with the primary objective of limiting the extent to which net interest expense could be affected by an adverse movement in interest rates.

At the reporting date, the interest rate profile of the Group's and the Company's interest-bearing financial instruments, as reported to the management, was as follows:

	2023	2022
The Group	**$'000**	$'000
Fixed rate instruments		
Fixed deposits (Note 10)	**613**	621
Term loans (Note 14(c))	**(25,278)**	(23,060)
Shareholder's loan (Note 14(c))	**(6,187)**	–
Trust receipts (Note 14)	**(4,920)**	(1,663)
Bank overdrafts (Note 10)	**(1,054)**	(1,422)
Lease liabilities (Note 15)	**(15,808)**	(13,240)
Liability directly associated with the assets held-for-sale (Note 11)	**–**	(952)
	(52,634)	(39,716)
Variable rate instruments		
Floating rate loans (Note 14(c))	**(8,058)**	(11,150)
The Company		
Fixed rate instruments		
Term loans (Note 14(c))	**(1,280)**	(2,201)
Shareholder's loan (Note 14(c))	**(6,187)**	–
	(7,467)	(2,201)

Sensitivity analysis for fixed rate instruments

The Group does not account for any fixed rate financial assets or liabilities at fair value through profit or loss. Therefore, in respect of the fixed rate instruments, a change in interest rates at the reporting date would not affect the statement of comprehensive income.

Cash flow sensitivity analysis for variable rate instruments

For the variable rate financial assets and liabilities, a 100 basis points ("bp") change in interest rates at the reporting date would have decrease/increase profit before tax and equity by amounts as shown below. This analysis has not taken into account the associated tax effects and assumes that all other variables, in particular foreign currency rates, remain constant.

Notes to the Financial Statements

For the financial year ended 31 December 2023

28 Financial risk management objectives and policies (Cont'd)

Interest rate risk (Cont'd)

Cash flow sensitivity analysis for variable rate instruments (Cont'd)

The Group's policy is to obtain the most favourable interest rates available without increasing its interest exposure.

The Group	Profit before tax increase/(decrease)		Equity increase/(decrease)	
	(100 bp increase) $'000	(100 bp decrease) $'000	(100 bp increase) $'000	(100 bp decrease) $'000
31 December 2023				
Variable rate instruments	**(81)**	**81**	**(81)**	**81**
31 December 2022				
Variable rate instruments	(112)	112	(112)	112

Foreign currency risk

Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. Currency risk arises when transactions are denominated in foreign currencies.

The Group is exposed to currency risk on sales and purchases that are denominated in a currency other than the respective functional currencies of Group entities. The currency in which these transactions primarily is denominated is the United States dollar and Singapore dollar respectively.

The Group's and the Company's exposure to foreign currency is as follows:

The Group	2023 $'000	2022 $'000
United States Dollar		
Trade and other receivables	**4,166**	6,819
Cash and cash equivalents	**7,359**	12,100
Trade and other payables	**(3,345)**	(527)
Loans and borrowings	**(5,394)**	–
	2,786	18,392
Singapore Dollar		
Trade and other receivables	**382**	–
Cash and cash equivalents	**266**	775
Trade and other payables	**(1,172)**	(8,048)
	(524)	(7,273)

The Group does not have a formal policy to hedge its financial assets and liabilities denominated in foreign currencies nor does it speculate on foreign currency contracts.

Notes to the Financial Statements

For the financial year ended 31 December 2023

28 Financial risk management objectives and policies (Cont'd)

Foreign currency risk (Cont'd)

Sensitivity analysis - Foreign currency risk

A 10% strengthening of the United States dollar and Singapore dollar against the functional currencies of the respective entities within the Group at the reporting date would decrease/(increase) the profit before tax by the amounts below. This analysis is based on foreign currency exchange rate variances that the Group considered to be reasonably possible at the end of the reporting period. The analysis assumes that all other variables, in particular interest rates, remain constant. The analysis is performed on the same basis for 2023 and 2022, albeit that the reasonably possible foreign exchange rate variances may have been different.

