7s ATELIER

BUILDING TOMORROW TOGETHER

ANNUAL REPORT 2023

CONTENT

MISSION

To bring inspiration and
innovations to every home we build

VISION

To be a trendsetter in
the Design & Build
ecosystem arena

CORPORATE PROFILE

CORPORATE PROFILE

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

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

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

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

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

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

LETTER TO SHAREHOLDERS

Dear Shareholders,

The last financial year ended 31 December 2023 (“**FY2023**”) was a memorable year for the Group, as we successfully steered the listed Company into the construction, renovation, and design segment with our proprietary “Sevens” brand in the ‘Design and Build’ of premium landed residential properties.

The Group places a strong emphasis on designing elegant, functional living spaces for properties. We do this by utilising our full turnkey expertise, which includes architectural design, property reconstruction, interior fit-out, and customisation to match intended lifestyles. The result is premium quality, timeless properties that are ideal for our clients.

While the endemic period boosted proliferating economic activities, it also put inflationary pressure on raw material supplies and operational expenses. The Group's revenue increased significantly from S$6.79 million for the financial year ended 31 December 2022 ("**FY2022**") to S$14.33 million in FY2023, thanks to the delivery of projects previously secured in our order book. However, increased operating costs, such as those for finance, administration, and materials, along with inflationary pressures, undermined our financial performance, increasing our loss after taxes from S$1.19 million in FY2022 to S$4.05 million in FY2023.

Despite market challenges, we remain committed to excelling in every property project our clients entrust to us. We continue to work towards bringing new experiences to our clients, with a target to launch our showroom in the first half of 2024. Our digital adaptation and technology adoption including virtual design and construction solutions are aimed at ensuring efficient project visualisation, and minimising miscommunication and delay in projects.

The Group recorded a secured order book of S$8.00 million as at 31 December 2023 and added a new contract of S$6.50 million as announced on 12 January 2024. The order book is expected to contribute positively to the Group’s revenue in the financial year ending 31 December 2024 (“**FY2024**”).

RIDING THE GROWTH MOMENTUM

The Building and Construction Authority of Singapore (“BCA”) announced in January 2024 that between S$32 billion and S$38 billion worth of contracts are expected to be awarded in 2024. These contracts stem from new residential developments, the expansion of the two integrated resorts, and the redevelopment of commercial premises, as well as the development of mixed-use properties and industrial facilities[(1)].

Out of the total demand, private sector demand is estimated to range from S$14 billion to S$17 billion in 2024. BCA also expects steady improvement in construction demand over the medium term, projecting contracts worth to reach between S$31 billion and S$38 billion annually from 2025 to 2028[(2)].

The favourable outlook of Singapore’s construction and real estate sector is beneficial to us. We believe that our continuous motivation and efforts to achieve excellence on our clients’ projects enable us to stand above the competition and remain the preferred professional turnkey solution builder for the ‘Design and Build’ of premium landed properties.

As we go forward with new marketing initiatives and a new showroom, the Group remains cautiously optimistic about our growth, and we will maintain prudent resource management as we deliver on our clients’ commitments.

References:

1. https://www.straitstimes.com/singapore/between-32-billion-to-38-billion-in-construction-contracts-to-be-awarded-in-2024-bca
2. https://www1.bca.gov.sg/about-us/news-and-publications/media-releases/2024/01/15/steady-demand-for-the-construction-sector-projected-for-2024#:~:text=BCA%20expects%20a%20steady%20improvement

ACKNOWLEDGEMENTS AND APPRECIATION

On behalf of the Board, I would like to express our gratitude to our bankers, business associates, and customers for their support and confidence during the previous year. I also want to thank our workers for their hard work and contributions over the last year, as well as our fellow directors, including our former CEO and ED, Mr Hong Eng Leong, Jeffrey for their support and invaluable guidance.

Moving forward, the Group remains committed expanding our portfolio of real estate enhancement projects, driving synergies across subsidiaries, and strengthening the Group's business fundamentals. We are appreciative of our shareholders' support and confidence in us, and we look forward to your continued support as we endeavour to enhance shareholder value.

Lawrence Chen Tse Chau
Independent Director
and Non-Executive Chairman

BOARD OF DIRECTORS

VANESSA LIM XIU FANG
Executive Director

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

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

HONG ENG LEONG, JEFFREY
Chief Executive Officer and Executive Director

Date of appointment: 4 July 2022
Resigned on: 15 March 2024

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

LAWRENCE CHEN TSE CHAU
Independent Director and Non-Executive Chairman

Date of appointment: 1 April 2021
Date of last re-appointment: 28 April 2023

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

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

MR TAN YEW HENG, TERRENCE
Independent Director

Date of appointment: 15 November 2022
Date of last re-appointment: 28 April 2023

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

MR LO KIM SENG
Independent Director

Date of appointment: 15 November 2022
Date of last re-appointment: 28 April 2023

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

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

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

MANAGEMENT TEAM

TANG YAO ZHI
Group Operation Director

Mr. Tang Yao Zhi, our Group Operations Director. With over a decade of experience, Mr. Tang oversees the day-to-day operations, ensuring efficiency and alignment with company objectives. He has more than 10 years management experience working in a major Japanese MNC focusing on business development in Singapore, Malaysia and Philippines. Mr Tang holds a Bachelor of Business in Management Degree from Royal Melbourne Institute of Technology. His strategic leadership and commitment to operational excellence drive our success.

CHEUNG KA HO
Chief Financial Officer

Mr. Terry Cheung was appointed as the Chief Financial Officer ("CFO") of the Group with effect from 18 December 2023. Mr. Cheung oversees the financial, accounting, taxation, regulatory compliance, corporate exercise and secretarial matters of the Group. He has more than 16 years' experience in audit, financial accounting and business management. He holds a Bachelor Degree of Accountancy from Hong Kong Baptist University and is a Chartered Accountant of the Institute of Singapore Chartered Accountants and a Certified Public Accountant of CPA Australia.

STANNY CHAI
Project Director

Date of appointment: 15 June 2022

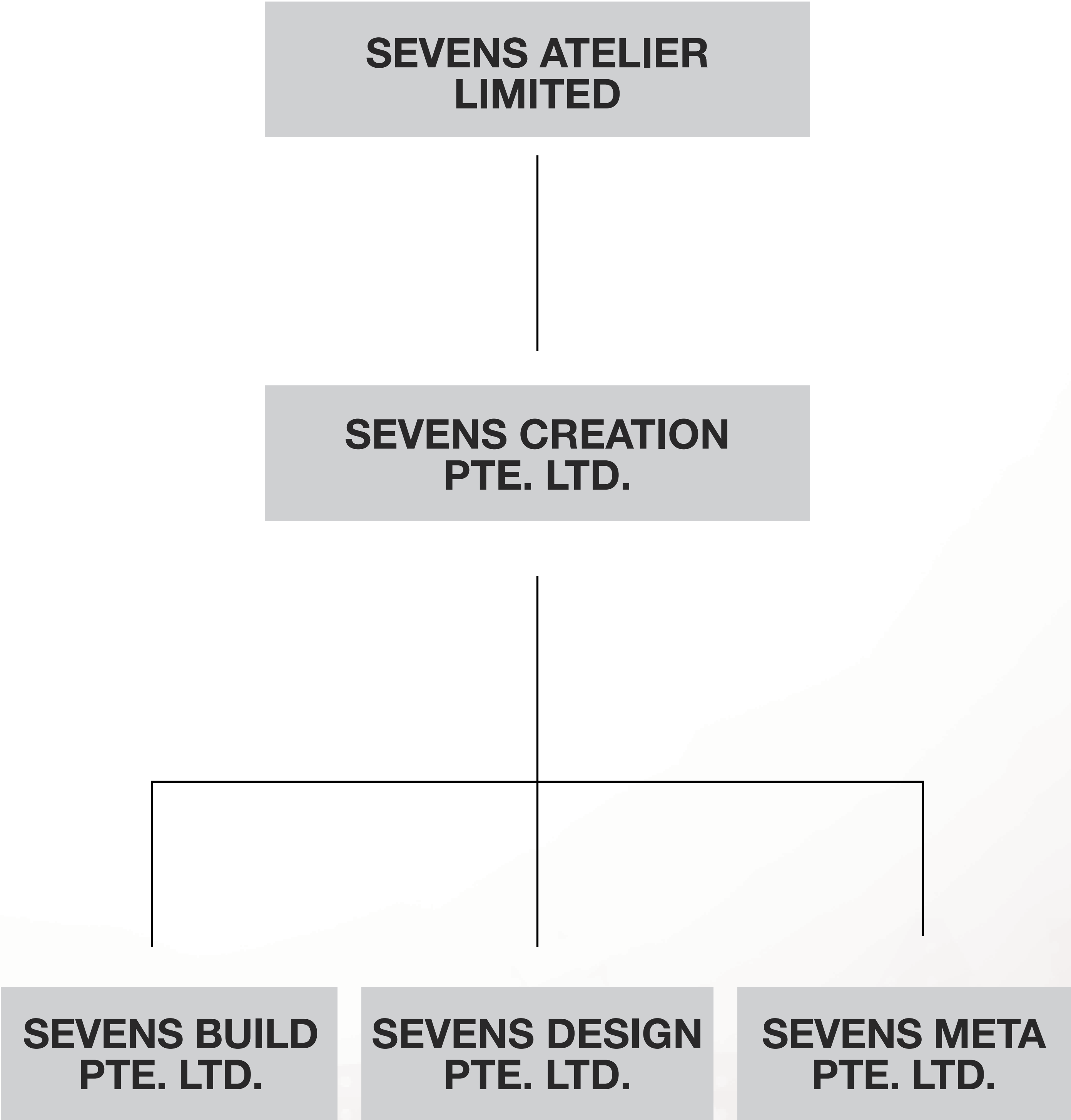
Mr Stanny Chai is the Project Director overseeing the construction's progress of the group. He has more than 21 years of extensive experience in the construction industry. He specialises in projection management for construction, architectural and interior design.

IRENE KIEW
Head of Design & Sales

Date of appointment: 15 June 2022

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

GROUP STRUCTURE



CORPORATE INFORMATION

BOARD OF DIRECTORS

Hong Eng Leong, Jeffrey
Chief Executive Officer
and Executive Director (resigned on 15 March 2024)
Lim Xiu Fang, Vanessa
Executive Director
Lawrence Chen Tse Chau
Independent Director
and Non-Executive Chairman
Lo Kim Seng
Independent Director
Tan Yew Heng, Terrence
Independent Director

AUDIT COMMITTEE

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

NOMINATING COMMITTEE

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

REMUNERATION COMMITTEE

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

SPONSOR

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Titus Kuan Tjian
Engagement Partner
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COMPANY SECRETARY

Yang Lin

PRINCIPAL BANKERS

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REGISTERED OFFICE

31 Joo Chiat Place
Singapore 427755

SHOWROOM

31 Joo Chiat Place
Singapore 427755

OPERATIONS & FINANCIAL REVIEW

The first full year of Sevens Atelier's transition into the premium landed property 'Design and Build' business ended on 31 December 2023 ("**FY2023**"). The Sevens Atelier Group provides complete turnkey solutions, including customised design, rebuild and refurbishment, and interior design fit-out for upscale landed properties in Singapore, through its wholly-owned subsidiaries, "Sevens Build" and "Sevens Design".

The Group is committed to providing landed property owners with a seamless, personalised client experience from the beginning to the end of the project, including design conceptualisation, project management to completion of the project. Pre-purchase inspections and wise counsel are some of value-added services that are provided to make sure the design concept aligns with the clients' objectives. As the Group strives to provide clients with new experiences, it will introduce them to digital adaptation and technology adoption that includes virtual design and construction solutions. These are intended to ensure efficient project visualisation, minimise miscommunication, and shorten project delays. With that in mind, the Group expects to see the official opening of the new showroom in the first half of 2024.

Riding on the improving economic sentiment and increased economic activities following the pandemic, the Group recorded a significant growth in revenue from S$6.79 million in FY2022 to S$14.33 million for the full year from its 'Design and Build' business. As at end of FY2023, Sevens Atelier has an order book of S$8.00 million worth of projects that were in progress.

The increasing demand for the Group's 'Design and Build' services led to its application for a General Builder Licence Class 1 ("**GB1**") with the Building Construction Authority of Singapore. The Group, a registered GB1 contractor, announced in January 2024 that it was awarded a S$6.50 million contract to carry out addition and modification works to two existing two-storey conservation shophouses, as well as construction of a new adjacent six-storey building. This success marks yet another step forward for the Group.

Despite operational challenges caused by increased material costs and manpower shortage in the construction industry, the Group is committed to expanding its secured order book as it seeks development prospects in Singapore and abroad. Marketing initiatives aimed at increasing market share and strengthening its market position will include ongoing investments in in-house teams of architectural designers, engineers, interior designers, and digital technology, as well as exploring possible accretive mergers and acquisitions with potential business partners along the value chain of the niche premium landed properties in Singapore and overseas.

Purchases of landed properties may be hampered by high acquisition costs, high interest rates, and increased stamp duties. However, landed properties with tasteful interior design and functional living areas are more likely to stand to gain from increased asset value.

The Group remains committed to enriching its spectrum of solutions and services that enhances asset values for landed property owners and correspondingly, its valued stakeholders including shareholders and employees.


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7's ATELIER
Sustainability Report 2023

CONTENT

BOARD STATEMENT

The Board of Directors ("**Board**") of Sevens Atelier Limited (the "**Company**" or "Sevens Atelier" which was formerly known as Pan Asian Holdings Limited, together with its subsidiaries, the "**Group**") is pleased to present our sustainability report ("**Sustainability Report**") for the financial year ended 31 December 2023 ("**FY2023**" or "**Reporting Period**"). For this Sustainability Report, we provide insights into the way we do business, while highlighting our environmental, social, and governance ("**ESG**") factors, as well as economic performance which are collectively known as sustainability factors from which we identify the material sustainability topics applicable to the Group.

Building upon our previous efforts and dedication to achieving sustainability in all aspects of our businesses, we take responsibility for mitigating our Group's operations effects on the environment, social, and economic, to contribute to a more sustainable future by reaffirming our commitment to sustainability as a core pillar of our business strategy. The Board has considered sustainability factors as part of its strategic formulation, determined the material topics, and provided oversight of the management and monitoring of the material topics.

As a Design and Build Group, we are particularly concerned with the materials we use and their environmental and social impact on the local communities involved. We are committed to sourcing sustainable, energy-efficient, and environmentally friendly materials whenever possible, and we collaborate with suppliers who share our commitment to sustainability. Our sustainability reporting policy ("**SR Policy**") covers our approach towards sustainability strategies, sustainability governance structure, materiality assessment and processes in identifying and monitoring material topics which serve as our reference in the conduct of our sustainability reporting. Under this SR Policy, we will continue to monitor, review and update our material topics periodically, considering feedback from our stakeholders and taking into account requirements arising from organisational and external developments. Please refer to the sustainability philosophy section in this Sustainability Report (pages 18 to 19).

We know that there is more work to be done to become a sustainable business, and we are committed to continuing our efforts to drive positive change. We have identified key risks and opportunities and a management approach to align our vision and mission, empowering us to achieve outstanding performance while effectively mitigating risks. We believe that sustainability is not just a responsibility but also an opportunity. By adopting sustainable practices, we can enhance our competitiveness, build stronger relationships with stakeholders, and create long-term value for our shareholders.

This Sustainability Report outlines our continued dedication to integrating environmentally responsible practices into our operations, ensuring alignment with the expectations of our stakeholders, including government, regulators, local communities, customers, employees, shareholders, investors, vendors and suppliers. By prioritizing sustainability, we aim to foster long-term value creation while mitigating environmental impacts and contributing to the well-being of society.

VISION

"*To be a trendsetter in the Design and Build ecosystem arena*".

Our vision statement reflects a clear commitment to becoming a leader in the Design and Build ecosystem by delivering expert design and construction services for luxury homes. We develop new and innovative solutions that set Sevens Atelier apart from competitors by fostering a culture of innovation and creativity.

Our vision of sustainable homes goes beyond beautiful and functional structures, it also contributes positively to our environment. We emphasise the use of eco-friendly materials and energy-efficient technologies in our design and construction processes. This approach not only reduces the negative impact on the environment, but it also leads to cost savings for our clients in the long run.

MISSION

Our mission is to provide inspiring and innovative solutions to every home we build. We are committed to meeting our clients' expectations by providing clients with our expertise, guidance, and continuous support throughout the entire process, from the design to the construction and completion of their dream homes. We will work closely with each client to understand their unique needs, preferences, and budgets, to provide a wide range of design options, eco-friendly materials, and construction services, tailored specifically to meet their expectations.

Our ability to create unique, high-quality, and personalised homes for our clients stands as a remarkable achievement and a testament to our skills and expertise in the field of home design and construction. Being able to meet each client's needs, preferential tastes and lifestyles demonstrates our ability and dedication to provide a value-adding service that enhances their lives and contributes to their overall happiness and well-being.

ABOUT THIS SUSTAINABILITY REPORT

Reporting Scope

This Sustainability Report covers all operating entities within the Group during the Reporting Period FY2023, namely (all entities are in Singapore):

Entity	Nature of business
Sevens Atelier Limited	*Ultimate Investment Holding Company*
Sevens Creation Pte Ltd	*Immediate Investment Holding Company*
Sevens Build Pte Ltd	*Building Construction and Interior Design Service*
Sevens Design Pte Ltd	*Renovation and Interior Design Service*
Sevens Meta Pte Ltd	*Development of Software and Application*

Reporting Framework

We have prepared this Sustainability Report in accordance with Rules 711A and 711B of the Singapore Exchange Securities Trading Limited ("**SGX-ST**") Listing Manual Section B: Rules of Catalist ("**Catalist Rules**"), the SGX Sustainability Reporting Guide (the "**SGX Guide**").

Sevens Atelier has reported the information cited in the GRI content index for the period from 1 January 2023 to 31 December 2023 with reference to the Global Reporting Initiative ("**GRI**") Standards. The Group has chosen to report using the GRI framework due to its international recognition and widespread use by organisations globally. The GRI content index can be found on pages 39 to 40 of this Sustainability Report.

We are also guided by the recommendations of the Task Force on Climate-Related Financial Disclosures ("**TCFD**") in our climate-related disclosures.

While we relied on internal data monitoring and verification to ensure the accuracy of this Sustainability Report, we will work towards external assurance for our future sustainability reports.

Reporting Frequency and Period

The Sustainability Report is released annually together with the Annual Report. This Sustainability Report provides all relevant sustainability information from 1 January 2023 until 31 December 2023, unless otherwise stated.

Restatements

There are restatements for the financial year ended 31 December 2022 ("**FY2022**") Sustainability Report relating to (i) Total number of employees; (ii) Total number of new hires; and (iii) Total number of employee departures. Please refer to Employee Retention and Development on pages 29 to 31 of this Sustainability Report.

Feedback

We welcome your feedback, views and suggestions. If you wish to share any feedback with us regarding our sustainability performance, please email us at esg@sevensatelier.com.

STAKEHOLDERS ENGAGEMENT

In FY2023, we have identified our key stakeholder groups to prioritise through an internal stakeholder mapping exercise. Our key stakeholder groups include government and regulators, shareholders and investors, employees, customers, local communities, vendors and suppliers. We continually engage with them formally and informally, to understand and to identify material topics, based on the extent to which their interests are affected or could be affected by our activities. The stakeholders' engagement activities enhance our efforts to better understand the interests, needs and concerns of each group of key stakeholders. It is important to consider their interests in business decisions made by the Group as we seek opportunities to manage our businesses sustainably.

We actively engage our key stakeholder groups through the following channels:

Key Stakeholders	Engagement Activities	Engagement Frequency	Key Concerns
Government and Regulators	• Meetings, discussions and consultations organised by government agencies and regulators such as the Singapore Exchange • Regulatory updates via training and seminars	• As and when required	• Compliance with relevant rules and legislation • Timely reporting and resolution of issues
Employees	• Performance appraisals	• Annually	• Employee welfare and benefits • Occupational health and safety • Work-life balance • Professional development
	• Staff orientation	• As and when required	
Local Communities	• Company's website	• Ongoing	• Environmental activities
Customers	• Enquiry and feedback channels such as emails and phone calls • Meetings and discussions with customers • Service delivery	• Ongoing	• Pricing advantage • Product and service quality and reliability • Timely follow-up on customers' feedback
Vendors and Suppliers (Including Contractors)	• Enquiry and feedback channels such as emails and phone calls • Meetings and discussions • Suppliers' assessments and evaluations	• Regular discussions monthly	• Compliance with terms and conditions of agreements/contracts • Engaging continuously with suppliers' product training • Products and materials quality
Shareholders and Investors	• Annual general meetings • Annual report	• Annually	• Transparency and profitability • Business resilience • Timely reporting • ESG integration in any business decisions • Corporate governance
	• Results announcement on SGXNet	• Half-yearly	
	• Corporate website	• Ongoing	
	• Board meetings • Press release	• As and when required	

SUSTAINABILITY PHILOSOPHY

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

SUSTAINABILITY GOVERNANCE

The Group believes that a robust governance structure is a key element for business sustainability while ensuring long-term competitiveness. The Board advises and provides oversights over the development and implementation of sustainability strategies, and governance and risk management processes. The Group's sustainability strategy is spearheaded by the Sustainability Committee ("**SC**") which is led by our Chief Financial Officer ("**CFO**") and comprises senior management executives. The SC is tasked with developing and reviewing the sustainability strategies, monitoring progress, performing materiality assessment, considering stakeholders' priorities, and setting goals and targets on how the Group can better implement sustainability initiatives and contribute to sustainability efforts. The SC is also responsible for collecting, verifying, monitoring and reporting performance data for this Sustainability Report.