The Group	**2023** **$'000**	2022 $'000
United States dollar	**279**	1,839
Singapore dollar	**(52)**	(727)

A 10% weakening of the United States dollar and Singapore dollar against the functional currencies of the respective entities within the Group would have the equal but opposite effect on the profit before tax to the amounts shown above, on the basis that all other variables remain constant.

Liquidity risk

Liquidity or funding risk is the risk that an enterprise will encounter difficulty in raising funds to meet commitments associated with financial instruments. Liquidity risk may result from an inability to sell a financial asset quickly at close to its fair value.

The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

The Group monitors its liquidity risk and maintains a level of cash and cash equivalents deemed adequate by management to finance the Group's operations and to mitigate the effects of fluctuations in cash flows.

To ensure the continuity of funding, the Group's policy is to use a mix of long-term and short-term financing. Short-term funding is obtained through overdrafts and trust receipts. Long-term funding is primarily used for acquisition of property, plant and equipment. The Group evaluates various alternative financing arrangements to balance its debt leverage.

The Group monitors current and expected liquidity requirements to ensure that it maintains sufficient working capital and adequate external financing to meet its liquidity requirements in the short and longer term. The sources of liquidity and funding available to the Group are the financing from various financial institutions and the realisation of the property, plant and equipment, if required.

Notes to the Financial Statements

For the financial year ended 31 December 2023

28 Financial risk management objectives and policies (Cont'd)

Liquidity risk (Cont'd)

Analysis of financial instruments by remaining contractual maturities

The following are the contractual maturities of financial liabilities. The amounts are gross and undiscounted, and include contractual interest payments and exclude impact of netting agreements:

The Group	Carrying amount $'000	Contractual undiscounted cash flows: Total $'000	Less than 1 year $'000	Between 2 and 5 years $'000	Over 5 years $'000
31 December 2023					
Term loans - Fixed rate (Note 14)	**25,278**	**27,876**	**14,059**	**13,817**	**–**
Term loans - Floating rate (Note 14)	**8,058**	**8,221**	**2,454**	**5,767**	**–**
Shareholder's loan (Note 14)	**6,187**	**6,680**	**3,822**	**2,858**	**–**
Trust receipts (Note 14)	**4,920**	**5,276**	**5,276**	**–**	**–**
Bank overdraft (Note 10)	**1,054**	**1,107**	**1,107**	**–**	**–**
Lease liabilities (Note 15)	**15,808**	**19,103**	**4,635**	**10,353**	**4,115**
Trade and other payables (Note 17)	**33,987**	**33,987**	**33,987**	**–**	**–**
	95,292	**102,250**	**65,340**	**32,795**	**4,115**
31 December 2022					
Term loans - Fixed rate (Note 14)	23,060	25,132	11,816	13,316	–
Term loans - Floating rate (Note 14)	11,150	11,472	2,463	8,228	781
Trust receipts (Note 14)	1,663	1,746	1,746	–	–
Bank overdraft (Note 10)	1,422	1,497	1,497	–	–
Lease liabilities (Note 15)	13,240	16,180	3,535	7,801	4,844
Liability directly associated with the assets held-for-sale (Note 11)	952	1,089	1,089	–	–
Trade and other payables (Note 17)	19,380	19,380	19,380	–	–
	70,867	76,496	41,526	29,345	5,625
The Company					
31 December 2023					
Shareholder's loan (Note 14)	**6,187**	**6,680**	**3,822**	**2,858**	**–**
Term loans - Fixed rate (Note 14)	**1,280**	**1,296**	**1,000**	**296**	**–**
	7,467	**7,976**	**4,822**	**3,154**	**–**
31 December 2022					
Term loans - Fixed rate (Note 14)	2,201	2,272	1,000	1,272	–

Notes to the Financial Statements

For the financial year ended 31 December 2023

28 Financial risk management objectives and policies (Cont'd)

Liquidity risk (Cont'd)

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

The maturity analysis shows the contractual undiscounted cash flows of the Group's and the Company's financial liabilities on the basis of their earliest possible contractual maturity. The cash outflows disclosed relate to those instruments held for risk management purposes and which are usually not closed out prior to contractual maturity.

Market price risk

Market price risk is the risk that the fair value or future cash flows of the Group's financial instruments will fluctuate because of changes in market prices.

The Group and the Company are not exposed to any movement in price risk as it does not hold any quoted or marketable financial instruments.

29 Fair value measurement

Definition of fair value

SFRS(I)s define fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

Estimations of the fair value

The following summarises the significant methods and assumptions used in estimating the fair values of financial assets and liabilities of the Group.

Non-derivative financial liabilities (non-current)

Fair value, which is determined for disclosure purposes, is calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the reporting date. For lease liabilities and loans and borrowings, the market rate of interest is determined by reference to similar lease and loan agreements, respectively.

Fair value measurement of financial instruments

The carrying values of variable rate bank loans approximate their fair values as disclosed in Note 14 to the financial statements. The carrying amounts of financial assets and liabilities with a maturity of less than one year (including trade and other receivables, balances with related parties, cash and cash equivalents, trade and other payables, and borrowings) approximate their fair values because of the short period to maturity.

The inputs are categorised into three levels within a fair value hierarchy as follows:

- 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 or indirectly; and
- Level 3 : unobservable inputs for the asset or liability.

There were no changes in valuation techniques during the financial years ended 31 December 2023 and 2022.

Notes to the Financial Statements

For the financial year ended 31 December 2023

30 Financial instruments

Accounting classifications and fair values

The carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy are as follows. It does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.

		Carrying amount			Fair value			
	Note	Amortised cost	Other financial liabilities	Total	Level 1	Level 2	Level 3	Total
31 December 2023		$'000	$'000	$'000	$'000	$'000	$'000	$'000
The Group								
Financial assets not measured at fair value								
Trade and other receivables	8	18,087	–	18,087				
Cash and bank balances	10	10,974	–	10,974				
		29,061	–	29,061				
Financial liabilities not measured at fair value								
Bank overdrafts	10	–	1,054	1,054	–	1,054	–	1,054
Loans and borrowings	14	–	44,443	44,443	–	43,378	–	43,378
Trade and other payables	17	–	33,987	33,987	–	–	–	–
		–	79,484	79,484				
The Company								
Financial assets not measured at fair value								
Trade and other receivables	8	7,245	–	7,245				
Cash and cash equivalents	10	29	–	29				
		7,274	–	7,274				
Financial liabilities not measured at fair value								
Loans and borrowings	14	–	7,467	7,467	–	7,313	–	7,313
Trade and other payables	17	–	196	196	–	–	–	–
		–	7,663	7,663				

Notes to the Financial Statements

For the financial year ended 31 December 2023

30 Financial instruments (Cont'd)

Accounting classifications and fair values (Cont'd)

31 December 2022	Note	Carrying amount Amortised cost $'000	 Other financial liabilities $'000	 Total $'000	Fair value Level 1 $'000	 Level 2 $'000	 Level 3 $'000	 Total $'000
The Group								
Financial assets not measured at fair value								
Trade and other receivables	8	27,477	–	27,477				
Cash and bank balances	10	13,137	–	13,137				
		40,614	–	40,614				
Financial liabilities not measured at fair value								
Bank overdrafts	10	–	1,422	1,422	–	1,422	–	1,422
Liability directly associated with the assets held-for-sale	11	–	952	952	–	952	–	952
Loans and borrowings	14	–	35,873	35,873	–	35,190	–	35,190
Trade and other payables	17	–	34,244	34,244	–	–	–	–
		–	72,491	72,491				
The Company								
Financial assets not measured at fair value								
Trade and other receivables	8	2,268	–	2,268				
Cash and cash equivalents	10	50	–	50				
		2,318	–	2,318				
Financial liabilities not measured at fair value								
Loans and borrowings	14	–	2,201	2,201	–	2,089	–	2,089
Trade and other payables	17	–	195	195	–	–	–	–
		–	2,396	2,396				