Based on the current size of the Company, its capabilities and resources as well as to enhance efficiency, the Group has restructured the sustainability reporting structure from a three-tiered structure to a two-tiered structure as below:

Sustainability Committee
(CFO, Group Operations Director and Member)

- Comprises Mr. Tang Yao Zhi (Group Operations Director), Mr. Cheung Ka Ho (CFO) and Mr. Andrew Gunawan (GFC).
- Reviews sustainability performance, material topics, stakeholders' concerns, set targets and goals for information required for sustainability reports.
- Implements and executes the approved strategies and ensures that sustainability topics are discussed alongside other operational matters.

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

- Comprises Ms Vanessa Lim Xiu Fang (ED), Mr. Hong Eng Leong, Jeffrey* (CEO & ED), Mr Lawrence Chen Tse Chau (ID), Mr Tan Yew Heng, Terrence (ID) and Mr. Lo Kim Seng (ID).
- Oversees the formation of sustainability strategies and their implementation.
- Responsible for overseeing the governance and risk management processes.

* *Mr. Hong Eng Leong, Jeffrey resigned from the post w.e.f. 15 March 2024.*

MATERIALITY REVIEW PROCESS

Under our SR Policy, our sustainability process begins with an understanding of the Group's business activities and operations. This is followed by the ongoing identification and assessment of ESG impacts the Group's business operations on its stakeholders. The most significant impacts are prioritised for reporting, and the result of this process is a list of material topics disclosed in this Sustainability Report.

The materiality review process involves 5 steps as shown in the chart below:

Identification
Identify sustainability issues, impact and significance to stakeholders.

Assessment
Assess the pervasive issues across the Group.

Prioritisation
Shortlist the issues and prioritise the material topics.

Validation
Validate the significance of the material impacts to stakeholders.

Review
Seek feedback from stakeholders on this report to review material topics for next reporting cycle.

MATERIALITY ASSESSMENT

The materiality assessment has been conducted based on GRI's guidance on the process to determine material topics, including understanding the Group's context, considering the likelihood of the occurrence of actual and potential negative and positive impacts ("**Likelihood of Impact**") and assessment of the significance of these impacts on the economy, environment, people and their human rights, which in turn can indicate our contributions (negative or positive) to sustainable development ("**Significance of Impact**").

MATERIAL TOPICS

In FY2023, a materiality assessment was conducted by the SC to understand the concerns and expectations of our stakeholders. Through the materiality assessment, factors with significant impacts on the economy, environment, society and governance have been updated. In this Sustainability Report, we have also reported our progress in managing these factors and set related targets to improve our sustainability performance. The 7 material topics identified and applicable to the Group are as follows:

Sustainability Factor	Material Topics	Key Stakeholders
Economic	Financial Performance	• Shareholders and Investors • Customers
	Procurement	• Shareholders and Investors • Vendors and Suppliers
Environment	Energy	• Government • Shareholders and Investors • Local Communities • Shareholders and Investors
Social	Occupational Health and Safety	• Shareholders and Investors • Employees • Suppliers (Subcontractors)
	Employee Retention and Development	• Employees
	Equal Opportunity and Diversity	• Employees
Governance	Robust Corporate Governance Framework	• Shareholders and Investors • Regulator • Employees • Customers • Vendors and Suppliers

PERFORMANCE TRACKING AND REPORTING

The Group tracks the progress of material topics by identifying the relevant data points and measuring and monitoring them systematically. We set performance targets that are in alignment with our strategy to ensure that we remain focused on our sustainability path and strategy. We constantly enhance our performance-monitoring processes to improve our data collection systems as there is always room for improvement in our sustainability performance. We will constantly seek to improve ourselves in our sustainability performance.

FY2023 SUSTAINABILITY PERFORMANCE MEASUREMENT

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

Material Topic	Performance indicator	Sustainability Performance	
		FY2022	FY2023
Economic			
Financial Performance	Revenue	S$ 6 792,000	S$ 14,330,000
	Gross profit	S$ 1,352,000	S$ 2,208,000
	Operating expenses	S$ 2,688,000	S$ 4,312,000
Procurement	Local purchases	99%	99%
Environment			
Energy	Electricity consumption	54,506 kWh	84,771 kWh
Social			
Occupational Health and Safety	Number of incidents of non-compliance with labour standards	Nil	Nil
	Number of fatalities from work-related injuries	Nil	Nil
	Number of high-consequence work-related injuries	Nil	Nil
	Number of recordable work-related injuries	Nil	Nil
	Number of recordable work-related illness	Nil	Nil
Employee Retention and Development	Employee turnover rate	32%	88%
Equal Opportunity and Diversity (Employee level)	Gender ratio: • Male • Female	 68% 32%	 69% 31%
	Age ratio: • < 30 years old • 30 – 50 years old • >50 years old	 21% 68% 11%	 19% 75% 6%
	Number of discrimination cases	Nil	Nil
Governance			
Robust Corporate Governance Framework	Number of reported whistleblowing cases	Nil	Nil
	Number of reported anti-corruption cases	Nil	Nil
	Number of reported ethics and integrity cases	Nil	Nil
Equal Opportunity and Diversity (Board level)	Gender ratio: • Male • Female	 80% 20%	 80% 20%
	Number of discrimination cases	Nil	Nil

ECONOMIC

FINANCIAL PERFORMANCE

The Group believes in the creation of long-term economic value, and we are committed to providing consistent economic performance to all stakeholders in ways that are relevant and meaningful. In line with this commitment, the economic value created in FY2023 is as follows:

Performance Indicators	FY2022 (S$)	FY2023 (S$)
Direct Economic Value Generated (Revenue)	6,792,000	14,330,000
Gross Profit	1,352,000	2,208,000
Operating Expenses	2,688,000	4,312,000
Payment to Providers of Capital (Dividend)	Nil	Nil
Income Taxes (Paid)	Nil	Nil

Details of the Group's economic performance can be found in the financial contents and audited financial statements of the Annual Report for FY2023.

The Group aims to achieve a revenue target of S$16 to S$18 million for the financial year ending 31 December 2024 ("**FY2024**"), leveraging on its niche expertise in redevelopment, A&A (Additions & Alterations), and interior design. This strategy is underpinned by the Group's strengths in the landed property sector, robust branding, and extensive network. By capitalizing on these strengths, the Group anticipates riding the wave of Singapore's anticipated economic growth.

PROCUREMENT

Supporting local businesses is one of our approaches to foster a sense of local community as well as reducing the environmental impact. We support local suppliers and contractors wherever possible, and they are key in supporting us in delivering high-quality products and services. Our procurement processes are aligned with our Group's mission and values, as well as ESG considerations.

Our project manager will source for subcontractors, negotiate the price, and arrange and agree on the scope and timeline for the subcontractor's work. Our quantity surveyor will provide the estimation of project costs, material quantities and project timeline, prepare subcontractors' award letters, progressive claims, and subcontractors' claims. The subcontractors' awarding and budgetary costs will be approved by our Group Operations Director and CFO. The work progress of subcontractors will be monitored by the project manager throughout the project. Our build and design projects typically will involve up to 30 specialist subcontractors with each sub-contractor providing two to five workers in their area of their specialty.

In practice, we have set the following key criteria in assessing in the suitability of the suppliers:

a) Quality of product or service
b) Sustainable raw materials
c) Price
d) Delivery time
e) Reputation
f) Customer service

Material Topic	Performance Indicator	Performance for FY2022	Performance for FY2023	Target for FY2024
Procurement	Local Purchases	99% local purchases	99% local purchases	To maintain 99% local purchases

Economic		
Elements	**Material Topic**	
	Financial Performance	**Procurement**
Risks	• The number of new projects required fall short and unable to sustain working capital requirements and maintain liquidity. • Top line and gross profit margin are too low to cover overhead costs	• Supplier risk: The Group may be relying on suppliers that are unreliable or have a poor reputation, thus leading to delayed deliveries, poor quality, bad after-sales service or even increased costs • Cost overruns: The cost of materials and products may increase unexpectedly, leading to cost overruns and reduced profit margins • Over-reliance on a selective few subcontractors could heighten the Group's dependence on them, potentially posing risks to operational continuity and stability
Opportunities	• Stimulate and increase competitiveness create new green business segments and promote business resilience to secure more projects • Initiate a fundraising strategy and collaborate with financial institutions to secure loans and improve the Group's liquidity	• Improved quality: By selecting reliable suppliers and monitoring their performance, the Group can ensure that the materials and products used in its projects are of the highest quality consistently • Investigate avenues to collaborate with new subcontractors within the current network, aiming to lower construction costs and have good after-sales services
Impact on the Key Stakeholder	• Shareholders and Investors • Customers	• Shareholders and Investors • Vendors and Suppliers • Customers
Management Approach	• Generate revenue and achieve net profit • Developed a showroom in Joo Chiat to attract customers and showcase the Group's capabilities	• Robust suppliers' selection and management, regular monitoring of costs and quality, and the use of clear and enforceable contracts

ENVIRONMENT

ENERGY

Energy use and the resulting carbon emissions cause heat to be trapped in the atmosphere, leading to climate change and global warming. We are aware of the impact of climate change, and we are committed to reducing the usage of energy resources and reducing carbon emissions to protect the environment and potentially reduce our operational costs and enhance returns to shareholders.

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

Below is the summary of the total electricity consumption of the Group as of FY2023.

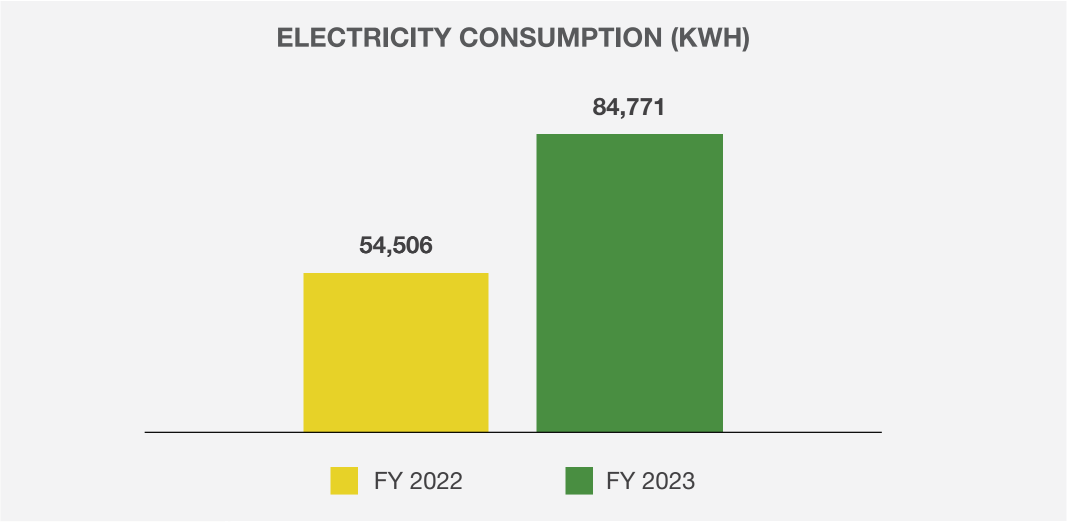


Chart 1: Electricity consumption data for FY2022 is from June 2022 to Dec 2022 due to the relocation of the Group's office. Before 14 Jun 2022, the office was at Pan Asian Holding's office.

To improve our efforts to reduce energy usage in our office, the Group is proactively replacing all the lighting with LED bulbs and using the Green Label air-conditioning Energy Label program introduced by the National Environment Agency ("**NEA**") of Singapore. The NEA energy efficiency requirements for variable refrigerant flow ("**VRF**") air-conditioners aim to encourage the use of energy-efficient technology and reduce energy consumption. Promoting energy-efficient VRF air-conditioners in the homes we design and/or build is a testament to our commitment to support the Singapore government's attempt towards sustainability and reducing the environmental impact of air-conditioning systems.

The VRF air-conditioners are rated from one tick to five ticks on the green label sticker on the air-conditioners, with five ticks being the most efficient. We are proud to announce that the air conditioners we use are rated at five ticks. We utilise a ceiling cassette-type air-conditioning from the Daikin iSMILE series which is recognised as having the highest energy efficiency rating of five ticks.

Material Topic	Performance for FY2022	Performance for FY2023	Target for FY2024
Energy	54,506 kWh (from June 22 to Dec 22)	84,771 kWh (Jan 23 to Dec 23)	• To reduce per kWh / revenue by 1 % • To replace the existing lights with LED lights

In addition, the Group is focusing on promoting solar panels to its customers and is currently exploring the possibility of installing solar panels in the office. For its build business, Sevens Build has started sourcing for new suppliers that use green or reusable raw building materials for its projects. Customers will be given the option of going for 100% or partially green or reusable raw building materials.

Performance indicator	Unit of measurement	FY2022	FY2023
Electricity consumption			
Electricity consumption	kWh	54,506	84,771
Electricity consumption intensity	kWh/ revenue $'000	8kWh per S$1,000 of revenue earned	5.9kWh per S$1,000 of revenue earned
GHG emissions			
Indirect GHG emissions (Scope 2)[1]	tonnes CO2e	22.72	35.33
Total GHG emissions	tonnes CO2e	22.72	35.33
GHG emissions intensity	tonnes CO2e/ revenue $'000	0.003 tonnes CO2e per S$1,000 of revenue earned	0.002 tonnes CO2e per S$1,000 of revenue earned

NOTES

(1) GHG emissions from electricity purchased by the Company (Scope 2) are calculated based on the average emissions factors published by the Energy Market Authority.

ENVIRONMENT

Due to the relocation of the Group's office (refer to Chart 1), the data presented in FY2022 and FY2023 might not be comparable as the FY2022 data collected applies only from June 2022 to December 2022, while the FY2023 data is from January 2023 to December 2023. Hence, the consumption of electricity is higher in FY2023. We are mindful of this and will monitor our energy consumption in the following year.

<table>
<tr><th colspan="2">Environment</th></tr>
<tr><th rowspan="2">Elements</th><th>Material Topic</th></tr>
<tr><th>Energy</th></tr>
<tr><td>Risks</td><td>• Increase in electricity tariffs leading to hike in operational costs
• increase in raw material prices
• implementation of carbon tax policies that could hit operational costs</td></tr>
<tr><td>Opportunities</td><td>• Invest in energy-saving technologies such as smart thermostats, and other energy-efficient appliances. Additionally, adopting renewable energy sources such as solar panels can further reduce reliance on traditional electricity sources and provide long-term cost savings
• Innovation in materials usage, and waste reduction initiatives
• Embracing sustainability initiatives to reduce carbon emissions and increase operational efficiency</td></tr>
<tr><td>Impact on the Key Stakeholders</td><td>• Government
• Shareholders and Investors
• Local Communities</td></tr>
<tr><td>Management Approach</td><td>• Regular monitoring of electricity consumption
• Replace existing lights with LED lights and install air conditioners with green technology
• Promote solar panels to customers and consider installing solar panels in the office
• Explore new suppliers that use green or reusable materials
• Provide customers with the option of going for 100% or partially green or reusable raw building materials</td></tr>
</table>

Human capital plays an integral role in building the extent of the success of the Group. Being in the design and build industry, our employees, being at the forefront of our business are our most valuable assets.

OCCUPATIONAL HEALTH AND SAFETY

We prioritise the health and safety of our employees, and we acknowledge that the health and safety of employees is not only a legal obligation, but it is also essential for the success and sustainability of our business. We are committed to maintaining a safe and security-conscious culture amongst our employees at all levels and practicing the Occupational Health and Safety ("**OH&S**") procedures to protect them from any accidents in the workplace. Upon joining the Group, all new employees are briefed on the OH&S procedures during orientation.

Sevens Build and Sevens Design are also accredited with ISO45001:2018 certification. The certification helped the Group achieve the intended outcomes of its OH&S management system on 1 September 2021 and 15 March 2021 respectively. Consistent with the Group's OH&S policy, the intended outcomes of an OH&S management system include the following:

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


CERTIFICATE
OF REGISTRATION
Sevens Design Pte Ltd
ISO 45001:2018
Scope:
Provision of Interior Design and Renovation Works
General Manager


CERTIFICATE
ARES
SEVENS BUILD PTE. LTD.
ISO 45001:2018
Occupational Health and Safety Management Systems
Scope
General Building Construction
Authorized by :

SOCIAL

In addition, Sevens Build was awarded with bizSAFE certification, issued on 1 September 2023, and it obtained the highest star level. This certification demonstrates our commitment to workplace safety and health, and the rigorous efforts taken to implement a comprehensive safety and health management system that exceeds the minimum legal requirements.

WSH COUNCIL

bizSAFE STAR

CERTIFICATE

The Workplace Safety and Health Council
is pleased to certify that

SEVENS BUILD PTE. LTD.

has fulfilled the requirements to attain bizSAFE Level STAR

This certificate is valid till 31/08/2024

Christopher Koh
General Manager
Workplace Safety and Health Council

As our work involves subcontractors, we ensure that our subcontractors provide adequate insurance coverage for the subcon workers. We also conduct weekly random site visits to observe if the work performed by the subcontractors is conducted safely and is in accordance with the required safety standards and regulations set by the Singapore Ministry of Manpower. In the event of any incompliance with safety regulations, we will act immediately to rectify it together with the relevant subcontractors.

By adhering to the regulations of the Ministry of Manpower in Singapore, we have demonstrated that Sevens Atelier operates within the legal framework that ensures the well-being of our employees' safety and sustainability. In FY2023, we achieved zero cases of non-compliance to OHS regulations, and zero cases of recordable work-related injuries.

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

Material Topic	Performance indicator	Performance for FY2022	Performance for FY2023	Target for FY2024
Occupational health and Safety	Number of incidents of non-compliance with labour standards	Nil since 14th June[1]	Nil	Zero cases of non-compliance
	Number of fatalities from work-related injuries	Nil since 14th June[1]	Nil	Zero cases of fatalities resulted from work-related injuries
	Number of high-consequence work-related injuries	Nil since 14th June[1]	Nil	Zero cases of high-consequence injuries
	Number of recordable work-related injuries	Nil since 14th June[1]	Nil	Zero cases of recordable work-related injuries
	Number of recordable work-related illness	Nil since 14th June[1]	Nil	Zero cases of recordable work-related illness

NOTE

(1) The Group disposed of all its businesses, assets and liabilities of the Discontinued Operations and completed the acquisition of 100% equity interest in Sevens Creation Pte Ltd and its subsidiaries on 14th June 2022.

EMPLOYEE RETENTION AND DEVELOPMENT

Human capital is one of our greatest assets. We believe that the satisfaction of our employees with their workplace will be reflected in the quality of the customer service they render. Attracting and retaining our employees is of great significance to the Group and we are attracting and retaining our employees through the following initiatives:

- Provide medical, dental and life insurance coverage; and
- On-the-job training.

The key information on our new employee hires, employee turnover, training and performance appraisal are as follows:

EMPLOYEE DISTRIBUTION									
YEAR	Total	Age Group			Gender		Nationality		
		<30	30-50	>50	Male	Female	Singapore	Malaysia	Others*
2022	19	4	13	2	13	6	16	2	1
2023	16	3	12	1	11	5	10	4	2*

*The two employees are from Myanmar and the Philippines

The above headcounts are based on full-time employees at the end of each reporting period. The above headcounts exclude one outsourced full-time account executive in 2022 and 2023.

Restatement #1:
The number of total employees has been restated for FY2022 due to human error. The total number of employees for FY2022 should have been 19 instead of 18 as previously reported.

SOCIAL

New Employee Hires

In FY2023, we welcomed 11 employees into our Group (FY2022:12 employees). The demographics of new hires are as below:

Disclosure	FY2022	FY2023
Gender		
Male	83%	64%
Female	17%	36%
Age		
Below 30	50%	18%
30 to 50	42%	64%
Above 50	8%	18%
Nationality		
Singaporean/ PR	67%	45%
Malaysian	25%	37%
Others	8%	18%

Restatement #2:
The number of total new hires has been restated for FY2022 due to human error. The total number of new hires for FY2022 should have been 12 instead of 8 as previously reported.

Employee Turnover

In FY2023, 14 employees resigned from our Group (FY2022: 6 employees) and the demographics of employee turnover are presented below:

Disclosure	FY2022	FY2023
Gender		
Male	83%	64%
Female	17%	36%
Age		
Below 30	50%	36%
30 to 50	50%	43%
Above 50	0%	21%
Nationality		
Singaporean/ PR	83%	86%
Malaysian	17%	14%
Others	0%	0%

The high turnover was due to the Group's strategy of finding the most economical, efficient and effective team structure. Additionally, the Group understands from employees that the reason for leaving is the uncompetitive salary package range. We have reviewed and revised the salary packages across the Group to attract and retain talent. In addition, employees will be provided with in-house and online staff development programs. We will continue to actively hire new employees to participate in all aspects of our business operations and target to significantly reduce the employee turnover rate for FY2024.

Material Topic	Performance for FY2022	Performance for FY2023	Target for FY2024
Employee Retention and Development	Employee turnover rate: 32%	Employee turnover rate: 88%	Employee turnover: < 40%

Restatement #3:
The number of total employee departures has been restated for FY2022 due to human error. Total employee departures for FY2022 should have been 6 instead of 5 as reported previously.