Notes to the Financial Statements

For the financial year ended 31 December 2023

31 Capital management

The Group's and the Company's objectives when managing capital are:

(a) To safeguard the Group's and the Company's ability to continue as a going concern;

(b) To support the Group's and the Company's stability and growth; and

(c) To provide capital for the purpose of strengthening the Group's and the Company's risk management capability.

The Group and the Company actively and regularly review and manage its capital structure to ensure optimal capital structure and shareholder returns, taking into consideration the future capital requirements of the Group and the Company and capital efficiency, prevailing and projected profitability, projected operating cash flows, projected capital expenditures and projected strategic investment opportunities. The Group and the Company currently do not adopt any formal dividend policy.

The Group and the Company monitor capital using Gearing Ratio, which is net debt divided by total equity attributable to owners of the Company. Net debt represents total borrowings less cash and bank balances.

There were no changes in the Group's and the Company's approach to capital management during the year.

The Company and its subsidiaries are not subject to externally imposed capital requirements, other than those as disclosed in Note 14 and 15 to the financial statements.

	The Group		**The Company**	
	2023	2022	**2023**	2022
	$'000	$'000	**$'000**	$'000
Bank overdrafts (Note 10)	**1,054**	1,422	**–**	–
Loans and borrowings (Note 14)	**44,443**	35,873	**7,467**	2,201
Lease liabilities (Note 15)	**15,808**	13,240	**–**	–
Liability directly associated with the assets held-for-sale (Note 11)	**–**	952	**–**	–
Cash and bank balances (Note 10)	**(10,974)**	(13,137)	**(29)**	(50)
Net debt	**50,331**	38,350	**7,438**	2,151
Total equity	**63,263**	63,553	**75,881**	76,189
Total capital	**113,594**	101,903	**83,319**	78,340
Net debt to total capital ratio	**44.3%**	37.6%	**8.9%**	2.7%

32 Subsequent events

The directors have proposed a final dividend of $0.002126 per ordinary share, one-tier exempt, totalling $1,500,000 in respect of the financial year ended 31 December 2023. This proposed final tax-exempt dividend has not been recognised as at year end and will be submitted for shareholders' approval at the forthcoming Annual General Meeting of the Company in 2024.

Statistics of Shareholdings

As at 13 March 2024

SHARE CAPITAL

Issued and fully paid-up capital	:	S$76,133,121.00
No. of issued shares (excluding treasury shares)	:	704,932,400
No. of treasury shares	:	5,067,600
Percentage of treasury shares against total number of issued shares (excluding treasury shares)	:	0.72%
No. of subsidiary holdings	:	Nil
Class of Shares	:	Ordinary Shares
Voting Rights	:	One vote per share

DISTRIBUTION OF SHAREHOLDINGS BY SIZE OF SHAREHOLDINGS

Size of Shareholdings	No. of Shareholders	%	No. of Shares	%
1 - 99	0	0.00	0	0.00
100 - 1,000	39	2.72	22,250	0.00
1,001 - 10,000	290	20.22	1,954,300	0.28
10,001 - 1,000,000	1,067	74.41	108,460,100	15.39
1,000,001 and above	38	2.65	594,495,750	84.33
Total	1,434	100.00	704,932,400	100.00