Workers Who Are Not Employees

Subcontractors are integral to the build and design industry, offering specialised skills, resources, and expertise crucial to project success. As the Group's key businesses are in design and construction, we consistently collaborate with subcontractors across our projects. Typically, we engage with up to 30 specialist subcontractors, each providing 2 to 5 workers in their respective specialities. For ongoing addition and alteration projects, these subcontractors supply up to 5 workers daily.

Ensuring the health, safety, and well-being of our subcontractors and their workers is paramount to us. We prioritize this by ensuring all workers are trained in safety procedures and equipped with personal protective gear. Regular safety inspections are conducted to uphold compliance with regulations. Additionally, we actively advocate for policies among subcontractors that limit overtime hours, in line with Ministry of Manpower guidelines.

Development

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

Moving forward, we encourage our employees to identify training programs to attend, such as attending conferences, webinars, or workshops, resources, and the latest knowledge and tools necessary for their roles. This will enable them to acquire new skills and competencies that are necessary for career advancement.

The Group will allocate an annual budget of S$5,000 for in-house and online staff development programs. For filling up of vacancies, be it caused by staff leaving or newly created positions, we will prioritise internal promotion based on staff development.

EQUAL OPPORTUNITY AND DIVERSITY

At Sevens Atelier, we value diversity and see our staff as valuable individuals. Our diverse team fosters an open and forward-thinking culture because of both overt and covert variances in everything from thinking styles and beliefs to age, ethnicity, religion, gender, and nationality. We practice equal opportunity in our hiring process that is based on merit and non-discriminatory in recruiting people with the right knowledge and expertise that contribute to the growth of our business.

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

Gender Diversity

As of 31 December 2023, the Group has a total of 16 (FY2022: 19 employees) employees with 11 male and 5 female, and all are full-time employees as shown below:

EMPLOYEE DIVERSITY BY GENDER			
FY2022		FY2023	
Total Number of employees			
68%	32%	69%	31%
Total Number of employees (Board level)			
80%	20%	80%	20%

Although the ratio of female to male employees is disproportionally lower, this ratio is higher than industry-wide findings by the World Economic Forum where females accounted for 22.3% of workers in the infrastructure industries[2] in 2023. This is due to the workforce in our group predominantly consisting of male employees as opposed to female employees. The Group will continue to strive to improve gender diversity by encouraging the recruitment of female employees for office operations while recruiting male employees for the construction side. We remain committed to increasing the ratio of female employees for FY2024.

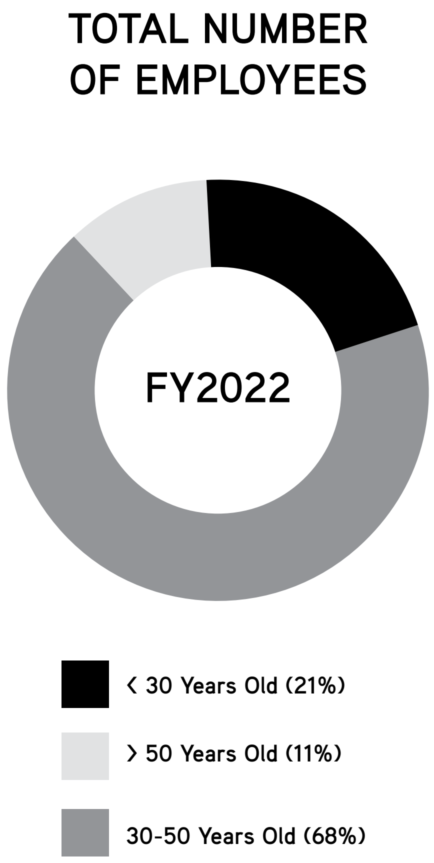
Performance indicator		Performance for FY2022	Performance for FY2023	Target for FY2024
Elements				
Board level	BOD composition: • Male • Female	Male: 4 (80%) Female: 1 (20%)	Male: 4(80%) Female: 1 (20%)	Maintain ratio of female directors
	Number of discrimination cases	Nil	Nil	Zero cases of discrimination
Employee level	Gender: • Male • Female	Male: 13 (68%) Female: 6 (32%)	Male: 11 (69%) Female: 5 (31%)	Male: 65% Female: 35%
	Number of discrimination cases	Nil	Nil	Zero cases of discrimination
	Age ratio: • < 30 years old • 30 to 50 years old • >50 years old	< 30 years old: 21% 30 to 50 years old: 68% > 50 years old: 11%	< 30 years old: 19% 30 to 50 years old: 75% >50 years old: 6%	< 30 years old: 30% 30 to 50 years old: 50% > 50 years old: 20%

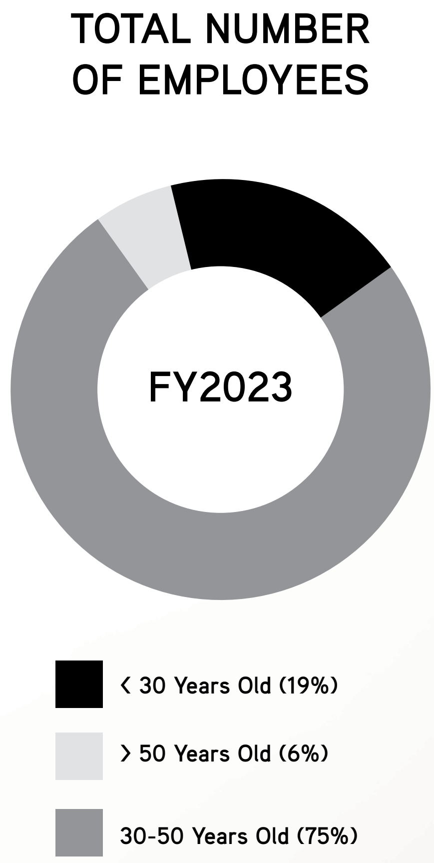
NOTE

(2) The term "infrastructure industries" used in the Gender Gap Report 2023 published on 20 June 2023 by the World Economic Forum covers the Group's business of design and build.

Age diversity

We believe in developing a workforce that consists of diverse age groups as it brings a multitude of perspectives, experiences, and skill sets to the table. Diversity fosters innovation, creativity, and collaboration, enabling us to adapt to changing market dynamics, solve complex problems, and drive organizational success. Additionally, it promotes a culture of inclusivity and mutual respect, where individuals of all ages feel valued, supported, and empowered to contribute their unique talents and insights to our collective goals. Below are the diagrams showing the age diversities by total number of employees.





SOCIAL

Social			
Elements	Material Topics		
	Occupation Health and Safety	Equal Opportunity and Diversity	Employee Retention and Development
Risks	• Accidents and injuries result in regulatory penalties and reputational damage • It jeopardizes the Group's financial performance due to higher insurance and various legal issues	• Low employee retention • Challenges in recruiting the right talents	• Increase in turnover costs, decreased productivity during transition periods, and potential negative impact on team morale • Investing in development programs may lead to wasting resources without ensuring retention
Opportunities	• Develop the Group's reputation and attract potential customers due to a good reputation • Attract more subcontractors to partner with the Group due to high standards in health and safety	• Gaining a competitive advantage in having a diverse pool of employees with various skills and experiences • Lower employment costs due to training and retaining staff	• Effective talent development programmes retain and attract top-quality industry talents
Impact on the Key Stakeholder	• Shareholders and Investors • Employees • Suppliers (Subcontractors)	• Employees	• Employees
Management Approach	• To achieve zero breach cases of non-compliance to OHS regulatory • To achieve zero work-related injuries • To achieve a lower loss time incident rate	• To maintain at least 1 female at the Board level • To ensure zero racial discrimination case • To achieve a more balanced gender ratio at employee • To ensure age balance in the workplace	• Exit interviews to understand what employees value and expect from their workplace • Cultivate a supportive and inclusive Group culture that aligns with the values of employees. Promote teamwork, respect, diversity, and open communication • Invest in training and development for managers to ensure they have the skills to effectively lead, motivate, and support their teams • Review remuneration package, to attract and retain talent

ROBUST CORPORATE GOVERNANCE FRAMEWORK

The Group is committed to maintaining the best practices in corporate governance by fostering a culture of corporate compliance and ethical behaviour to ensure the long-term sustainability of the Group's operations. We firmly believe that good governance practices are integral in maximising long-term shareholder value and safeguarding the interests of our stakeholders. For details of our corporate governance practices, please refer to the Corporate Governance Report from pages 41 to 65 in the Annual Report 2023.

Anti-Bribery and Anti-Corruption

Whistleblowing

Ethics and Integrity

ANTI-BRIBERY AND ANTI-CORRUPTION ("ABAC")

Our Employee Handbook sets out expectations of employees in relation to issues such as fraud, anti-bribery and anti-corruption. It emphasises the Group's dedication to not solicit or accept any advantage for themselves or others, from any person, company or organization having business dealings with the Company, except that they may accept (but not solicit) the following advantages when offered on a voluntary basis:

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

In FY2023, the Group reported zero bribery and corruption cases and continued to strive to maintain zero cases of bribery and corruption for FY2024.

Performance Indicator	Performance for FY2022	Performance for FY2023	Target for FY2024
Number of reported anti-corruption cases	Nil	Nil	Zero cases of bribery and corruption

WHISTLEBLOWING

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

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

In addition, the Group is committed to creating long-term value for all its stakeholders and will continue to maintain ongoing communication and engagement with its stakeholders.

In FY2023, the Group reported zero whistleblowing cases and will strive to continue to maintain zero whistleblowing cases in FY2024.

Performance Indicator	Performance for FY2022	Performance for FY2023	Target for FY2024
Number of reported whistleblowing cases	Nil	Nil	Zero cases of whistleblowing

ETHICS AND INTEGRITY

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

Performance Indicator	Performance for FY2022	Performance for FY2023	Target for FY2024
Number of reported ethics and integrity cases	Nil	Nil	Zero cases related to ethics and integrity

GOVERNANCE			
Elements	Material Topic - Robust Corporate Governance Framework		
	Anti-bribery and Anti-corruption ("ABAC")	Whistleblowing	Ethics and Integrity
Risks	• Bribery and corruption within the Group and supply chain lead to regulatory and reputational risks • Disputes and legal proceedings may cause operational disruptions, reputational damage, and value deterioration	• Damage to reputation due to unethical scandals & loss of trust in the Group	• Pressure to compromise organizational standards • Negative press from reporters
Opportunities	• Enhanced policies, procedures and risk practices improve reputation among stakeholders. • A strong culture of Integrity enhances our position as a top employer	• Build a reputation with zero whistleblowing cases which serves as a competitive advantage to get the trust of shareholders	• A strong culture of integrity enhances our position as a top employer
Impact on the Key Stakeholders	• Shareholders and Investors • Government and Regulators	• Shareholders and Investors • Government and Regulators • Employees • Customers	• Shareholders and Investors • Government and Regulators • Employees • Customers • Suppliers
Management Approach	• To promote awareness amongst internal stakeholders on Sevens Atelier ABAC policy	• Encourage and educate relevant stakeholders on the availability of whistleblowing channels	• Continuous declaration of code of conduct or employee handbook by management and employees annually

SUPPORTING THE TCFD

We are committed to supporting the recommendations of the TCFD and have used guidance from the TCFD for our climate-related financial disclosures in the following key areas:

Key area	Our approach
Governance	The Board oversees the management and monitoring of the sustainability factors and considers climate-related issues in determining the Group's strategic direction, policies, and determines the material ESG factors and oversee the management and monitoring of the material ESG factors. Our sustainability strategy is developed and directed by the Group's SC in consultation with the Board. Led by the CFO, the Group's SC includes senior management of the Group. The responsibilities of the SC include considering climate-related issues in the development of sustainability strategy, and target setting, as well as collection, monitoring and reporting of performance data.
Strategy	The climate-related risks and opportunities identified by the Group during a climate-related risk assessment exercise include the following: ● Adverse changes in climate patterns such as rising temperatures and extreme weather events (such as floods and droughts) may affect the availability of raw materials required for building and construction. As a result, the Group may face adverse impacts on financial performance due to increases in raw materials prices or sub-standard product quality; and ● With rising concerns over the effects of climate change, key stakeholders such as the regulators and shareholders are demanding climate-related information, and the Group is constantly keeping updated with the development of new reporting and regulations requirements. On the other hand, the above-mentioned risks also presented an opportunity for the Group to review and assess its value chain to identify new products and suppliers. Such risks and opportunities act as barriers or enablers to achieving business goals in the short, medium and long term. We will be working on conducting climate-related scenario analysis consistent with the TCFD's recommendation in FY2024.
Risk management	The Group continues using materiality review process to identify and assess climate-related risks and opportunities. For its build business, Sevens Build has started sourcing for new suppliers that use green or reusable raw building materials for its projects. Customers will be given the option of going for 100% or partially green or reusable raw building materials. This will attract and retain more environmentally conscious customers. We will manage our climate-related risks by monitoring the trend of climate-related performance indicators
Metrics and targets	We are starting to track, measure and report on our environmental performance, including energy, and GHG emissions and disclose related metrics in our sustainability report. This will help us to identify areas for improvement and set targets for FY2024 as provided in the "Material Topics" section. The Group has disclosed our Scope 2 GHG emissions in this Report and set climate-related targets such as those related to energy and GHG emissions

GLOBAL REPORTING INITIATIVE (GRI) CONTENT INDEX

Statement of use	The Company has reported the information cited in the GRI content index for the period from 1 January 2023 to 31 December 2023 with reference to the GRI Standards.	
GRI 1 used	GRI 1: Foundation 2021	
GRI Standard	**Disclosure Contents**	**Page References and Reason for Omissions, if any**
GRI 2: GENERAL DISCLOSURES 2021		
2-1	Organisational details	Page 3, 9
2-2	Entities included in the organisation's sustainability reporting	Page 15
2-3	Reporting period, frequency and contact point	Page 15
2-4	Restatements of information	Pages 29-31
2-5	External assurance	Page 15
2-6	Activities, value chain and other business relationships	Pages 3, 11, 22
2-7	Employees	Pages 29-33
2-8	Workers who are not employees	Page 31
2-9	Governance structure and composition	Pages 41-42, 45
2-10	Nomination and selection of the highest governance body	Pages 47-48
2-11	Chair of the highest governance body	Page 47
2-12	Role of the highest governance body in overseeing the management of impacts	Page 18
2-13	Delegation of responsibility for managing impacts	Page 18
2-14	Role of the highest governance body in sustainability reporting	Page 18
2-15	Conflicts of interest	Pages 60-62, 65
2-16	Communication of critical concerns	Pages 36-37
2-17	Collective knowledge of the highest governance body	Pages 43-44
2-18	Evaluation of the performance of the highest governance body	Pages 56-57
2-19	Remuneration policies	Pages 57-59
2-20	Process to determine remuneration	Pages 57-58
2-21	Annual total compensation ratio	Information is not provided due to confidentiality constraints.
2-22	Statement on sustainable development strategy	Page 14
2-23	Policy commitments	Pages 35, 36
2-24	Embedding policy commitments	Pages 35-37
2-25	Processes to remediate negative impacts	Pages 23, 26, 34, 37, 38
2-26	Mechanisms for seeking advice and raising concerns	Page 15
2-27	Compliance with laws and regulations	Pages 27-29
2-28	Membership associations	None
2-29	Approach to stakeholder engagement	Pages 16-17
2-30	Collective bargaining agreements	None of our employees are covered by Collective bargaining agreements

GLOBAL REPORTING INITIATIVE (GRI) CONTENT INDEX

GRI 3: MATERIAL TOPICS 2021		
3-1	Process to determine material topics	Page 19
3-2	List of material topics	Page 20
3-3	Management of material topics	Pages 21-37
TOPIC-SPECIFIC STANDARDS		
	Economic Disclosure	
GRI 201: Economic Performance 2016		
201-1	Direct economic value generated and distributed	Page 22
	Environment Disclosures	
GRI 302: Energy 2016		
302-1	Energy consumption within the organisation	Pages 24-26
302-3	Energy intensity	Page 25
305-2	Energy indirect (Scope 2) GHG emissions	Page 25
305-4	GHG emissions intensity	Page 25
	Social Disclosures	
GRI 401: Employment 2016		
401-1	New employee hires and employee turnover	Pages 30-31
GRI 403: Occupational Health and Safety 2018		
403-1	Occupational health and safety management system	Pages 27-29
403-9	Work-related injuries	Page 29
403-10	Work-related ill health	Page 29
GRI 405: Diversity and Equal Opportunity 2016		
405-1	Diversity of governance bodies and employees	Pages 31-34
	Governance Disclosures	
GRI 205: Anti-corruption 2016		
205-2	Communication and training about anti-corruption policies and procedures	Pages 35-37
205-3	Confirmed incidents of corruption and actions taken	Pages 35-37

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

This Corporate Governance Report outlines the Company's corporate governance processes and activities that were in place for the financial year ended 31 December 2023 ("**FY2023**"), with specific reference to the principles and provisions of the Singapore Code of Corporate Governance 2018 (Last Amended 11 January 2023) (the "**Code**"), the accompanying practice guidance (the "**Guide**") issued by the Monetary Authority of Singapore, and the Singapore Exchange Securities Trading Limited (the "**SGX-ST**") Listing Manual: Section B: Rules of Catalist (the "**Catalist Rules**"), where applicable.

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

The Board is pleased to confirm that for FY2023, the Group has adhered to the principles and provisions as outlined in the Code except where otherwise stated and explained.

BOARD MATTERS

Principle 1: The Board's Conduct of Affairs

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

In FY2023, the Board comprises five (5) Directors, three (3) of whom are Independent Directors. The Board consists of:

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

* Resigned with effect from 15 March 2024

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

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

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

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

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

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

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

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

(a) the corporate strategy;

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

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

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

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

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

(g) the interested person transactions of the Group;

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

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

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

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

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

(m) the convene of shareholders' meetings; and

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

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

The attendance record of the Directors at the general meetings, Board and Committee meetings for FY2023 is as follows:

Name of Directors	**No. of Meetings held**				
	General Meetings	**Board**	**Audit Committee**	**Nominating Committee**	**Remuneration Committee**
	2	**2**	**3**	**1**	**1**
Hong Eng Leong, Jeffrey (1)	2	2	3*	1*	1*
Lim Xiu Fang, Vanessa	2	2	3*	1*	1*
Lawrence Chen Tse Chau	2	2	3	1	1
Lo Kim Seng	2	2	3	1	1
Tan Yew Heng, Terrence	2	2	3	1	1

* By Invitation.

Note:

(1) Mr. Hong Eng Leong, Jeffrey resigned as a Director of the Company on 15 March 2024.

Meetings Attended

The Company's Constitution allows a Board meeting to be conducted by way of telephone or video conference. The Board conducts scheduled meetings at least two (2) times a year and additional meetings will be convened as and when necessary. All the Directors are allowed to express their thoughts and bring their independent judgement over the views presented by Management and other Directors during the Board meetings. The Board had also on various occasions used circular resolutions to sanction decisions.

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

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

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

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

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

Programme	***Organised By***	***Attended By***
ITGC & ITAC Practical Audit Workshop	Alliance Audit LLP	Mr. Lawrence Chen Tse Chau
International Financial Reporting Standards	Johnson Global Accountancy Corp	Mr. Lawrence Chen Tse Chau
Overall of SSQM 1 and SSQM 2	Prime Accountants LLP	Mr. Lawrence Chen Tse Chau
EP200 - AML & CFT	Prime Accountants LLP	Mr. Lawrence Chen Tse Chau
Cryptocurrencies	Prime Accountants LLP	Mr. Lawrence Chen Tse Chau
Updates of new and amended FRSs	Prime Accountants LLP	Mr. Lawrence Chen Tse Chau
Audit documentation - Sampling, materiality and time budget	Prime Accountants LLP	Mr. Lawrence Chen Tse Chau
China audit and Group audit	Prime Accountants LLP	Mr. Lawrence Chen Tse Chau
Ethics and Independence	Prime Accountants LLP	Mr. Lawrence Chen Tse Chau
Fund management and Variable Fund Company (VCC)	Prime Accountants LLP	Mr. Lawrence Chen Tse Chau
Listed Entity Director Programme	Singapore Institute of Directors ("**SID**")	Mr. Tan Yew Heng, Terrence

Programme	***Organised By***	***Attended By***
Board Dynamics	SID	Mr. Tan Yew Heng, Terrence
Board Performance	SID	Mr. Tan Yew Heng, Terrence
Stakeholder Engagement	SID	Mr. Tan Yew Heng, Terrence
Audit Committee Essentials	SID	Mr. Tan Yew Heng, Terrence
Board Risk Committee Essentials	SID	Mr. Tan Yew Heng, Terrence
Nominating Committee Essentials	SID	Mr. Tan Yew Heng, Terrence
Remuneration Committee Essentials	SID	Mr. Tan Yew Heng, Terrence
ESG Essentials	SID	Mr. Tan Yew Heng, Terrence
2023MC1: Economic Outlook and its implication on Business	The Institute of Singapore Chartered Accountants ("**ISCA**")	Mr. Lawrence Chen Tse Chau
2023MC6: Insights from Financial Statements Review in 2023	ISCA	Mr. Lawrence Chen Tse Chau
ISCAcon2023: ISCA Conference Plus+	ISCA	Mr. Lawrence Chen Tse Chau
ISCAcon2023: ISCA conference 2023	ISCA	Mr. Lawrence Chen Tse Chau
2023MC2: Singapore Budget and Tax Update 2023	ISCA	Mr. Lawrence Chen Tse Chau
2023MC3: Complement Sustainability with Finance	ISCA	Mr. Lawrence Chen Tse Chau
2023MC4: Updates on Professional Standards 2023	ISCA	Mr. Lawrence Chen Tse Chau
Sustainability Reporting: A practical Overview for Accounting and Finance Professional	Wolters Kluwer	Mr. Lawrence Chen Tse Chau
Improve your practice management workflows with CCH ifirm practice manager	Wolters Kluwer	Mr. Lawrence Chen Tse Chau
Streamline audit engagement with smart technologies for audit engagement	Wolters Kluwer	Mr. Lawrence Chen Tse Chau
ACCA-Wolters Kluwer Joint Event - Ethical Hazards in the Modern Economy: Lessons on Ethics from Crypto and Financial frauds	Wolters Kluwer	Mr. Lawrence Chen Tse Chau

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

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

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

Principle 2: Board Composition and Guidance

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

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

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

For FY2023, the NC has reviewed and is satisfied that the Independent Directors are independent and further, that no individual or small group of individuals dominate the Board's decision-making process. There were no Directors who were deemed independent by the Board, notwithstanding the existence of a relationship as stated in the Code that would otherwise deem him/her not to be independent. After review, the NC agreed that all Independent Directors were independent in accordance with the Code and Catalist Rules.