* *Excluding Treasury Shares as at 13 March 2024 - 5,067,600 shares

LIST OF 22 LARGEST REGISTERED SHAREHOLDERS

No.	Name	No. of Shares	%
1	KH GROUP HOLDINGS PTE LTD	283,347,000	40.19
2	UOB KAY HIAN PTE LTD	126,318,600	17.92
3	RAFFLES NOMINEES (PTE) LIMITED	30,886,200	4.38
4	UNITED OVERSEAS BANK NOMINEES (PRIVATE) LIMITED	25,365,750	3.60
5	YEO KHEE SENG BENNY	12,323,000	1.75
6	MAYBANK SECURITIES PTE. LTD.	9,364,200	1.33
7	DBS NOMINEES PTE LTD	9,328,100	1.32
8	ONEEQUITY SG PRIVATE LIMITED	9,000,000	1.28
9	PEH KWEE CHIM	8,800,000	1.25
10	PHILLIP SECURITIES PTE LTD	7,657,300	1.09
11	HSBC (SINGAPORE) NOMINEES PTE LTD	7,579,400	1.08
12	OCBC SECURITIES PRIVATE LTD	5,264,100	0.75
13	CHEW THYE CHUAN OR TAN SEW MAI	4,363,100	0.62
14	CITIBANK NOMINEES SINGAPORE PTE LTD	3,713,500	0.53
15	PIAK BOON SENG	3,202,600	0.45
16	NG THOR HUAT MOXHAM	3,200,000	0.45
17	KWAN WAI LOEN	3,062,700	0.43
18	WEE WEI LING	2,809,400	0.40
19	LIM AND TAN SECURITIES PTE LTD	2,773,700	0.39
20	TAN CHENG HIANG ROSALIND MRS ROSALIND LIM	2,500,000	0.35
21	TEO KOK KHENG	2,500,000	0.35
22	YEO SENG BUCK	2,500,000	0.35
	Total:	565,858,650	80.27

Note:
%: Based on 704,932,400 shares (excluding shares held as treasury shares) as at 13 March 2024
*Treasury Shares as at 13 March 2024 - 5,067,600 shares

Statistics of Shareholdings

As at 13 March 2024

SUBSTANTIAL SHAREHOLDERS

Names of Substantial Shareholders	No. of shares registered in the name of substantial shareholders or nominees	No. of shares in which substantial shareholders are deemed to be interested	Total	Percentage of issued Shares
KH Group Holdings Pte. Ltd.	283,347,000	–	283,347,000	40.19
Tan Keng Siong Thomas	900,000	283,347,000(1)	284,247,000	40.32
Ng Chwee Lian Natalie Amanda	–	283,347,000(1)	283,347,000	40.19
HAGF Investment (I) Pte. Ltd.	124,999,600	–	124,999,600	17.73
Choo Kee Siong	–	124,999,600(2)	124,999,600	17.73
Wee Teng Chuen	–	124,999,600(2)	124,999,600	17.73
Hildrics Capital Pte. Ltd.	–	124,999,600(2)	124,999,600	17.73

Notes:

(1) Mr Tan Keng Siong Thomas and Mdm Ng Chwee Lian Natalie Amanda are deemed to be interested in 283,347,000 Shares which are held by KH Group Holdings Pte. Ltd.

(2) HAGF Investment (I) Pte. Ltd. is a wholly owned subsidiary of Hildrics Asia Growth Fund VCC, is a private equity fund managed by Hildrics Capital Pte. Ltd. on a discretionary basis in accordance with the operating and investment conditions and other terms of the management agreement under which Hildrics Capital Pte. Ltd. is appointed. The shareholders of Hildrics Capital Pte. Ltd. are Mr Choo Kee Siong and Mr Wee Teng Chuen each have a shareholding of 50%.

PERCENTAGE OF SHAREHOLDING IN PUBLIC'S HANDS

Based on information available to the Company as at 13 March 2024, approximately 41.92% of the shareholdings of the Company is held in the hands of the public. Accordingly, the Company has complied with Rule 723 of the Catalist Rules.

KIM HENG

Incorporated in the Republic of Singapore on 29 April 2013
Company Registration Number: 201311482K

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