The Board is chaired by Mr. Lawrence Chen Tse Chau ("**Mr. Chen**"), Non-Executive Chairman and Independent Director of the Company while Mr. Hong Eng Leong, Jeffrey ("**Mr. Hong**"), who resigned with effect from 15 March 2024, is the former Chief Executive Officer ("**CEO**") and Executive Director of the Company during FY2023. The Non-Executive Chairman and the CEO are not related. Hence, the roles of the Non-Executive Chairman and the CEO have been clearly separated, each having their own areas of responsibilities. This is to ensure that an appropriate balance of power, increased accountability and greater capacity of the Board for decision making. The Company is currently in the process of scouting for a replacement CEO. In ensuring the suitability of the CEO candidate, the Company will evaluate various criteria including academic background, relevant work experience, and skillset.

The Non-Executive Chairman and Independent Director, Mr. Chen, ensures that corporate information is adequately disseminated to all Directors in a timely manner to facilitate the effective contribution of all Directors. He promotes a culture of openness and debate at the Board and ensures that adequate time is allocated for discussion of all strategic issues. The Non-Executive Chairman and Independent Director is assisted by the Board Committees, external auditor and internal auditor who report to the Audit Committee in ensuring compliance with the Company's guidelines on corporate governance.

The CEO is responsible for the overall management of the Group and charting the corporate strategies for future growth with the support of the Executive Director, Ms. Lim Xiu Fang, Vanessa and the Management.

The NC is of the view that the appointment of a Lead Independent Director is not necessary given that the Non-Executive Chairman is not part of the Management and is independent.

Provisions 2.3 of the Code are met as majority of the Board is made up of Non-Executive Independent Directors. The Board composition also complies with Rule 406(3)(c) of the Catalist Rules which requires Independent Directors to make up at least one-third of the Board.

The NC conducts annual review to assess if the existing attributes and core competencies of the Board are complementary and enhance the efficacy of the Board. This will enable the Board to maintain or enhance balance and diversity of the Board. The Board ensures its composition and that of the Board committees' are of an appropriate mix of members with complementary skills, core competencies and experience for the Group, regardless of gender. All directors, including Mr. Hong, had completed the annual assessment for FY2023 in February 2024 The Board has reviewed and believes that its current composition achieves a diversity of skills, knowledge, experience and gender, as further detailed as follows:

	Number of Directors	Proportion of Board
Core Competencies		
Accounting or finance	4	80%
Legal or corporate governance	3	60%
Relevant industry knowledge or experience	3	60%
Strategic planning experience	2	80%
Customer based experience or knowledge	2	80%
Gender		
Male	4	80%
Female	1	20%
Age Group		
60 - 69	1	20%
50 - 59	1	20%
40 - 49	2	40%
30 – 39	1	20%
Independence		
Independent directors	3	60%
Non-Independent directors	2	40%
Directors' Citizenship		
Singapore Citizen	5	100%
Independent Directors been with the Company		
Less than 9 years	5	100%

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

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

The NC and the Board acknowledge that improvements to Board diversity practices are an on-going process and that skill-set and core competencies required of the Board may change over time as the business of the Group develops. The NC and Board are of the view that the current size and composition of the Board and Board are effective for decision making as the operations of the Group is not complex. The current Board composition meets the targets set under the Board Diversity Policy and reflects the Company's commitment to Board diversity in terms of different professional experiences, skills, knowledge and gender.

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

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

To facilitate a more effective check on the Management, the Independent Directors will communicate with each other from time to time without the presence of the Management to discuss the performance of the Management and any matters of concern. Feedback arising from such meetings or discussions is provided to the Board, as appropriate. The Independent Directors have met once in the absence of the Management during the financial year in review.

Principle 3: Chairman and Chief Executive Officer

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

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

The Board is chaired by Mr. Chen, Non-Executive Chairman and Independent Director of the Company while Mr. Hong is the former CEO of the Company. The Non-Executive Chairman and the CEO are not related. Hence, the roles of the Non-Executive Chairman and the CEO have been clearly separated, each having their own areas of responsibilities. This is to ensure that an appropriate balance of power, increased accountability and greater capacity of the Board for decision making.

The Non-Executive Chairman and Independent Director, Mr. Chen, ensures that corporate information is adequately disseminated to all Directors in a timely manner to facilitate the effective contribution of all Directors. The Chairman is responsible to:

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

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

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

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

(e) ensure effective communication with its shareholders;

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

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

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

Mr. Hong, the former CEO of the Company, is responsible for the execution of strategic business directions as well as the overseeing of the day-to-day business operations, business development and strategic planning of the Group.

The NC is of the view that the appointment of a Lead Independent Director is not necessary given that the Non-Executive Chairman is not part of the Management and is independent.

Principle 4: Board Membership

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

In FY2023, the NC comprises three (3) Directors, all of whom are independent,

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

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

The terms of reference of the NC includes:

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

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

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

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

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

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

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

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

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

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

As time requirement of each director is subjective, the NC has decided not to fix a maximum limit on the number of listed companies directorships a director can hold. The Board has experienced minimal competing time commitments among its members as Board meetings are planned and scheduled well in advance of the meeting dates. The NC would review the board representations of each Director, from time to time to ensure that the Directors continue to meet the demands of the Group and are able to discharge their duties adequately. The NC has reviewed the time spent and attention given by each of the Directors to the Company's affairs, taking into account the multiple directorships and other principal commitments of each of the Directors, and is satisfied that all Directors have adequately discharged their duties for FY2023.

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

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

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

Ms. Lim Xiu Fang, Vanessa and Mr. Tan Yew Heng, Terrence are subjected to retirement at the forthcoming annual general meeting ("**AGM**") pursuant to the provisions of the Constitution of the Company and/or Catalist Rules.

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

	LIM XIU FANG, VANESSA	TAN YEW HENG, TERRENCE
Date of Appointment	8 September 2021	15 November 2022
Date of last re-appointment	25 April 2022	28 April 2023
Age	36	45
Country of principal residence	Singapore	Singapore
The Board's comments on this appointment (including rationale, selection criteria, and the search and nomination process)	The Board has considered, among others, the recommendation of the NC and has reviewed and considered the contribution, performance, attendance, preparedness, participation and suitability of Ms. Lim for the re-election as the Director of the Company and concluded that Ms. Lim possess the experience, expertise knowledge and skills to continue to contribute towards the core competencies of the Board.	The Board has considered, among others, the recommendation of the NC and has reviewed and considered the qualification, working experiences, contribution, performance, attendance, preparedness, participation, candour and suitability of Mr. Tan for re-election as an Independent Director of the Company and concluded that Mr. Tan possesses the experience, expertise, knowledge and skills to continue to contribute towards the core competencies of the Board. The Board considers Mr. Tan to be independent for the purpose of Rule 704(7) of the Catalist Rules.
Whether appointment is executive, and if so, the area of responsibility	Executive To carry out duties and responsibilities to seek, evaluate and present Design and Build business alliances and opportunities to the Group.	Non-Executive
Job Title (e.g. Lead ID, AC Chairman, AC Member etc.)	Executive Director	Independent Director, Chairman of the RC and member of the AC and the NC
Professional qualifications	Bachelor of Arts, University of the Arts London	Bachelor of Engineering, MBA (Finance)
Any relationship (including immediate family relationships) with any existing director, existing executive officer, the issuer and/ or substantial shareholder of the listed issuer or of any of its principal subsidiaries	Sister of Lim Wei Zhi Sylvester, the controlling shareholder of the Company	No
Conflict of Interest (including any competing business)	No	No

	LIM XIU FANG, VANESSA	TAN YEW HENG, TERRENCE
Working experience and occupation(s) during the past 10 years	2017 to present: Ariki Capital Pte. Ltd. (Manager) 2013 to present: Beauty Eleganza LLP (Founder) 2013 to present: Ariki Pte. Ltd. (Manager)	October 2021- Present - Director of Galactic Advisors Pte Ltd August 2011- October 2021 - Director of Hopeshine Capital Pte Ltd June 2018 - Present - Director of Hopeshine Ventures Pte Ltd July 2021 - Present - Independent Director of China Environment Ltd June 2016 - Present - Director of Lux Entertainment Pte Ltd January 2016 - Present - Director of TSC Group Pte Ltd April 2018 - October 2019 - Director of Raffles Business Solutions Pte Ltd February 2016 - December 2016 - Director of Bright Education Pte Ltd February 2017 - December 2017 - Partner of Xcell Learning Centre LLP May 2006 - December 2006 - Director of GT Global Pte Ltd
Undertaking (in the format set out in Appendix 7.7) under Rule 720[(1)] has been submitted to the listed issuer	Yes	Yes
Shareholding interest in the listed issuer and its subsidiaries	Deemed interest of 56,000,000 ordinary shares of the Company (representing 26.14%) held by her brother, Lim Wei Zhi Sylvester	No
Other Principal Commitments* Including Directorships# **Notes:** * **"Principal Commitments" has the same meaning as defined in the Code** # **These fields are not applicable for announcements of appointments pursuant to Listing Rule 704 (9) or Catalist Rule 704 (8).**		

	LIM XIU FANG, VANESSA	TAN YEW HENG, TERRENCE
Past (for the last 5 years) Present	**Past:** None. **Present:** Beauty Eleganza LLP Sevens Build Pte. Ltd. Sevens Creation Pte. Ltd. Sevens Design Pte. Ltd. Sevens Meta Pte. Ltd.	**Past:** Hopeshine Capital Pte Ltd Raffles Business Solutions Pte Ltd **Present:** Hopeshine Ventures Pte Ltd TSC Group Pte Ltd Galactic Advisors Pte Ltd Lux Entertainment Pte Ltd China Environment Ltd
Disclose the following matters concerning an appointment of director, chief executive officer, chief financial officer, chief operating officer, general manager or other officer of equivalent rank. If the answer to any question is "yes", full details must be given.		
(a) Whether at any time during the last 10 years, an application or a petition under any bankruptcy law of any jurisdiction was filed against him or against a partnership of which he was a partner at the time when he was a partner or at any time within 2 years from the date he ceased to be a partner?	No	No
(b) Whether at any time during the last 10 years, an application or a petition under any law of any jurisdiction was filed against an entity (not being a partnership) of which he was a director or an equivalent person or a key executive, at the time when he was a director or an equivalent person or a key executive of that entity or at any time within 2 years from the date he ceased to be a director or an equivalent person or a key executive of that entity, for the winding up or dissolution of that entity or, where that entity is the trustee of a business trust, that business trust, on the ground of insolvency?	No	No
(c) Whether there is any unsatisfied judgment against him?	No	No

	LIM XIU FANG, VANESSA	TAN YEW HENG, TERRENCE
(d) Whether he has ever been convicted of any offence, in Singapore or elsewhere, involving fraud or dishonesty which is punishable with imprisonment, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such purpose?	No	No
(e) Whether he has ever been convicted of any offence, in Singapore or elsewhere, involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such breach?	No	No
(f) Whether at any time during the last 10 years, judgment has been entered against him in any civil proceedings in Singapore or elsewhere involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or a finding of fraud, misrepresentation or dishonesty on his part, or he has been the subject of any civil proceedings (including any pending civil proceedings of which he is aware) involving an allegation of fraud, misrepresentation or dishonesty on his part?	No	No
(g) Whether he has ever been convicted in Singapore or elsewhere of any offence in connection with the formation or management of any entity or business trust?	No	No
(h) Whether he has ever been disqualified from acting as a director or an equivalent person of any entity (including the trustee of a business trust), or from taking part directly or indirectly in the management of any entity or business trust?	No	No

	LIM XIU FANG, VANESSA	TAN YEW HENG, TERRENCE
(i) Whether he has ever been the subject of any order, judgment or ruling of any court, tribunal or governmental body, permanently or temporarily enjoining him from engaging in any type of business practice or activity?	No	No
(j) Whether he has ever, to his knowledge, been concerned with the management or conduct, in Singapore or elsewhere, of the affairs of: **i. any corporation which has been investigated for a breach of any law or regulatory requirement governing corporations in Singapore or elsewhere; or**	No	No
ii. any entity (not being a corporation) which has been investigated for a breach of any law or regulatory requirement governing such entities in Singapore or elsewhere; or	No	No
iii. any business trust which has been investigated for a breach of any law or regulatory requirement governing business trusts in Singapore or elsewhere; or	No	No
iv. any entity or business trust which has been investigated for a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere **in connection with any matter occurring or arising during that period when he was so concerned with the entity or business trust?**	No	No

	LIM XIU FANG, VANESSA	TAN YEW HENG, TERRENCE
(k) Whether he has been the subject of any current or past investigation or disciplinary proceedings, or has been reprimanded or issued any warning, by the Monetary Authority of Singapore or any other regulatory authority, exchange, professional body or government agency, whether in Singapore or elsewhere?	No	No
Disclosure applicable to the appointment of Director only		
Any prior experience as a director of a listed company? **If yes, please provide details of prior experience.** **If no, please state if the director has attended or will be attending training on the roles and responsibilities of a director of a listed issuer as prescribed by the Exchange.** **Please provide details of relevant experience and the nominating committee's reasons for not requiring the director to undergo training as prescribed by the Exchange (if applicable).**	N.A. Ms. Lim is proposed to be re-elected as a Director of the Company.	N.A. Mr. Tan is proposed to be re-elected as a Director of the Company.

The NC has assessed independently on the continued appointments of Ms. Lim Xiu Fang, Vanessa and Mr. Tan Yew Heng, Terrence and recommended their continued appointments to the Board, and the Board has endorsed their re-election by shareholders at the forthcoming AGM. The abovementioned directors have offered themselves for re-election as Directors of the Company.

Ms. Lim Xiu Fang, Vanessa will, upon re-election as Director of the Company, remain as the Executive Director of the Company. Ms. Lim is a sister of Mr. Lim Wei Zhi Sylvester, who is the controlling shareholder of the Company.

Mr. Tan Yew Heng, Terrence will, upon re-election as Director of the Company, remain as Independent Director of the Company, the Chairman of the RC and a member of the AC and NC. Mr. Tan does not have any relationship including immediate family relationship with other Directors, the Company or its substantial shareholders (as defined in the Code). The Board considers Mr. Tan to be independent for the purposes of Rule 704(7) of the Catalist Rule.

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

Name of Directors	Date of Initial Appointment as Director/ Date of Last Re-election / Re-appointment as Director	Directorship in Other Listed Companies		Principal Commitments
		Current	Past 3 Years	
Hong Eng Leong, Jeffrey *	4 July 2022 / 28 April 2023	–	–	–
Lim Xiu Fang, Vanessa (Executive Director)	8 September 2021 / 25 April 2022	–	–	Executive Director of the Company
Lawrence Chen Tse Chau (Non-Executive Chairman and Independent Director)	1 April 2021 / 28 April 2023	Zixin Group Holdings Ltd (Formerly known as China Star Food Group Limited)	–	Prime Accountants LLP
Lo Kim Seng	15 November 2022 / 28 April 2023	Miyoshi Limited No Signboard Holdings Ltd	Fragrance Group Ltd CFM Holdings Ltd ecoWsie Holdings Ltd	Bayfront Law LLC AGE Intertrade Singapore Pte Ltd Vidor Services Pte Ltd
Tan Yew Heng, Terrence	15 November 2022 / 28 April 2023	China Environment Ltd	–	Hopeshine Ventures Pte Ltd TSC Group Pte Ltd Galactic Advisors Pte Ltd Lux Entertainment Pte Ltd

* Resigned with effect from 15 March 2024

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

During the year, Mr. Lawrence Chen Tse Chau was elected as Non-Executive Chairman of the Board on 7 July 2023. There were no new directors appointed during FY2023.

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

Principle 5: Board Performance

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

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

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

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

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

- the size and composition of the Board;
- the discussion and decision-making processes of the Board (including the conduct of meetings by the Board);
- the Board's access to information;
- the accountability of the Board to the shareholders;
- the observation of risk management and internal control policies by the Board's access to information; and
- the performance of the Board (including the Board's performance in relation to the discharge of its principal responsibilities in term of the quantitative and qualitative performance criteria).

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

- his/her participation at the meetings of the Board and Board Committee(s);
- his/her ability to constructively challenge and contribute effectively to the discussion conducted by the Board and Board Committee(s);
- his/her ability to evaluate the Company's strength and weaknesses and make informed business decisions;
- his/her ability to interpret the Company's financial reports and contribute to the formulation of strategies, budgets and business plans that are compatible with the Group's vision and existing business strategy;
- his/her compliance with the policies and procedures of the Group;
- his/her performance of specific tasks delegated to him/her;
- his/her disclosure of any related person transactions or conflicts of interest; and
- for independent Directors, his/her independence from the Group and the Management.

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

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

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

No external facilitator has been engaged for the purposes to assess the Board's performance for FY2023.

REMUNERATION MATTERS

Principle 6: Procedures for Developing Remuneration Policies

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

Principle 7: Level of Mix of Remuneration

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

In FY2023, the RC comprises three (3) Directors, all of whom are independent,

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

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

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

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

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

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

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

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

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

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

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

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

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

The Company does not have any contractual provisions which allow it to reclaim incentives from the Executive Directors and Management in certain circumstances. The Board is of the view that as the Group pays performance bonuses based on the actual performance of the Group and/or Company (and not on forward-looking results) as well as the actual results of its Executive Directors and Management, "claw-back" provisions in the service agreements may not be relevant or appropriate.

Principle 8: Disclosure on Remuneration

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

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

The remuneration package of Executive Directors and Management consists of:

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

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

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

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

The breakdown of remuneration (in %) of the Director (including the CEO) of the Company for FY2023 is set out below:

Name	Remuneration (S$)	Salary (%)	Director's Fee (%)	Bonus and Incentives* (%)	Total (%)
Executive Directors					
Hong Eng Leong, Jeffrey [(1)]	248,989	90	–	10	100
Lim Xiu Fang, Vanessa [(2)]	–	–	–	–	–
Independent Directors					
Lawrence Chen Tse Chau	47,500	–	100	–	100
Lo Kim Seng	35,000	–	100	–	100
Tan Yew Heng, Terrence	35,000	–	100	–	100

* Bonus and incentives includes bonuses based on annual assessment and incentives of securing new contacts.

Note:

(1) Mr. Hong Eng Leong, Jeffrey resigned as a Director of the Company on 15 March 2024.

(2) Ms. Lim Xiu Fang, Vanessa is the Executive Director of the Company. Her duties and responsibilities are to seek, evaluate and present Design and Build business alliances and opportunities to the Group. As the Design & Build businesses has been loss-making in FY2023, Ms Lim volunteered to forfeit her salary until such time the businesses turn profitable.

In FY2023, the Company had four (4) key management personnel (who is not a Director or the CEO). The breakdown for the remuneration of the Company's key management personnels (who are not Directors or the CEO) in FY2023 is as follows:

Name	Designation	Salary (%)	Bonus and Incentives* (%)	Total (%)
Remuneration Band up to $250,000				
Management Team				
Stanny Chai	Head of Construction	56	44	100
Irene Kiew	Head of Renovation and Interior Design	71	29	100
Tang Yaozhi (1)	Group Operation Director	94	6	100
Cheung Ka Ho (2)	Chief Financial Officer	100	–	100

* Bonus and incentives includes bonuses based on annual assessment and incentives of securing new contacts.

Notes:

(1) Mr. Tang Yaozhi was the Head of Business Development Director until 28 February 2024 and was promoted as the Group Operation Director with effect from 1 March 2024.

(2) Mr. Cheung Ka Ho was appointed as the Chief Financial Officer on 18 December 2023.

The performance conditions used to determine the entitlement of the Executive Directors and top four (4) Management comprise qualitative and quantitative conditions. Examples of quantitative conditions are target sales, target profit, sales growth and years of service. Examples of qualitative conditions are on the job performance, leadership, teamwork, etc. The performance conditions of the Directors are set by the RC. The RC has reviewed and is satisfied that the performance conditions of the Director.

The total remuneration paid to the key management personnels mentioned above in FY2023 was approximately $443,000.

For FY2023, there was no termination, retirement or post-employment benefits granted to the Directors and Management.

There is no other employee related to a Director or the CEO or a substantial shareholder of the Company whose remuneration exceeds S$100,000 in the Company's employment for FY2023.

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

Principle 9: Risk Management and Internal Controls

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

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

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

Based on the internal controls established by the Group, its assessment of work performed by the external auditor and internal auditor, as well as the Assurances (as defined herein) obtained, the Board, with the concurrence of the AC, is of the view that the Group's internal controls in addressing the financial, operational, compliance and information technology risks and the risk management systems were effective and adequate for FY2023.

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

The Board has received assurance from the CEO, the Executive Director and the Finance Manager that the financial records for FY2023 have been properly maintained and the financial statements for the financial year under review give a true and fair view of the Company's operations and finances and the Company's risk management and internal control systems were adequate and effective as at 31 December 2023. The Company has also received assurance from the internal auditor that the Company's risk management and internal control systems are effective (the "**Assurances**").

Principle 10: Audit Committee

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

In FY2023, the AC comprises three (3) Directors, all of whom are independent, None of the AC members were previous partners or directors of the Company's external audit firm within the last two years and none of the AC members hold any financial interest in the external audit firm.

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

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

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

The functions and responsibilities of the AC include the following:

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

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

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

(d) to review the assurance from the Executive Director and the Chief Financial Officer on the financial records and financial statements;

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

(f) to review and approve interested person transactions;

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

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

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

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

During FY2023, the AC has met once with the external auditor and internal auditor, without the presence of Management.

The AC also reviews all non-audit services provided by the external auditor to ensure that the provision of these services does not affect the independence of the auditors. For FY2023, PKF-CAP LLP ("**PKF**") provided services relating to the Enterprise Risk Management (ERM) framework and sustainability reporting to the Company other than audit services. The amount of fees paid to auditors, PKF, in respect of audit and non-audit services for the year under review are S$108,000 and S$27,880, respectively. The AC has reviewed the non-audit services provided by PKF and is satisfied that the nature and extent of such services would not prejudice the independence and objectivity of the external auditor and accordingly, has recommended the re-appointment of PKF as auditors of the Company at the forthcoming AGM.

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

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

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

In the review of the financial statements for FY2023, the AC has discussed with the Management on the significant accounting principles that were applied and their judgement of items that might affect the accuracy and completeness of the financial statements.

The AC has deliberated on the key audit matters identified by the external auditor, i.e. revenue recognition on construction and renovation contracts; impairment assessment of goodwill, intangible assets, property, plant and equipment and right-of-use assets; impairment assessment of investment in subsidiary and business combination, and going concern assessment. Full details of the key audit matter for FY2023 are provided in the Independent Auditors' Report in the Annual Report.

The AC is responsible for the appointment and assessment of the performance of the internal auditor. The Company has engaged Tricor Axcelasia (SG) Pte Ltd ("**IA**" or "**Tricor Axcelasia**") as its internal auditor in 2023, to assist the AC to independently evaluate and improve the effectiveness of the system of internal controls using a risk-based approach. The IA have also performed the internal review on the Company's sustainability reporting process.

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

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

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

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

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

During FY2023, the AC reviewed the reports submitted by the IA relating to the audits conducted to assess the adequacy and the effectiveness of the Group's risk management and the internal control systems put in place, including financial, operational, compliance and information technology controls. Any material non-compliance or lapses in internal controls together with recommendation for improvement are reported to the AC. A copy of the report is also issued to the relevant department for its follow-up action. The timely and proper implementation of all required corrective, preventive or improvement measures are closely monitored.

The Board, with the concurrence of the AC, is of the opinion that the Company's internal controls (including financial, operational, compliance and information technology controls) and risk management systems were adequate and effective in FY2023.

SHAREHOLDER RIGHTS AND RESPONSIBILITIES

Principle 11: Shareholder Rights and Conduct of General Meetings

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

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

The Board ensures that the shareholders are treated fairly and equitably. All material information which would likely affect the price or value of the Company's shares shall be disclosed adequately and in a timely manner.

Notices of general meetings are dispatched to shareholders, together with the annual report and/or circulars within the time notice period as prescribed by the relevant regulations. Where necessary, additional explanatory notes will be provided for relevant resolutions which are to be tabled at general meetings to enable shareholders to exercise their vote on an informed basis. The Company strives to hold general meetings at venues which are accessible to shareholders. At general meetings, shareholders will be given the opportunity to voice their views and direct their questions to the Board regarding the Company. At the forthcoming AGM, the shareholders will be able to attend the meeting in person. All shareholders have the opportunity to participate effectively in, speak and vote at general meetings.

An independent polling agent is appointed by the Company for general meetings who will explain the rules, including the voting procedures, that govern the general meetings of shareholders.

The Company's Constitution allows a shareholder to appoint up to two (2) proxies to attend and vote in the shareholder's place at the general meetings. Registered shareholders who are unable to attend the general meetings are entitled to appoint up to two (2) proxies, unless the shareholder is a relevant intermediary (as defined in Section 181 of the Companies Act). A relevant intermediary may appoint more than two proxies to participate in shareholders' meetings, but each proxy must be appointed to exercise rights attached to a different share or shares held by such shareholder.

All resolutions proposed at general meetings shall be put to vote by way of a poll. The voting results of each of the resolutions tabled are announced on the same day after the meetings. The total numbers of votes cast for or against the resolutions are also announced after the meetings via SGXNet.

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

The Chairman of the meeting and Chairman of the Board Committees as well as the Company's external auditor, shall attend general meetings to address shareholders' queries and receive feedback from shareholders.

At general meetings, the external auditor, PKF, will assist in addressing queries from the shareholders relating to the conduct of the audit and the preparation and content of the independent auditor's report.

The Chairman of the meeting will facilitate constructive dialogue between shareholders and the Board, the Management, the external auditor and other relevant professionals.

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

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

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

Principle 12: Engagement with Shareholders

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

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

Apart from the SGXNet announcements and its annual report, the Company may release press releases or organise media/analyst briefings to keep shareholders informed of corporate developments.

Principle 13: Engagement with Stakeholders

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

The stakeholders have been identified as those who are impacted by the Group's business and operations and those who are similarly able to impact the Group's business and operations. The identified key stakeholders of the Group include suppliers, customers, employees, community, investors and regulators. The engagement with material stakeholder groups, including key areas of focus and engagement channels, are disclosed in the Sustainability Report.

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

The Company currently does not have an investor relations policy but considers advice from its continuing sponsor, corporate lawyers and professionals on appropriate disclosure requirements before announcing material information to shareholders. The Company will consider the appointment of a professional investor relations officer to manage the function should the need arises.

RISK MANAGEMENT

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

DEALINGS IN SECURITIES

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

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

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

INTERESTED PERSON TRANSACTIONS POLICY

The Company has adopted an internal policy in respect of any transactions with interested persons and has set out the procedures for review and approval. The procedures governing all interest person transactions are to ensure that they are properly documented and reported on a timely manner to the AC and that they are carried out on normal commercial terms and are not prejudicial to the interests of the Company and its minority shareholders.

There was no interested person transaction that is S$100,000 and above carried out during FY2023.

The Company does not have an existing general mandate pursuant to Rule 920 of the Catalist Rules.

MATERIAL CONTRACTS

Save for the service agreement entered into between the Company and the Executive Director, and the ex CEO, there are no material contracts entered into by the Group involving the interest of any Director or controlling shareholder, which are either still subsisting at the end of FY2023 or if not then subsisting, entered into since the end of the previous financial year.

CATALIST SPONSOR

No non-sponsor fees were paid to the Company's sponsor, PrimePartners Corporate Finance Pte. Ltd. during FY2023.

USE OF IPO PROCEEDS

There are no outstanding proceeds raised from IPO or any offerings pursuant to Chapter 8 of the Catalist Rules.

SUSTAINABILITY REPORTING

Sustainability Report for the FY2023 is published together with the Annual Report. Tricor Axcelasia conducted an internal control review of the sustainability reporting process during the FY2022 for the Company, with a primary focus on the governance structure, sustainability framework ad policy, materiality assessment, internal controls and compliance to disclosure requirement. As such, review of sustainability reporting process is not part of the Group's FY2023 internal audit plan.

DIRECTORS' STATEMENT

The directors are pleased to present their statement to the members together with the audited consolidated financial statements of Sevens Atelier Limited (the "Company") and its subsidiaries (collectively, the "Group") and statement of changes in equity of the Company for the financial year ended 31 December 2023 and the statement of financial position of the Company as at 31 December 2023.

OPINION OF THE DIRECTORS

In the opinion of the directors:

(i) the accompanying financial statements 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 of the financial performance, changes in equity and cash flows of the Group and changes in equity of the Company for the financial year then ended; and

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

DIRECTORS

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

Lawrence Chen Tse Chau
Lo Kim Seng
Lim Xiu Fang, Vanessa
Terrence Tan Yew Heng

ARRANGEMENTS TO ENABLE DIRECTORS TO ACQUIRE SHARES OR DEBENTURES

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

DIRECTORS' INTERESTS IN SHARES AND DEBENTURES

The directors of the Company holding office at the end of the reporting year had no interest in shares or in debentures of the Company and its related corporations as recorded in the register of directors' shareholdings kept by the Company under Section 164 of the Singapore Companies Act 1967 (the "Act").

The directors' interest as at 21 January 2024 were the same as those at the end of the reporting year.

SHARE OPTIONS

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

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

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

AUDIT COMMITTEE

The members of the Audit Committee ("AC") at the date of this statement are as follows:

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

The AC has performed its functions in accordance with Section 201B(5) of the Act, including the following:

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

Other functions performed by the AC are described in the report on Corporate Governance included in the annual report of the Company. It also includes an explanation of how the independent auditor's objectivity and Independence is safeguarded where the independent auditor provides non-audit services.

The AC convened three meetings during the year. The AC has also met with the independent auditors, without the presence of the Company's management, at least once a year. The attendance of the meetings are disclosed in the Corporate Governance Report in the Company's Annual Report.

It is the opinion of the Board of Directors with the concurrence of the AC that the system of internal controls, which addresses the Group's financial, operational, compliance and information technology risks, maintained by the Group is in place and adequate throughout the financial year and up to the date of this report.

The Company confirms that Rules 712 and 715 of the SGX-ST's Listing Manual have been complied with.

Further details regarding the AC are disclosed in the Corporate Governance Report in the Company's Annual Report.

DIRECTORS' OPINION ON THE ADEQUACY OF THE INTERNAL CONTROLS

Based on the internal controls established and maintained by the Company, work performed by the internal auditor and independent external auditor, and reviews performed by management, other committees of the board and the board, the AC and the board are of the opinion that the Company's internal controls, addressing financial, operational and compliance risks, are adequate as at the end of the reporting year 31 December 2023.

SUBSEQUENT DEVELOPMENTS

There are no significant developments subsequent to the release of the Group's and the Company's preliminary financial statements, as announced on 29 February 2024, which would materially affect the Group's and the Company's operating and financial performance as of the date of this report.

AUDITOR

The auditor, PKF-CAP LLP, has expressed its willingness to accept re-appointment.

On behalf of the Board of Directors,

Lawrence Chen Tse Chau Director	Lim Xiu Fang, Vanessa Director

Singapore

11 April 2024

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Sevens Atelier Limited (the "Company") and its subsidiaries (the "Group"), which comprise the consolidated statement of financial position of the Group and the statement of financial position of the Company as at 31 December 2023, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows of the Group, and the statement of changes of equity of the Company for the year then ended, and notes to the financial statements, including material accounting policies.

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

Basis for Opinion

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

Material Uncertainty Related to Going Concern

We draw attention to Note 2 of the financial statements. The Group incurred a net loss of $4,053,000 and net operating cash outflows of $197,000 for the financial year ended 31 December 2023 and as at that date, the Group's and the Company's net current liabilities are S$3,255,000 and S$918,000 respectively. As stated in Note 2, these events or conditions indicate that a material uncertainty exists that may cast significant doubt on the Group's and the Company's ability to continue as going concerns. Our opinion is not modified in respect of this matter.

Emphasis of Matter

Assistance in investigating by the Commercial Affairs Department ("CAD") and the Money Authority of Singapore ("MAS")

We draw your attention to Note 39 to the financial statements which describes the Company providing assistance in investigation by the CAD and the MAS.

Our opinion is not modified in respect of this matter.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current 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. In addition to the matter described in the Material Uncertainty Related to Going Concern section, we have determined the matters described below to be the key audit matters to be communicated in our report.

- Accounting for construction and renovation contracts

  Refer to Note 3(c) for the relevant accounting policy, Note 4(d) on critical judgements, assumptions and estimation uncertainties and Note 5 on revenue.

  For the financial year ended 31 December 2023, construction and renovation contracts recognised on a percentage of completion ("POC") method amounted to $14,330,000 as disclosed in Note 5 to the financial statements and represented 100% of the Group's total revenue.

Report on the Audit of the Financial Statements (Continued)

Key audit matters

Key audit matters (Continued)

- Accounting for construction and renovation contracts (Continued)

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

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

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

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

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

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

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

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

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

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

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

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

- Assessment of impairment of trade receivables

  Refer to Note 3(n) for the relevant accounting policy, Note 4(e) on critical judgements, assumptions and estimation uncertainties and Note 23 on trade and other receivables.

  As at 31 December 2023, the Group had trade receivables of $1,332,000 as disclosed in Note 23 to the financial statements which accounted for approximately 10% of the total assets of the Group. Approximately 72% of the net trade receivables were due from three customers. Management has performed an impairment review based on the expected credit loss ("ECLs") model and provided allowance for impairment of $165,000.

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

Report on the Audit of the Financial Statements (Continued)

Key audit matters (Continued)

- Assessment of impairment of trade receivables (Continued)

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

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

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

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

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

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

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

- Assessment of impairment of goodwill

  Refer to Note 3(l) for the relevant accounting policy, Note 4(b) on critical judgements, assumptions and estimation uncertainties and Note 15 on goodwill.

  On 14 June 2022, the Group completed the acquisition of 100% equity interest in Sevens Creation Pte. Ltd. and its wholly-owned subsidiaries, namely Sevens Build Pte. Ltd. and Sevens Design Pte. Ltd., for a consideration of S$12,000,000. As at the year ended 31 December 2023, the carrying amount of goodwill was S$9,193,000, which represents approximately 67% of the Group's total assets. An impairment loss of S$1,790,000 was charged to the current year profit or loss.

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

  Goodwill is assessed annually for impairment. Management used the fair value less cost of disposal ("**FVLCD**") method to determine the recoverable amount of goodwill as it was higher than the value in use ("**VIU**") amount. The FVLCD calculation requires management of the entity to estimate the maintainable revenue from the cash-generating unit ("**CGU**") as well as appropriate revenue mutiple to derive the FVLCD. These estimations are based on presently available information.

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

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

  b) We discussed with management the basis for the maintainable revenue and revenue multiple of comparable companies;

  c) We assessed the VIU amount and determined that it was lower than the FVLCD;

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

Report on the Audit of the Financial Statements (Continued)

Other Matter

The financial statements of the Group for the year ended 31 December 2022 were audited by another firm of auditors who expressed a qualified opinion on those statements on 12 April 2023 (Note 40).

Other Information

Management is responsible for the other information. The other information comprises the information included in the annual report 2023, 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 process.

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

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

Report on the Audit of the Financial Statements (Continued)

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

- 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 safeguards applied.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial statements of the current 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 subsidiaries 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 Titus Kuan Tjian.

PKF-CAP LLP
Public Accountants and
Chartered Accountants

Singapore

11 April 2024

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For The Financial Year Ended 31 December 2023

	Note	Group 2023	Group 2022
		$'000	$'000
Revenue	5	14,330	6,792
Cost of sales		(12,122)	(5,440)
Gross profit		2,208	1,352
Other income and gains	6A	89	101
Marketing and distribution costs		(178)	(112)
Administrative expenses	7	(4,134)	(2,576)
Finance costs	9	(38)	(23)
Other losses	6B	(2,186)	(30)
Loss before tax from continuing operations		(4,239)	(1,288)
Income tax credit	10	186	100
Loss from continuing operations for the year		(4,053)	(1,188)
Loss from discontinuing operations, net of tax	11	–	(2,941)
Loss for the year, representing total comprehensive loss for the year		(4,053)	(4,129)
Total comprehensive loss attributable to owners of the parent, net of tax		(4,053)	(4,129)
Total comprehensive loss attributable to non-controlling interests, net of tax		–	–
Total comprehensive loss		(4,053)	(4,129)
Loss per share		Cents	Cents
Basic and diluted	12	(1.89)	(0.55)

The accompanying notes form an integral part of these financial statements

STATEMENTS OF FINANCIAL POSITION

As at 31 December 2023

		Group		Company	
	Note	2023	2022	2023	2022
		$'000	$'000	$'000	$'000
ASSETS					
Non-current assets					
Property, plant and equipment	13	716	791	2	–
Right-of-use assets	14	515	882	–	–
Goodwill	15	9,193	10,983	–	–
Intangible assets	16	–	910	–	–
Investments in subsidiaries	17	–	–	10,905	12,000
Investments in associate	18	–	–	–	–
Investments in joint ventures	19	–	–	–	–
		10,424	13,566	10,907	12,000
Current assets					
Other assets	20	74	153	–	3
Contract assets	21	163	240	–	–
Inventories	22	–	10	–	–
Trade and other receivables	23	1,336	1,755	472	123
Cash and cash equivalents	24	1,692	2,402	27	122
		3,265	4,560	499	248
Total Assets		13,689	18,126	11,406	12,248
LIABILITIES					
Non-current liabilities					
Deferred tax liabilities	10	16	202	–	–
Other financial liabilities	28	61	117	–	–
Lease liabilities	29	320	447	–	–
		397	766	–	–
Current liabilities					
Provisions	27	148	97	–	–
Other financial liabilities	28	51	50	–	–
Contract liabilities	21	3,521	3,416	–	–
Lease liabilities	29	131	189	–	–
Trade and other payables	30	2,669	2,783	1,417	675
		6,520	6,535	1,417	675
Net current liabilities		3,255	1,975	918	427
Total Liabilities		6,917	7,301	1,417	675
EQUITY					
Equity attributable to owners of the parent					
Share capital	25	15,300	15,300	15,300	15,300
Other reserves	26	–	–	–	–
Accumulated losses		(8,528)	(4,475)	(5,311)	(3,727)
		6,772	10,825	9,989	11,573
Total Equity and Liabilities		13,689	18,126	11,406	12,248

The accompanying notes form an integral part of these financial statements

STATEMENTS OF CHANGES IN EQUITY

For The Financial Year Ended 31 December 2023

Group	Share capital $'000	Other reserves $'000	Accumulated losses $'000	Total equity $'000
2023				
Balance at 1 January 2023	15,300	–	(4,475)	10,825
Total comprehensive loss for the year	–	–	(4,053)	(4,053)
Balance at 31 December 2023	15,300	–	(8,528)	6,772
2022				
Balance at 1 January 2022	15,300	(61)	(346)	14,893
Total comprehensive loss for the year	–	–	(4,129)	(4,129)
Disposal of subsidiaries – discontinued operations	–	61	–	61
Balance at 31 December 2022	15,300	–	(4,475)	10,825

The accompanying notes form an integral part of these financial statements

Company	Share capital $'000	Accumulated losses $'000	Total equity $'000
2023			
Balance at 1 January 2023	15,300	(3,727)	11,573
Total comprehensive loss for the year	–	(1,584)	(1,584)
Balance at 31 December 2023	15,300	(5,311)	9,989
2022			
Balance at 1 January 2022	15,300	(3,620)	11,680
Total comprehensive loss for the year	–	(107)	(107)
Balance at 31 December 2022	15,300	(3,727)	11,573

The accompanying notes form an integral part of these financial statements

CONSOLIDATED STATEMENT OF CASH FLOWS

For The Financial Year Ended 31 December 2023

	Note	Group 2023 $'000	Group 2022 $'000
Cash Flows from Operating Activities:			
Loss before tax from continuing operations		(4,239)	(1,288)
Loss from discontinuing operations		–	(2,941)
Adjustments for:			
Impairment loss on goodwill	6B	1,790	–
Amortisation of intangible assets	7	910	455
Depreciation of property, plant and equipment	7	194	409
Depreciation of right-of-use assets	7	367	341
Interest income		–	(11)
Interest expense	9	38	93
Loss on disposal of property, plant and equipment	6B	118	–
Loss on disposal of discontinued operations	11	–	3,481
Allowance for impairment on other receivables	6B	51	30
Allowance for impairment on trade receivables	6B	165	–
Share of loss from equity-accounted associate	18	–	24
Share of loss from equity-accounted joint ventures	19	–	52
Operating cash flows before working capital changes		(606)	645
Changes in working capital:			
Trade and other receivables		203	(3,850)
Contract assets		77	120
Contract liabilities		105	36
Other assets		79	3,014
Provision		51	–
Inventories		10	(362)
Trade and other payables		(116)	3,074
Cash flows (used in)/ generated from operations		(197)	2,677
Tax paid		–	(230)
Net cash flows (used in)/ generated from operating activities		(197)	2,447
Cash Flows from Investing Activities			
Disposal of subsidiaries (net of cash disposed)	11	–	7,586
Acquisition of subsidiaries (net of cash acquired)	33	–	(9,885)
Interest received		–	11
Disposal of property, plant and equipment		118	–
Purchase of property, plant and equipment	13	(355)	(23)
Net cash flows used in investing activities		(237)	(2,311)
Cash Flows from Financing Activities			
Interest paid		(3)	(91)
Repayment of lease liabilities	24B	(215)	(934)
Loans and borrowings paid	24B	(58)	(405)
Net cash flows used in financing activities		(276)	(1,430)
Net decrease in cash and cash equivalents		(710)	(1,294)
Cash and cash equivalents at beginning of the year		2,402	3,696
Cash and cash equivalents at end of the year	24	1,692	2,402

The accompanying notes form an integral part of these financial statements

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

1. General

Sevens Atelier Limited (the "Company") is a limited liability company incorporated and domiciled in Singapore.

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

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

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

The registered office is 31 Joo Chiat Place Singapore 427755. The Company is situated in Singapore.

Acquisition and disposal of business

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

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

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

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

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

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

2. Material uncertainty related to going concern

The Group incurred a net loss of $4,053,000 for the year ended 31 December 2023. As at the end of the financial year, the Group's and Company's current liabilities exceeded their current assets by $3,255,000 and $918,000 respectively. These factors indicate material uncertainty about the Group's and Company's abilities to continue as going concerns. Management is however of the opinion that the use of going concern basis in the preparation of these financial statements is appropriate based on the following considerations:

- The Group has cash and cash equivalents amounting to $1,692,000 as at the reporting year ended 31 December 2023; and

- The Group expects contracts secured to-date and potential new contracts to be secured will generate sufficient cashflows to support its operating expenses in the next 12 months from the date of approval of these financial statements, taking into account the improvement of the construction industry in Singapore.

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

3. Material accounting policies

(a) Basis of Preparation

The financial statements have been drawn up in accordance with Singapore Financial Reporting Standards (International) ("SFRS(I)s"). The financial statements have been prepared on the historical cost basis except as disclosed in the accounting policies below.

The financial statements are presented in Singapore dollars ($), which is the Company's functional currency. All financial Information have been rounded to the nearest thousand ($'000), except when otherwise indicated.

The financial statements of the Company have been prepared on the basis that it will continue to operate as a going concern.

Application of new and revised SFRS(I)s and SFRS(I) INTs

On 1 January 2023, the Group and the Company adopted all the new or amended SFRS(I) and SFRS(I) Interpretations ("SFRS(I) INTs") that are mandatory for application for the financial year. Changes to the Group's and Company's accounting policies have been made as required, in accordance with the transitional provisions in the respective SFRS(I) and SFRS(I) INTs. The adoption of these new or amended SFRS(I) and SFRS(I) INTs did not result in substantial changes to the Group's and Company's accounting policies and had no material effect on the amounts reported for the current or prior financial years.

3. Material accounting policies (continued)

(a) Basis of Preparation (continued)

SFRS(I)s and SFRS(I) INTs issued but not yet effective

Below are the mandatory standards, amendments and interpretations to existing standards that have been published, and are relevant for the Group's accounting periods beginning after 1 January 2023 and which the Group has not early adopted:

Description	**Effective for annual periods beginning on or after**
Amendments to SFRS(I) 1-1: Presentation of Financial Statements: Classification of Liabilities as Current or Non-current	1 Jan 2024
Amendments to SFRS(I) 16: Leases: Lease Liability in a Sale and Leaseback	1 Jan 2024
Amendments to SFRS(I) 1-1: Presentation of Financial Statements: Non-current Liabilities with Covenants	1 Jan 2024
Amendments to SFRS(I) 1-7: Statement of Cash Flows and SFRS(I) 7: Financial Instruments: Disclosures: Supplier Finance Arrangements	1 Jan 2024
Amendments to SFRS(I) 1-21: The Effects of Changes in Foreign Exchange Rates: Lack of Exchangeability	1 Jan 2025
Amendments to SFRS (I) 10 Consolidated Financial Statements and SFRS(I) 1-28 Investments in Associates and Joint Ventures: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Date to be determined

The directors expect that the adoption of the standards above will have no material impact on the financial statements in the period of initial application.

(b) Group Accounting

Subsidiaries

(i) Consolidation

Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

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

Non-controlling interests comprise the portion of a subsidiary's net results of operations and its net assets, which is attributable to the interests that are not owned directly or indirectly by the equity holders of the Company. They are shown separately in the consolidated statement of comprehensive income, statement of changes in equity, and balance sheet. Total comprehensive income is attributed to the non-controlling interests based on their respective interests in a subsidiary, even if this results in the non-controlling interests having a deficit balance.

3. Material accounting policies (continued)

(b) Group Accounting (continued)

(ii) Acquisitions

The acquisition method of accounting is used to account for business combinations entered into by the Group.

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

Acquisition-related costs are expensed as incurred.

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

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

The excess of (a) the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the (b) fair value of the identifiable net assets acquired is recorded as goodwill.

(iii) Disposals

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

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

<u>Associates and joint ventures</u>

Associates are entities over which the Group has significant influence, but not control, generally accompanied by a shareholding giving rise to voting rights of 20% and above.

Joint ventures are entities over which the Group has joint control as a result of contractual arrangements, and rights to the net assets of the entities.

Investments in associates and joint ventures are accounted for in the consolidated financial statements using the equity method of accounting less impairment losses, if any.

3. Material accounting policies (continued)

(b) Group Accounting (continued)

(i) Acquisition

Investments in associates and joint ventures are initially recognised at cost. The cost of an acquisition is measured at the fair value of the assets given, equity instruments issued or liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition. Goodwill on associates and joint ventures represents the excess of the cost of acquisition of the associates or joint ventures over the Group's share of the fair value of the identifiable net assets of the associates or joint ventures and is included in the carrying amount of the investments.

(ii) Equity method of accounting

Under the equity method of accounting, the investments are initially recognised at cost and adjusted thereafter to recognise Group's share of its associates' or joint ventures' post-acquisition profits or losses of the investee in profit or loss and its share of movements in other comprehensive income of the investee's other comprehensive income. Dividends received or receivable from the associates or joint ventures are recognised as a reduction of the carrying amount of the investments. When the Group's share of losses in an associates or joint venture equals to or exceeds its interest in the associates or joint venture, the Group does not recognise further losses, unless it has legal or constructive obligations to make, or has made, payments on behalf of the associates or joint venture. If the associates or joint venture subsequently reports profits, the Group resumes recognising its share of those profits only after its share of the profits equals the share of losses not recognised. Interest in an associates or joint venture includes any long-term loans for which settlement is never planned nor likely to occur in the foreseeable future.

Unrealised gains on transactions between the Group and its associates or joint ventures are eliminated to the extent of the Group's interest in the associates or joint ventures. Unrealised losses are also eliminated unless the transactions provide evidence of impairment of the assets transferred. The accounting policies of associates or joint ventures are changed where necessary to ensure consistency with the accounting policies adopted by the Group.

(iii) Disposals

Investments in associates or joint ventures are derecognised when the Group loses significant influence or joint control. If the retained equity interest in the former associates or joint venture is a financial asset, the retained equity interest is measured at fair value. The difference between the carrying amount of the retained interest at the date when significant influence or joint control is lost, and its fair value and any proceeds on partial disposal, is recognised in profit or loss.

Investments in subsidiaries, associates, and joint ventures

Investments in subsidiaries, associates and joint ventures are carried at cost less accumulated impairment losses in the Company's balance sheet. On disposal of such investments, the difference between disposal proceeds and the carrying amounts of the investments are recognised in profit or loss.

(c) Revenue Recognition

Revenue is measured based on the consideration to which the Group expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties.

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

3. Material accounting policies (continued)

(c) Revenue Recognition (continued)

Construction and renovation contracts

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

The customer is invoiced on a milestone payment schedule. If the value of the construction contract services transferred by the Group exceed the payments, a contract asset is recognised. If the payments exceed the value of the construction contract services transferred, a contract liability is recognised.

(d) Employee benefits

(i) Defined contribution plans

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

(ii) Short-term employee benefits

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

(e) Borrowing costs

All borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognised in profit or loss in the period in which they are incurred.

(f) Income tax

Current income tax for current and prior periods is recognised at the amount expected to be paid to or recovered from the tax authorities, using the tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation and considers whether it is probable that a tax authority will accept an uncertain tax treatment. The Group measures its tax balances either based on the most likely amount or the expected value, depending on which method provides a better prediction of the resolution of the uncertainty.

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 nor 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.

3. Material accounting policies (continued)

(f) Income tax (continued)

A deferred income tax asset is recognised to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences and tax losses can be utilised.

Deferred income tax is measured:

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

(ii) based on the tax consequence that will follow from the manner in which the Group expects, at the balance sheet date, to recover or settle the carrying amounts of its assets and liabilities except for investment properties. Investment property measured at fair value is presumed to be recovered entirely through sale.

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

The Group accounts for investment tax credits similar to accounting for other tax credits where a deferred tax asset is recognised for unused tax credits to the extent that it is probable that future taxable profit will be available against which the unused tax credits can be utilised.

Goods and Services Tax ("GST")

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

- where the GST incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and

- receivables and payables that are stated with the amount of GST included.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position.

(g) Property, plant and equipment

All items of property, plant and equipment are initially recorded at cost. Subsequent to recognition, property, plant and equipment are measured at cost less any accumulated depreciation and any accumulated impairment losses, if any. The cost of property, plant and equipment includes its purchase price and any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the matter intended by management. 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 property, plant and equipment.

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

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

3. Material accounting policies (continued)

(g) Property, plant and equipment (continued)

Assets under construction included in property, plant and equipment are not depreciated as these are not yet available for use.

The residual value, useful lives and depreciation method are reviewed at least at the end of each financial period, and adjusted prospectively, if appropriate.

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

(h) Leases

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

(i) As lessee

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

Right-of-use assets

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

If ownership of the leased asset transfers to the Group at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset. The right-of-use assets are also subject to impairment.

Lease liabilities

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

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

3. Material accounting policies (continued)

(h) Leases (continued)

(i) As lessee (continued)

Short-term leases and leases of low-value assets

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

(ii) As lessor

Leases in which the Group does not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. Rental income arising from operating leases on the Group's investment properties is accounted for on a straight-line basis over the lease terms. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

(i) Goodwill

Goodwill on acquisitions of subsidiaries and businesses, represents the excess of (i) the sum of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over (ii) the fair value of the identifiable net assets acquired. Goodwill on subsidiaries is recognised separately as intangible assets and carried at cost less accumulated impairment losses.

Goodwill on acquisitions of joint ventures and associates represents the excess of the cost of the acquisition over the Group's share of the fair value of the identifiable net assets acquired. Goodwill on associates and joint ventures is included in the carrying amount of the investments.

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

(j) Intangible assets

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

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

Order backlog – 2 years

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

3. Material accounting policies (continued)

(k) Fair value measurement

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

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

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

(l) Impairment of non-financial assets

(i) Goodwill

Goodwill recognised separately as an intangible asset is tested for impairment annually and whenever there is indication that the goodwill may be impaired.

For the purpose of impairment testing of goodwill, goodwill is allocated to each of the Group's cash-generating-units ("CGU") expected to benefit from synergies arising from the business combination.

An impairment loss is recognised when the carrying amount of a CGU, including the goodwill, exceeds the recoverable amount of the CGU. The recoverable amount of a CGU is the higher of the CGU's fair value less cost to sell and value-in-use.

The total impairment loss of a CGU is allocated first to reduce the carrying amount of goodwill allocated to the CGU and then to the other assets of the CGU pro-rata on the basis of the carrying amount of each asset in the CGU.

An impairment loss on goodwill is recognised as an expense and is not reversed in a subsequent period.

(ii) Intangible assets, property, plant and equipment, right-of-use assets, investments in subsidiaries, associates and joint ventures

Intangible assets, property, plant and equipment, right-of-use assets and investments in subsidiaries, associates and joint ventures are tested for impairment whenever there is any objective evidence or indication that these assets may be impaired.

3. Material accounting policies (continued)

(l) Impairment of non-financial assets (continued)

(ii) Intangible assets, property, plant and equipment, right-of-use assets, investments in subsidiaries, associates and joint ventures (continued)

For the purpose of impairment testing, the recoverable amount (i.e. the higher of the fair value less cost to sell and the value-in-use) is determined on an individual asset basis unless the asset does not generate cash inflows that are largely independent of those from other assets. If this is the case, the recoverable amount is determined for the CGU to which the asset belongs.

If the recoverable amount of the asset (or CGU) is estimated to be less than its carrying amount, the carrying amount of the asset (or CGU) is reduced to its recoverable amount.

The difference between the carrying amount and recoverable amount is recognised as an impairment loss in profit or loss, unless the asset is carried at revalued amount, in which case, such impairment loss is treated as a revaluation decrease. Please refer to the paragraph “Property, plant and equipment” for the treatment of a revaluation decrease.

For an asset other than goodwill, management assesses at the end of the reporting period whether there is any indication that an impairment recognised in prior periods may no longer exist or may have decreased. If any such indication exists, the recoverable amount of that asset is estimated and may result in a reversal of impairment loss. The carrying amount of this asset is increased to its revised recoverable amount, provided that this amount does not exceed the carrying amount that would have been determined (net of any accumulated amortisation or depreciation) had no impairment loss been recognised for the asset in prior years.

A reversal of impairment loss for an asset other than goodwill is recognised in profit or loss, unless the asset is carried at revalued amount, in which case, such reversal is treated as a revaluation increase. However, to the extent that an impairment loss on the same revalued asset was previously recognised as an expense, a reversal of that impairment is also recognised in profit or loss.

(m) Inventories

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

When necessary, allowance is provided for damaged, obsolete and slow moving items to adjust the carrying value of inventories to the lower of cost and net realisable value.

(n) Financial Assets

Initial recognition and measurement

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

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

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

3. Material accounting policies (continued)

(n) Financial Assets (continued)

Subsequent measurement

Debt instruments

Subsequent measurement of debt instruments depends on the Group's business model for managing the asset and the contractual cash flow characteristics of the asset. The three measurement categories for classification of debt instruments are amortised cost, fair value through other comprehensive income (FVOCI) and FVPL.

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

Derecognition

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

Impairment

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

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

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

The Group considers a financial asset in default when contractual payments are 60 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

(o) Financial liabilities

Initial recognition and measurement

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

All financial liabilities are recognised initially at fair value plus in the case of financial liabilities not at FVPL, net of directly attributable transaction costs.

3. Material accounting policies (continued)

(o) Financial liabilities (continued)

Subsequent measurement

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

Derecognition

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

(p) Provisions

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

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

Onerous contracts

Present obligations arising under onerous contracts are recognised and measured as provisions. An onerous contract is considered to exist where the Group has a contract under which the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received under it.

(q) Segment reporting

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

(r) Cash and cash equivalents

Cash and cash equivalents comprise cash at banks which are subject to an insignificant risk of changes in value.

(s) Share capital

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

(t) Government grants

Government grants are recognised as a receivable when there is reasonable assurance that the grant will be received and all attached conditions will be complied with.

When the grant relates to an expense item, it is recognised as income on a systematic basis over the periods that the related costs, for which it is intended to compensate, are expensed. When the grant relates to an asset, the fair value is recognised as deferred income on the statement of financial position and is recognised as income in equal amounts over the expected useful life of the related asset.

3. Material accounting policies (continued)

(t) Government grants (continued)

When loans or similar assistance are provided by the governments or related institutions with an interest rate below the current applicable market rate, the effect of this favourable interest is regards as additional government grant.

(u) Currency translation

(i) Functional and presentation currency

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 Dollars ("SGD" or "$"), which is the functional currency of the Company.

(ii) 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 dates of the transactions. Currency exchange differences resulting 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 balance sheet date are recognised in profit or loss. Monetary items include primarily financial assets (other than equity investments), contract assets and financial liabilities. However, in the consolidated financial statements, currency translation differences arising from borrowings in foreign currencies and other currency instruments designated and qualifying as net investment hedges and net investment in foreign operations, are recognised in other comprehensive income and accumulated in the currency translation reserve.

When a foreign operation is disposed of or any loan forming part of the net investment of the foreign operation is repaid, a proportionate share of the accumulated currency translation differences is reclassified to profit or loss, as part of the gain or loss on disposal.

Foreign exchange gains and losses impacting profit or loss are presented in the income statement.

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.

(iii) Translation of Group entities' financial statements

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

(i) assets and liabilities are translated at the closing exchange rates at the reporting date;

(ii) income and expenses are translated at average exchange rates (unless the average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated using the exchange rates at the dates of the transactions); and

(iii) all resulting currency translation differences are recognised in other comprehensive income and accumulated in the currency translation reserve. These currency translation differences are reclassified to profit or loss on disposal or partial disposal with loss of control of the foreign operation.

4. Critical Accounting Judgments and Key Sources of Estimation Uncertainty

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

(a) Impairment of investments in subsidiaries

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

(b) Assessment of impairment of goodwill

The amount of goodwill is tested annually for impairment. This annual impairment test is significant and the process is complex and highly judgmental and is based on assumptions that are affected by expected future market or economic conditions. As a result, judgement is required in evaluating the assumptions and methodologies used by management, in particular those relating to the forecasted revenue growth and profit margins. The disclosures about goodwill are included in Note 15. Actual outcomes could vary from these estimates.

(c) Accounting for business combination

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

(d) Revenue recognised over time

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

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

4 Critical Accounting Judgments and Key Sources of Estimation Uncertainty (continued)

(d) Revenue recognised over time: (continued)

Contract modifications:

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

(e) Allowance for trade and other receivables

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

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

Trade and other receivables amounted to $1,336,000. As at end of the reporting year, the allowance for impairment loss made in respect of these balances amounted to $483,000. Included in the above is an amount of $318,000 where management is of the view that impairment is required for other receivable due from an entity that is controlled by an ex-shareholder. Whether any impairment is required involves significant judgement. Management analyses the future profitability, the financial health of and near-term business outlook of the third parties and related parties in assessing the recoverability of these receivables. It is reasonably possible, based on existing knowledge, that outcomes within the next reporting year that are different from assumptions could require a material adjustment to the carrying amount of the assets affected.

5. Revenue

a) Revenue from contract with customers:

	Group	
	2023	**2022**
	$'000	**$'000**
Recognised over time		
Revenue from construction contracts	10,605	5,197
Revenue from renovation contracts	3,725	1,595
	14,330	6,792

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

5. Revenue (continued)

b) Revenue classified by duration of contract:

	Group 2023 $'000	Group 2022 $'000
Long-term contracts - over 12 months	10,605	5,197
Short-term contracts - less than 12 months	3,725	1,595
	14,330	6,792

6A. Other income and gains

	Group 2023 $'000	Group 2022 $'000
Rental income	75	51
Sundry income	14	50
	89	101

6B. Other losses

	Group 2023 $'000	Group 2022 $'000
Impairment of goodwill (Note 15)	(1,790)	–
Other losses	(62)	–
Allowance for impairment on other receivables (Note 23)	(51)	(30)
Allowance for impairment on trade receivables (Note 23)	(165)	–
Loss on disposal of property, plant and equipment	(118)	–
	(2,186)	(30)

7. Administrative expenses

The major components include the following:

	Group 2023 $'000	Group 2022 $'000
Employee benefits expense (Note 8)	1,591	858
Amortisation of intangible assets (Note 16)	910	455
Depreciation of property, plant and equipment (Note 13)	194	409
Depreciation of right-of-use assets (Note 14)	367	341
Audit fees paid to auditor	108	204
Non-audit fees paid to auditor	–	13
Support service expenses [a]	390	151
Referral fees expenses	6	30

[a] Transaction with entities that are controlled by ex-shareholder of acquired subsidiaries.

8. Employee benefits expense

	Group 2023 $'000	Group 2022 $'000
Employee benefits expense	1,376	663
Contributions to defined contribution plan	212	157
Other benefits	3	38
	1,591	858

The employee benefits expense is charged under administrative expenses.

9. Finance costs

	Group 2023 $'000	Group 2022 $'000
Interest expense on bank loans	3	2
Interest on lease liabilities (Note 29(a))	30	18
Provisions - discount unwinding (Note 27)	5	3
	38	23

10. Income tax credit

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

	Group 2023 $'000	Group 2022 $'000
Current income tax	–	1
Deferred tax credit	(186)	(101)
	(186)	(100)

The reconciliation of the income tax credit and the product of accounting loss multiplied by the Singapore statutory income tax rate is as follows:

	Group 2023 $'000	Group 2022 $'000
Loss before tax	(4,239)	(1,288)
Tax at the statutory tax rate of 17% (2022: 17%)	(721)	(219)
Expenses not deductible for tax purpose	658	105
Income not subject to tax	(223)	(77)
Deferred tax assets not recognised	92	92
Other minor items	8	(1)
	(186)	(100)

10. Income tax credit (continued)

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

	Group	
	2023	2022
	$'000	$'000
Amortisation of intangible assets - order backlog and fair value adjustments arising from acquisition of subsidiaries	(186)	(101)
Total deferred tax income recognised in profit or loss	(186)	(101)

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

	Group	
	2023	2022
	$'000	$'000
Deferred tax liabilities:		
Excess of net book value of plant and equipment over tax values	(119)	(113)
Intangible assets - order backlog and fair value adjustments arising from acquisition of subsidiaries	–	(202)
Total deferred tax liabilities	(119)	(315)
Deferred tax assets:		
Tax loss carry forwards	1,259	188
Provisions	28	17
Deferred tax assets not recognised	(1,259)	(92)
Others	75	–
Total deferred tax assets	103	113
Deferred tax liabilities, net	(16)	(202)

Deferred income tax assets are recognised for tax losses and capital allowances carried forward to the extent that realisation of the related tax benefits through future taxable profits is probable. The Group has unrecognised tax losses of $7,406,000 (2022: $6,827,000) and capital allowances of $390,000 (2022: $429,000) at the reporting date which can be carried forward and used to offset against future taxable income subject to meeting certain statutory requirements. The tax losses and capital allowances have no expiry date.

10. Income tax credit (continued)

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

Deferred income tax liabilities

	Accelerated tax depreciation $'000	Intangible assets $'000	Total $'000
2023			
At 1 January 2023	(113)	(202)	(315)
Credited/(charged) to profit or loss	(6)	202	196
End of financial year	(119)	–	(119)
2022			
At 1 January 2022	–	–	–
Credited/(charged) to profit or loss	(113)	101	(12)
Acquisition of subsidiaries	–	(303)	(303)
End of financial year	(113)	(202)	(315)

Deferred income tax assets

	Provisions $'000	Tax losses $'000	Deferred tax assets not recognised $'000	Others $'000	Total $'000
2023					
At 31 December 2022	17	188	(92)	–	113
Credited/(charged) to profit or loss	11	1,071	(1,167)	75	(10)
End of financial year	28	1,259	(1,259)	75	103

2022	Provisions $'000	Tax losses $'000	Deferred tax assets not recognised $'000	Property, plant and equipment $'000	$'000
Beginning of financial year	600	1,327	(1,958)	31	–
Credited/(charged) to profit or loss	(583)	(1,139)	1,866	(31)	113
End of financial year	17	188	(92)	–	113

11. Discontinued operations

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

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

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

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

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

	Period ended 14 June 2022 $'000
Revenue	5,462
Cost of sales	(3,490)
Gross profit	1,972
Interest income	11
Other income and gains	797
Marketing and distribution costs	(506)
Administrative expenses	(1,588)
Finance costs	(70)
Share of (loss) profit from equity-accounted associate (Note 18)	(24)
Share of loss from equity-accounted joint ventures (Note 19)	(52)
Profit before tax before disposal loss	540
Income tax expense	–
Profit after tax before disposal loss	540
Loss on disposal	(3,481)
Total (loss) profit on discontinued operations, net of tax	(2,941)

No tax charge or credit arose from the transaction.

11. Discontinued operations (continued)

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

	At date of disposal in 2022 $'000
Property, plant and equipment	9,689
Right-of-use-assets	388
Investments in associate (Note 18)	182
Investments in joint ventures (Note 19)	10
Other assets	241
Asset held for sale	30
Inventories	1,282
Trade and other receivables	12,674
Income tax receivables	97
Contract assets (Note 21)	1,058
Cash and cash equivalents	4,414
Total assets	30,065
Liabilities associated with asset held for sale	(18)
Other financial liabilities	(4,443)
Lease liabilities	(405)
Trade and other payables	(9,779)
Total liabilities	(14,645)
Net assets disposed	15,420
Others	61
Loss on disposal	(3,481)
Total consideration	12,000
Satisfied by:	
Cash proceeds	12,000
Net cash inflow on disposal:	
Cash consideration	12,000
Cash balance disposed of	(4,414)
Net cash inflow	7,586

12. Loss per share

Basic loss per share

Basic loss per share is calculated by dividing the net loss attributable to equity holders of the Company by the weighted average number of ordinary shares outstanding during the financial year.

	2023	2022
Net loss attributable to equity holders of the Company ($'000)	(4,053)	(1,188)
Weighted average number of ordinary shares outstanding ('000)	214,202	214,202
Basic loss per share (cents per share)	(1.89)	(0.55)

There is no difference between the basic and diluted loss per share.

13. Property, plant and equipment

Group	Construction in-progress $'000	Leasehold land and properties $'000	Plant and equipment $'000	Renovation $'000	Total $'000
Cost					
At 1 January 2022	16	10,090	2,472	–	12,578
Additions	–	–	23	–	23
Disposals	–	–	(55)	–	(55)
Disposal - discontinued operations (Note 11)	(15)	(10,089)	(2,437)	–	(12,541)
Arising from acquisition of subsidiaries (Note 33)	–	–	264	813	1,077
Foreign exchange adjustments	(1)	(1)	2	–	–
At 31 December 2022	–	–	269	813	1,082
Additions	351	–	4	–	355
Disposals	–	–	(1)	(360)	(361)
At 31 December 2023	351	–	272	453	1,076
Accumulated depreciation And impairment loss					
At 1 January 2022	–	1,417	1,129	–	2,546
Depreciation for the year	–	188	153	68	409
Disposals	–	–	(1)	–	(1)
Disposal - discontinued operations (Note 11)	–	(1,605)	(1,247)	–	(2,852)
Arising from acquisition of subsidiaries (Note 33)	–	–	74	113	187
Foreign exchange adjustments	–	–	2	–	2
At 31 December 2022	–	–	110	181	291
Depreciation for the year	–	–	74	120	194
Disposals	–	–	–	(125)	(125)
At 31 December 2023	–	–	184	176	360
Net carrying amount					
At 31 December 2022	–	–	159	632	791
At 31 December 2023	351	–	88	277	716

Allocation of the depreciation expense are as follows:

	Group 2023 $'000	Group 2022 $'000
Continuing operations:		
Administrative expenses	194	104
Discontinued operations:		
Administrative expenses	–	305
	194	409

13. Property, plant and equipment (continued)

Company	Leasehold properties $'000	Plant and equipment $'000	Total $'000
Cost			
At 1 January 2022	3,720	1,136	4,856
Disposal – discontinued operations	(3,720)	(1,136)	(4,856)
At 31 December 2022	–	–	–
Additions	–	3	3
At 31 December 2023	–	3	3
Accumulated depreciation			
At 1 January 2022	348	653	1,001
Depreciation for the year	27	54	81
Disposal – discontinued operations	(375)	(707)	(1,082)
At 31 December 2022	–	–	–
Depreciation for the year	–	1	1
At 31 December 2023	–	1	1
Net carrying amount			
At 31 December 2022	–	–	–
At 31 December 2023	–	2	2

14. Right-of-use assets

The Group has lease contracts for office space and office equipment. These leases are for the purpose of back-end operation of the Group. The Group's obligations under these leases are secured by the lessor's title to the leased assets.

Group	Factory and warehouse space $'000	Office space $'000	Office equipment $'000	Motor vehicle $'000	Total $'000
Cost					
At 1 January 2022	982	221	–	48	1,251
Disposal - discontinued operations (Note 11)	(982)	(221)	–	(48)	(1,251)
Arising from acquisition of subsidiaries (Note 33)	–	1,245	11	–	1,256
At 31 December 2022	–	1,245	11	–	1,256
Write-off	–	(42)	–	–	(42)
At 31 December 2023	–	1,203	11	–	1,214

14. Right-of-use assets (continued)

	Factory and warehouse space $'000	Office space $'000	Office equipment $'000	Motor vehicle $'000	Total $'000
Accumulated depreciation					
At 1 January 2022	507	159	–	46	712
Depreciation for the year	129	208	2	2	341
Disposal - discontinued operations (Note 11)	(636)	(179)	–	(48)	(863)
Arising from acquisition of subsidiaries (Note 33)	–	181	3	–	184
At 31 December 2022	–	369	5	–	374
Depreciation for the year	–	364	3	–	367
Write-off	–	(42)	–	–	(42)
At 31 December 2023	–	691	8	–	699
Net carrying amount					
At 31 December 2022	–	876	6	–	882
At 31 December 2023	–	512	3	–	515

Allocation of the depreciation expense are as follows:

	Group 2023 $'000	Group 2022 $'000
Continuing operations:		
Administrative expenses	367	190
Discontinued operations:		
Administrative expenses	–	151
	367	341

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

15. Goodwill

	Group 2023 $'000	Group 2022 $'000
Cost		
At beginning of the year	10,983	–
Arising from acquisition of subsidiaries (Note 33)	–	10,983
Impairment (Note 6B)	(1,790)	–
At end of the year	9,193	10,983

15. Goodwill (continued)

Impairment tests for goodwill

Goodwill is allocated to the Group's cash-generating units ("CGUs") identified according to business segments.

A segment-level summary of the goodwill allocation is as follows:

Segments

	2023 $'000	**2022** $'000
Building construction and design	9,193	–
Renovation and interior design	–	–
Unallocated	–	10,983
	9,193	10,983

For the financial year ended 31 December 2023, the recoverable amount of the CGUs was based on fair value less costs of disposal ("FVLCD"), which was higher than the value-in-use ("VIU"), estimated using revenue multiple comparable method. The fair value measurement was categorised as a Level 3 fair value based on the inputs in the valuation technique used. The recoverable amount of the CGU amounted to $10,423,000 (2022: $18,476,000).

The key assumptions used in the estimation of the recoverable amount are set out below.

	Group 2023
Valuation technique and unobservable inputs	
Revenue multiple comparable method:	
Average of 3 years growth rates for maintainable revenue based on current industry trends	24%
EV/ Revenue multiple*	0.78x
Cost of disposal based on industry benchmarks	3%

*Net enterprise value ("EV") divided by revenue (median) of publicly-traded comparable companies

An impairment charge of $1,790,000 (2022: $NIL) is included within "Other losses" (Note 6B). The impairment charge arose from building construction and design CGU.

For the financial year ended 31 December 2022, the recoverable amount of the CGU was determined based on value-in-use ("VIU") which was measured by management. The VIU is a recurring fair value measurement (Level 3). No impairment allowance was required during the financial year ended 31 December 2022 because the carrying amounts of CGU was lower than their estimated recoverable amounts.

15. Goodwill (continued)

The quantitative information about the VIU measurement using significant unobservable inputs for the CGUs are consistent with those used for the measurement last performed. The key assumptions for the VIU calculations are as follows:

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

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

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

16. Intangible assets

Group	Order backiog $'000
Cost	
At 1 January 2022	–
Arising from acquisition of subsidiaries (Note 33)	1,365
At 31 December 2022 and 2023	1,365
Accumulated depreciation	
At 1 January 2022	–
Amortisation for the year	455
At 31 December 2022	455
Amortisation for the year	910
At 31 December 2023	1,365
Net carrying amount	
At 31 December 2022	910
At 31 December 2023	–

The amortisation is included in administrative expenses.

17. Investments in subsidiaries

	Company 2023 $'000	Company 2022 $'000
Movement during the year, at cost:		
At beginning of the year	12,000	3,236
Disposal of subsidiaries – discontinued operations (Note 11)	–	(3,236)
Arising from acquisition of subsidiaries (Note 33)	–	12,000
	12,000	12,000
Allowance for impairment	(1,095)	–
At end of the year	`10,905	12,000
Movement in allowance for impairment:		
At beginning of the year	–	3,151
Disposal of subsidiaries – discontinued operations (Note 11)	–	(3,151)
Allowance for impairment	1,095	–
At end of the year	1,095	–

The subsidiaries are wholly owned by the Group.

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

Name of subsidiaries	**Country of incorporation**	**Principal activities**	**Proportion (%) of ownership interest 2023 $'000**	**Proportion (%) of ownership interest 2022 $'000**
Sevens Creation Pte. Ltd. (1) (2)	Singapore	Management service	100	100
Held by Sevens Creation Pte Ltd				
Seven Build Pte. Ltd. (1) (2)	Singapore	Building construction and interior design service	100	100
Seven Design Pte. Ltd. (1) (2)	Singapore	Renovation and interior design service	100	100
Seven Meta Pte. Ltd. (3)	Singapore	Interior design service and development of software and application	100	100

(1) Acquired during in 2022 (Note 33).

(2) Audited by RSM Chio Lim LLP for FY2022 and PKF-CAP LLP for FY2023.

(3) Not audited, as it is immaterial. The unaudited management financial statements as at 31 December 2023 have been used for consolidation purposes.

18. Investments in associate

	Group	
	2023	2022
	$'000	$'000
Movement in carrying value:		
At beginning of the year	–	206
Share of loss for the year (Note 11)	–	(24)
Disposal of subsidiaries – discontinued operations (Note 11)	–	(182)
At end of the year	–	–

19. Investments in joint ventures

	Group	
	2023	2022
	$'000	$'000
Movement in carrying value:		
At beginning of the year	–	62
Share of loss for the year (Note 11)	–	(52)
Disposal of subsidiaries – discontinued operations (Note 11)	–	(10)
At end of the year	–	–

20. Other assets

	Group		Company	
	2023	2022	2023	2022
	$'000	$'000	$'000	$'000
Current:				
Prepayments	20	44	–	3
Deposits to secure services	54	109	–	–
	74	153	–	3

21. Contract assets and contract liabilities

	Group	
	2023	2022
	$'000	$'000
Contract assets	163	240
Contract liabilities	(3,521)	(3,416)
At the end of the year	(3,358)	(3,176)

21. Contract assets and contract liabilities (continued)

The contract assets are for the entity's rights to consideration for work completed but not billed at the reporting date on the contracts. The contract assets are transferred to the receivables when the rights become unconditional.

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

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

	Group	
	2023	**2022**
	$'000	**$'000**
At beginning of the year	(3,176)	1,173
Consideration received or receivable	(14,482)	(10,113)
Transfer upon disposal - discontinued operations (Note 11)	–	(1,058)
Performance obligation satisfied - revenue recognised	14,330	6,792
Fair value adjustment arising from acquisition of subsidiaries (Note 33)	–	45
Amortisation of fair value adjustment	(30)	(15)
At the end of the year	(3,358)	(3,176)

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

Set out below is the amount of revenue recognised from:

	2023	**2022**
	$'000	**$'000**
Amounts included in contract liabilities at the beginning of the year	3,416	275

Unsatisfied Performance Obligation

Management expects that the transaction price allocated to remaining unsatisfied performance obligation as at 31 December 2023 and 2022 may be recognised as revenue in the next reporting periods as follows:

	2023	**2024**	**2025**	**2026**	**Total**
	$'000	**$'000**	**$'000**	**$'000**	**$'000**
Unsatisfied and partially unsatisfied					
performance obligations as at:					
31 December 2022	11,863	6,365	–	–	18,228
31 December 2023	–	8,674	3,085	1,286	13,045

22. Inventories

	Group		Company	
	2023	2022	2023	2022
	$'000	$'000	$'000	$'000
Finished goods and goods for resale	–	10	–	–
Inventories are stated after allowance				
Movements in allowance:				
At beginning of the year	–	450	–	–
Transfer upon disposal – discontinued operations (Note 11)	–	(450)	–	–
At end of the year	–	–	–	–

23. Trade and other receivables

	Group		Company	
	2023	2022	2023	2022
	$'000	$'000	$'000	$'000
Trade receivables:				
Outside parties	1,497	1,342	–	–
Less allowance for impairment	(165)	–	–	–
Shareholders	–	268	–	–
	1,332	1,610	–	–
Other receivables:				
Subsidiaries	–	–	472	–
Outside parties [a]	322	475	–	153
Less allowance for impairment	(318)	(330)	–	(30)
	4	145	472	123
Total trade and other receivables	1,336	1,755	472	123

[a] Included In the above are other receivable of $200,000 (2022 $300,000) due from an entity that is controlled by an ex-shareholder of the acquired subsidiaries. As at end of the financial year, allowance for impairment loss of the other receivable amounted to $200,000 (2022: $300,000).

	Group		Company	
	2023	2022	2023	2022
	$'000	$'000	$'000	$'000
Movements in trade receivable allowance:				
At beginning of year	–	–	–	–
Provision for expected credit loss	165	–	–	–
At the end of year	165	–	–	–

23. Trade and other receivables (continued)

	Group		Company	
	2023	2022	2023	2022
	$'000	$'000	$'000	$'000
Movements in other receivables allowance:				
At beginning of year	330	802	30	4,337
Transfer upon disposal – discontinued operations (Note 11)	–	(802)	–	(4,337)
Arising from acquisition of subsidiaries (Note 33)	–	300	–	–
Provision for expected credit loss	51	30	(30)	30
Utilisation	(63)	–	–	–
At end of the year	318	330	–	30

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

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

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

The expected credit losses ("ECL") on the trade receivables are based on the simplified approach to measuring ECL which uses a lifetime ECL allowance approach for all trade receivables recognised from initial recognition of these assets. The reporting entity has only a few customers and which can be credit risk graded individually and these are recorded at inception net of expected lifetime ECL.

For the few customers with large balances the credit risk is graded individually. For these large balances, at the end of the reporting year a loss allowance is recognised if there has been a significant increase in credit risk since initial recognition. At every reporting date the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

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

- 72% (2022: 62%) of the Group's trade receivables were due from three (2022: three) major customers.

As part of the process of setting customer credit limits, different credit terms are used. The average credit period generally granted to trade receivable customers is about 7 to 30 days (2022: 7 to 30 days), but some customers take a longer period to settle the amounts.

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

31 December 2023	Current	1 to 30 days	31 to 60 days	61 to 90 days	91 to 120 days	Over 120 days	Total
	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Gross carrying amount - Trade receivables	648	484	67	6	–	292	1,497
Gross carrying amount - Other receivables	–	–	–	–	–	322	322
Loss allowance	–	–	–	–	–	(483)	(483)
31 December 2022							
Gross carrying amount - Trade receivables	420	120	–	–	997	73	1,610
Gross carrying amount - Other receivables	–	–	–	–	–	475	475
Loss allowance	–	–	–	–	–	(330)	(330)

23. Trade and other receivables (continued)

	Trade receivables		Other Receivables	
	2023	2022	2023	2022
	$'000	$'000	$'000	$'000
Opening loss allowance at the beginning of the year	–	–	330	–
Increase in trade receivables loss allowance in P & L during the year	165	–	–	–
Increase in other receivables loss allowance in P & L during the year	–	–	118	30
Increase in other receivables loss allowance arising from acquisition of subsidiaries	–	–	–	300
Other receivables written off	–	–	(130)	–
Closing loss allowance at the end of year	165	–	318	330

Other receivables:

The other receivables shown above are subject to the expected credit loss ("ECL") allowance assessment under the financial reporting standard on financial instruments. The other receivables can be graded for credit risk individually. At inception they are recorded net of any expected 12-month ECL. At the end of the reporting year a loss allowance is recognised if there has been a significant increase in credit risk since initial recognition. For any significant increase or decrease In credit risk an adjustment is made to the loss allowance. The credit risk grade assessed is based on predictive nature of the risk of loss (such as the use of internal and external ratings, audited financial statements, management accounts and cash flow projections and available published information about debtors that is available without undue cost or effort) and applying experienced credit judgement. A loss allowance balance of $318,000 (2022: $330,000) is recognised.

24. Cash and cash equivalents

	Group		Company	
	2023	**2022**	**2023**	**2022**
	$'000	**$'000**	**$'000**	**$'000**
Cash at banks	1,692	2,402	27	122

The interest earning balances are not significant.

			Non-cash changes	
	1 January 2023	**Principal and interest payments**	**Interest expense**	**31 December 2023**
	$'000	**$'000**	**$'000**	**$'000**
Other financial liabilities	167	(58)	3	112
Leases liabilities	636	(215)	30	451

24. Cash and cash equivalents (continued)

Reconciliation of liabilities arising from financing activities: (continued)

	1 January 2022 $'000	Principal and interest payments $'000	Non-cash changes $'000	31 December 2022 $'000
Other financial liabilities	5,358	(405)	(4,786)[a]	167
Leases liabilities	739	(934)	831	636

[a] Transfer upon disposal of subsidiaries.

25. Share capital

	Group and Company			
	2023		2022	
	Number of ordinary shares	$'000	Number of ordinary shares	$'000
Ordinary shares issued and fully paid				
Balance at the beginning and end of the year	214,202	15,300	214,202	15,300

All issued ordinary shares are fully paid. There is no par value for these ordinary shares.

Fully paid ordinary shares carry one vote per share and carry a right to dividends as and when declared by the Company.

26A. Foreign currency translation reserves

	Group	
	2023 $'000	2022 $'000
At beginning of the year	–	(277)
Transfer upon disposal - discontinued operations (Note 11)	–	277
At end of the year	–	–

The currency translation reserve accumulates all foreign exchange differences on translating foreign operations.

26B. Statutory reserves

	Group	
	2023 $'000	2022 $'000
At beginning of the year	–	216
Transfer upon disposal - discontinued operations (Note 11)	–	(216)
At end of the year	–	–

A subsidiary incorporated in People's Republic of China ("PRC") is required by the relevant Chinese regulations and the Articles of Association to appropriate, where applicable, certain percentage of profit after taxation (after offsetting all recognised tax losses carried forward from previous financial years) arrived at In accordance with the Company Law of PRC and Company's Articles of Association each year to statutory reserves. The appropriation to statutory reserves must be made before distribution of dividends to shareholders. Subject to certain restrictions, part of the reserve may be converted to increase share capital or be used to make up losses. These statutory reserves are not distributable in the form of cash dividends.

27. Provisions

	Group 2023 $'000	Group 2022 $'000
Provision for onerous contracts (Note 27A)	46	–
Provision for dismantling and removing (Note 27B)	102	97
	148	97

27A. Provision for onerous contracts

	Group 2023 $'000	Group 2022 $'000
At beginning of the year	–	–
Addition	46	–
At end of the year	46	–

Provision for onerous contracts are recorded in respect of certain construction contracts for which the estimated unavoidable costs to meet contractual obligations are expected to exceed the economic benefits to be received under it.

27B. Provision for dismantling and removing

	Group 2023 $'000	Group 2022 $'000
At beginning of the year	97	–
Arising from acquisition of subsidiaries (Note 33)	–	94
Unwinding of discount (Note 9)	5	3
At end of the year	102	97

The provision is based on the present value of costs to be incurred to remove the leasehold improvements from leased property based on quotations. The unexpired terms range is 6 years.

28. Other financial liabilities

	Group 2023 $'000	Group 2022 $'000
Non-current:		
Financial instruments with fixed interest rates:		
Bank loan	61	117
Current:		
Financial instruments with fixed interest rates:		
Bank loan	51	50
Total non-current and current	112	167

28. Other financial liabilities (continued)

The range of fixed interest rates paid were as follows:

	Group	
	2023	**2022**
	%	**%**
Bank loans	2.5	2.5

Bank loan is repayable by equal monthly instalments over 5 years from March 2021.

The bank loan is covered by personal guarantee (unlimited) by a director of a subsidiary who is currently an employee of the acquired subsidiary.

29. Lease liabilities

	Group		Company	
	2023	**2022**	**2023**	**2022**
	$'000	**$'000**	**$'000**	**$'000**
Lease liabilities - current	131	189	–	–
Lease liabilities – non-current	320	447	–	–
	451	636	–	–

29(a) Amount recognised in profit or loss

	Group	
	2023	**2022**
	$'000	**$'000**
Depreciation of right-of-use assets	367	341
Interest expense on lease liabilities	30	18

The Company has lease contract that include extension option. This option is negotiated by management to provide flexibility in managing the leased-asset portfolio and align with the Company's business need. Management exercise significant judgement in determining whether these extension options are reasonably certain to be exercised.

Company as a lessor

The Company has entered into operating leases agreement of the office. The lease is negotiated for terms ranging for three years. All leases include a clause to enable upward revision of the rental charge on an annual basis according to prevailing market conditions.

The future minimum rental receivable under non-cancellable operating leases contracted for at the reporting period are as follows:

	Group	
	2023	**2022**
	$'000	**$'000**
Not later than one year	–	108
Later than one year but not later than five years	–	162
	–	270

29. Lease liabilities (continued)

29(a) Amount recognised in profit or loss (continued)

The original lease term for the office is from 1 July 2021 to 30 June 2024. There was an early termination of the lease agreement under mutual agreement with two parties. The lease was ended by September 2023.

The weighted average incremental borrowing rate applies to the lease liabilities recognised are between 4.15% to 5.25% (2022: 4.15% to 5.25%) per year.

30. Trade and other payables

	Group		Company	
	2023	**2022**	**2023**	**2022**
	$'000	**$'000**	**$'000**	**$'000**
Trade payables				
Outside parties	1,211	667	56	138
Retention payable	729	538	–	–
Accrued liabilities	729	1,578	353	284
Subsidiaries	–	–	–	16
	2,669	2,783	409	438
Other payables:				
Subsidiaries	–	–	1,008	237
Total trade and other payables	2,669	2,783	1,417	675

31. Contingent liabilities

	Company	
	2023	**2022**
	$'000	**$'000**
Undertaking to support subsidiaries with deficits [a]	780	462

[a] Undertaking to support subsidiaries with deficits - The Company has undertaken to provide continued financial support to certain of its subsidiaries which had net capital deficit at the end of the reporting year.

32. Capital management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for its shareholder and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

The Group monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital plus net debt. Net debt is calculated as total borrowings (including trade and other payables, lease liabilities, trade and other payables as shown in the statement of financial position) less cash and cash equivalents. Total capital is calculated as total equity, as shown in the statement of financial position.

32. Capital management (continued)

	Group 2023 $'000	Group 2022 $'000
Trade and other payables	2,669	2,783
Leases liabilities	451	636
Other financial liabilities	112	167
Less : cash and cash equivalents	(1,692)	(2,402)
Net debt	1,540	1,184
Equity attributable to equity holders of the Company	7,444	10,825
Capital and net debt	8,984	12,009
Gearing ratio	17%	10%

33. Acquisition of subsidiaries

On 14 June 2022 the Group acquired 100% of the share capital in Sevens Creation Pte. Ltd. and its subsidiaries ("SCPL") and from that date the Group gained control (see Note 1 for details).

The above transactions were accounted for by the acquisition method of accounting.

The fair values of identifiable assets acquired and liabilities assumed are set out below. An external valuer was engaged to assist in the purchase price allocation ("PPA") for the SCPL acquisition.

The PPA exercise was finalised in 2023.

	Pre-acquisition book value under SFRS(I) $'000	Fair value $'000
2022: Sevens Creation Pte. Ltd. and its subsidiaries		
Intangible assets – order backlog	–	1,365
Intangible assets – phone number	4	–
Plant and equipment	886	886
Right-of-use assets	704	1,072
Inventories	10	10
Trade and other receivables	981	981
Contract assets	252	252
Other assets	290	290
Cash and cash equivalents	2,115	2,115
Trade and other payables	(1,464)	(1,464)
Contract liabilities	(3,150)	(3,105)
Lease liabilities	(707)	(707)
Loans and borrowings	(186)	(186)
Income tax payable	(107)	(107)
Deferred tax liabilities	–	(291)
Provisions	(94)	(94)
	(466)	1,017

The goodwill arising on acquisition is as follows:	
Consideration transferred	12,000
Fair value of identifiable net assets acquired	(1,017)
Goodwill arising on acquisition (Note 15)	10,983

33. Acquisition of subsidiaries (continued)

The contributions from the acquired subsidiaries for the period between the date of acquisition and the end of the reporting year were as follows:

	From date of acquisition in 2022 $'000	For the reporting year 2022 $'000
Revenue	6,792	9,962
Loss before income tax	(1,288)	(2,226)

34. Financial information by operating segments

34A. Information about reportable segment profit or loss, assets and liabilities

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

(1) General trading ("GT') - Trading of water piping materials and related accessories:

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

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

(4) Others - Supply of parts and accessories in 011& Gas Industry and other non-water related products.

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

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

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

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

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

34. Financial Information by operating segment (continued)

34B. Profit or loss from continuing operations and reconciliations

	Building construction and design		Renovation and interior design		Others		Unallocated		Group	
	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Continuing operations										
Revenue by segment										
External revenue	10,624	5,197	3,706	1,595	–	–	–	–	14,330	6,792
Segment results:-										
Gross profit	1,484	943	724	409	–	–	–	–	2,208	1,352
Finance costs	(32)	(18)	(3)	(2)	(3)	(3)	–	–	(38)	(23)
Amortisation of intangible assets	(910)	(455)	–	–	–	–	–	–	(910)	(455)
Depreciation of plant and equipment	(194)	(104)	–	–	–	–	–	–	(194)	(104)
Depreciation of right-of-use assets	(116)	(156)	–	–	(251)	(34)	–	–	(367)	(190)
Employee benefits expenses	(327)	(330)	(417)	(220)	(847)	(308)	–	–	(1,591)	(858)
Other losses	–	–	–	–	(496)	(30)	–	–	(496)	(30)
Impairment of goodwill	(1,790)	–	–	–	–	–	–	–	(1,790)	–
Unallocated corporate expenses	–	–	–	–	(831)	–	(419)	(1,081)	(1,250)	(1,081)
Other income and gains	–	–	–	–	–	–	189	101	189	101
Loss before tax from continuing operations	–	–	–	–	–	–	–	–	(4,239)	(1,288)
Income tax income	–	–	–	–	–	–	186	100	186	100
Loss from continuing operations									(4,053)	(1,188)

34. Financial Information by operating segment (continued)

34B. Profit or loss from continuing operations and reconciliations (continued)

	GT		VA		Other		Unallocated		Group	
	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Discontinuing operations										
Revenue by segment										
External revenue	–	4,482	–	988	–	13	–	(21)	–	5,462
Segment results:-										
Gross profit	–	1,711	–	267	–	3	–	(9)	–	1,972
Interest income	–	–	–	–	–	–	–	11	–	11
Finance costs	–	–	–	–	–	–	–	(70)	–	(70)
Depreciation of property, plant and equipment	–	–	–	–	–	–	–	(305)	–	(305)
Depreciation of right-of-use assets	–	–	–	–	–	–	–	(151)	–	(151)
Employee benefits expenses	–	–	–	–	–	–	–	(1,350)	–	(1,350)
Unallocated corporate expenses	–	–	–	–	–	–	–	(288)	–	(288)
Other gains/(loss)	–	–	–	–	–	–	–	797	–	797
Share of (loss) profit from equity-accounted associate	–	–	–	–	–	–	–	(24)	–	(24)
Share of loss from equity-accounted joint ventures	–	–	–	–	–	–	–	(52)	–	(52)
Profit/(loss) before tax									–	540
Income tax income									–	–
Profit/(loss) net of tax									–	540

34C. Assets, liabilities and reconciliations

	Building construction and design		Renovation and interior design		Others		Unallocated		Group	
	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Segment assets	**12,724**	**5,961**	**525**	**838**	**440**	**344**	**–**	**10,983**	**13,689**	**18,126**
Addition to:										
- Property, plant and equipment	355	1,100	–	–	–	–	–	–	355	1,100
- Intangible assets	–	1,365	–	–	–	–	–	–	–	1,365
Segment liabilities	**5,752**	**5,660**	**721**	**957**	**444**	**729**	**–**	**(45)**	**6,917**	**7,301**

35. Financial risk management

The Group's and the Group's activities is exposed to interest rate risk, credit risk and liquidity risk arising in the normal course of the Group's and the Group's business. The Group's and the Group's overall risk management strategy seeks to minimise potential adverse effects from the unpredictability of financial markets on the Group's and the Group's financial performance.

35. Financial risk management (continued)

The Group's Audit Committee oversees how management monitors compliance with the Group's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the Group and the Group. Risk management is carried out by the Group's executive management.

(a) Interest rate risk

Interest rate risk arises on interest-bearing financial instruments. The interest from financial assets is not material. Interest rate risk arises on interest-bearing financial instruments.

The Group has insignificant interest rate risk as all the interest bearing financial liabilities are at fixed rates.

(b) Credit risk

Financial assets are principally from trade and other receivables and other financial assets at amortised cost. They are potentially subject to credit risk due to failures by counterparties to discharge their obligations in full or in a timely manner.

The maximum exposure to credit risk is the total of the fair value of the financial assets at the end of the reporting year.

Credit risk on cash balances and any other financial instruments with banks and other financial institutions is limited because the counter-parties are entities with acceptable credit ratings.

For expected credit losses (ECL) on financial assets, the general approach (three-stage approach) in the financial reporting standard on financial instruments is applied to measure the ECL allowance.

Under this general approach the financial assets move through the three stages as their credit quality change. On initial recognition, a day-1 loss is recorded equal to the 12 month ECL unless the assets are considered credit impaired.

For trade receivables, the Group has applied the simplified approach in SFRS(I) 9 to measure the loss allowance at lifetime ECL. The Group determines the ECL by using a provision matrix, estimated based on historical credit loss experience based on the past due status of the debtors, adjusted as appropriate to reflect current conditions and estimates of future economic conditions. Accordingly, the credit risk profile of trade receivables is presented based on their past due status in terms of the provision matrix.

For the credit risk on the financial assets an ongoing credit evaluation is performed on the financial condition of the debtors and any loss is recognised in profit or loss. Reviews and assessments of credit exposures in excess of designated limits are made. Renewals and reviews of credits limits are subject to the same review process.

Information regarding loss allowance movement of trade receivables is disclosed in Note 23.

Exposure to credit risk

The Group has no significant concentration of credit risk. The Group has credit policies and procedures in place to minimise and mitigate its credit risk exposure.

(c) Liquidity risk

The liquidity risk refers to the difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset. It is expected that all the liabilities will be paid at their contractual maturity. The average credit period taken to settle trade payables is about 60 days (2022: 60 days). The other payables are with short-term durations. The classification of the financial assets is shown in the statement of financial position as they may be available to meet liquidity needs and no further analysis is deemed necessary.

35. Financial Risk Management (Continued)

(c) Liquidity risk (continued)

Analysis of financial instruments by remaining contractual maturities

The table below summaries the maturity profile of the Group's and the Company's financial liabilities at the reporting date based on contractual undiscounted repayment obligations.

	2023			
	Carrying amount $'000	Contractual cash flows $'000	One year or less $'000	One to five years $'000
Group				
Financial liabilities:				
Other financial liabilities	112	115	53	62
Lease liabilities	451	493	151	342
Trade and other payables	2,669	2,669	2,669	–
Total undiscounted financial liabilities	3,232	3,277	2,873	404

	2022			
	Carrying amount $'000	Contractual cash flows $'000	One year of less $'000	One to five years $'000
Group				
Financial liabilities:				
Other financial liabilities	167	173	58	115
Lease liabilities	636	704	211	493
Trade and other payables	2,783	2,783	2,783	–
Total net undiscounted financial liabilities	3,586	3,660	3,052	608

	2023			
	Carrying amount $'000	Contractual cash flows $'000	One year of less $'000	One to five years $'000
Company				
Financial liabilities:				
Trade and other payables	1,417	1,417	1,417	–

	2022			
	Carrying amount $'000	Contractual cash flows $'000	One year of less $'000	One to five years $'000
Company				
Financial liabilities:				
Trade and other payables	675	675	675	–

The undiscounted amounts on the borrowings with fixed and floating interest rates are determined by reference to the conditions existing at the reporting date.

36. Fair value of assets and liabilities

The fair value of current financial assets and liabilities at amortised cost approximate to their carrying amounts due to the short term to maturity.

37. Categories of financial assets and liabilities

The carrying amount of the different categories of financial instruments areas follows:

	Group		Company	
	2023	**2022**	**2023**	**2022**
	$'000	**$'000**	**$'000**	**$'000**
Financial assets:				
Other assets	54	109	–	–
Trade and other receivables	1,336	1,755	472	123
Cash and cash equivalents	1,692	2,402	27	122
Financial assets at amortised cost	3,082	4,266	499	245
Financial liabilities:				
Other financial liabilities	112	167	–	–
Lease liabilities	451	636	–	–
Trade and other payables	2,669	2,783	1,417	675
Financial liabilities at amortised cost	3,232	3,586	1,417	675

38. Related party relationships and transactions

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

38A. Significant related party transactions

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

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

38B. Key management compensation

	Group	
	2023	**2022**
	$'000	**$'000**
Salaries and other short-term employee benefits	391	409
Contributions to defined contribution plan	52	47
	443	456

39. Assistance in investigation by the Commercial Affairs Department ("CAD") and the Monetary Authority of Singapore

On 20 September 2023, the Company received an Order under Section 20 of the Criminal Procedure Code 2010 ("Order") to provide various documents and information to the Commercial Affairs Department ("CAD") and the Monetary Authority of Singapore ("MAS") to assist with an investigation into an offence under the Securities and Futures Act 2001 (the "SFA") pursuant to provisions of the Criminal Procedure Code 2010.

The requested documents and information include all emails and corresponding attachments in the corporate email accounts belonging to Mr. Richard Koh Chye Heng (immediate former Executive Chairman & Chief Executive Officer), Ms. Lim Xiu Fang Vanessa (our Executive Director), and Mr. Tang Yao Zhi (Group Operations Director), as well as supporting documents relating to, in connection with, and leading up to the announcements made by the Company on 22 June 2021, 8 September 2021, and 28 April 2022 in relation to the (i) new controlling shareholder of the Company, (ii) appointment of Executive Director, and (iii) proposed diversification, proposed acquisition, proposed disposal and proposed change of name, respectively.

On 22 September 2023, in response to Singapore Exchange Trading Limit queries, the Company stated that it is not aware that any other board directors, nor any other employees were notified to assist in the investigation. The Company also stated that the letter from CAD and MAS did not state who is the subject of the investigation and as far as the Company is aware, no charges have been made against any Board members, and/or Executive (including Mr. Tang Yao Zhi) of the Company.

40. Qualified opinion for prior year

The basis for qualified opinion for the year ended 31 December 2022 was due to the following:

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

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

41. Authorisation of financial statements for issue

The financial statements for the financial year ended 31 December 2023 were authorised for issue in accordance with a resolution of the Board of Directors of Sevens Atelier Limited on 11 April 2024.

STATISTIC OF SHAREHOLDINGS

As at 18 March 2024

NUMBER OF SHARES	:	214,202,036
CLASS OF SHARES	:	ORDINARY SHARES
VOTING RIGHTS	:	ONE VOTE FOR EACH ORDINARY SHARE
NUMBER OF TREASURY SHARES AND SUBSIDIARY HOLDINGS HELD	:	NIL

SIZE OF SHAREHOLDINGS	NO. OF SHAREHOLDERS	%	NO. OF SHARES	%
1 - 99	13	1.42	250	0.00
100 - 1,000	344	37.60	332,768	0.15
1,001 - 10,000	341	37.27	1,689,432	0.79
10,001 - 1,000,000	205	22.40	17,412,820	8.13
1,000,001 & ABOVE	12	1.31	194,766,766	90.93
TOTAL	915	100.00	214,202,036	100.00

TOP TWENTY SHAREHOLDERS AS AT 18 MARCH 2024	NO. OF SHARES	%
LIM WEI ZHI SYLVESTER	56,000,000	26.14
LEE TECK	31,818,000	14.85
WONG ZHI WEI (HUANG ZHI WEI)	29,391,500	13.72
LIM MUI LENG	27,273,000	12.73
PONG CHOON KWANG	14,053,000	6.56
CEDRIC YAP KUN HAO	10,596,000	4.95
TANG LENA (CHEN LENA)	8,772,800	4.10
TAN SOO KIA	6,602,000	3.08
PHILLIP SECURITIES PTE LTD	4,793,800	2.24
DBS NOMINEES PTE LTD	2,332,566	1.09
MAYBANK SECURITIES PTE. LTD.	1,714,100	0.80
GOH SZE YONG (WU SIRONG)	1,420,000	0.66
LIM HOCK CHAU	979,000	0.46
BNP PARIBAS NOMS SINGAPORE PTE LTD	948,000	0.44
KOH CHIN SAN JEREMY	907,000	0.42
TANG YAO ZHI(CHEN YAOZHI)	753,700	0.35
CHAN XIN AN	751,700	0.35
TIGER BROKERS (SINGAPORE) PTE. LTD.	501,300	0.24
LIM CHIN BEE	499,700	0.23
CHUA SAN CHONG	429,900	0.20
	200,537,066	93.61

STATISTIC OF SHAREHOLDINGS

As at 18 March 2024

	DIRECT INTEREST		DEEMED INTEREST	
SUBSTANTIAL SHAREHOLDERS	**NO. OF SHARES**	**%**	**NO. OF SHARES**	**%**
LIM WEI ZHI SYLVESTER	56,000,000	26.14	–	–
LEE TECK	31,818,000	14.85	–	–
WONG ZHI WEI (HUANG ZHI WEI)	29,391,500	13.72	–	–
LIM MUI LENG	27,273,000	12.73	–	–
PONG CHOON KWANG	14,053,000	6.56	–	–

PERCENTAGE OF SHAREHOLDING HELD BY THE PUBLIC

At at 18 March 2024, approximately 26% of the issued ordinary shares of the Company are held by the public. Accordingly, Rule 723 of the Listing Manual Section B : Rules of the Catalist issued by SGX-ST has therefore been complied with.

NOTICE IS HEREBY GIVEN that the Annual General Meeting ("**AGM**") of Sevens Atelier Limited (the "**Company**") will be held at 2 Tanjong Katong Road #05-01 Paya Lebar Quarter 3, Singapore 437161, on Friday, 26 April 2024 at 4.00 p.m., for the following purposes:

AS ORDINARY BUSINESS

1. To receive and adopt the Directors' Statement and Audited Consolidated Financial Statements of the Company and its subsidiaries for the financial year ended 31 December 2023 together with the Independent Auditors' Report thereon. **(Resolution 1)**

2. To re-elect Ms. Lim Xiu Fang, Vanessa, who is retiring pursuant to Regulation 101 of the Constitution of the Company, as director of the Company. **(Resolution 2)**

(See Explanatory Note (i))

3. To re-elect Mr. Tan Yew Heng, Terrence, who is retiring pursuant to Regulation 101 of the Constitution of the Company, as director of the Company. **(Resolution 3)**

(See Explanatory Note (ii))

4. To approve Directors' fees of S$120,000 for the financial year ending 31 December 2024. (FY2023: S$117,500). **(Resolution 4)**

5. To re-appoint Messrs PKF-CAP LLC, as the Auditors of the Company to hold office until the conclusion of the next annual general meeting of the Company and to authorise the Directors to fix their remuneration. **(Resolution 5)**

6. To transact any other ordinary business which may properly be transacted at an annual general meeting.

AS SPECIAL BUSINESS

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

7. **Authority for Directors to allot and issue shares and convertible securities** **(Resolution 6)**

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

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

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

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

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

(i) the aggregate number of Shares to be issued pursuant to this Ordinary Resolution (including Shares to be issued in pursuance of Instruments made or granted pursuant to this Ordinary Resolution) does not exceed 100% of the total number of issued shares in the capital of the Company excluding treasury shares and subsidiary holdings (as calculated in accordance with sub-paragraph (ii) below), of which the aggregate number of Shares to be issued other than on a pro-rata basis to shareholders of the Company (including Shares to be issued in pursuance of Instruments made or granted pursuant to this Ordinary Resolution) does not exceed 50% of the total number of issued shares in the capital of the Company excluding treasury shares and subsidiary holdings (as calculated in accordance with sub-paragraph (ii) below);

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

(1) new Shares arising from the conversion or exercise of any convertible securities;

(2) (where applicable) new Shares arising from exercise of share options or vesting of share awards which are outstanding or subsisting at the time of passing of this Resolution, provided the options or awards were granted in compliance with Part VIII of Chapter 8 of the Catalist Rules; and

(3) any subsequent bonus issue, consolidation or subdivision of Shares;

any adjustments made in accordance with (b)(ii)(1) or (b)(ii)(2) above are only to be made in respect of new shares arising from convertible securities, share options or share awards which were issued and outstanding or subsisting at the time this Resolution is passed;

(iii) in exercising the authority conferred by this Resolution, the Company shall comply with the provisions of the Catalist Rules for the time being in force (unless such compliance has been waived by the SGX-ST) and the Constitution for the time being of the Company; and

(iv) unless revoked or varied by the Company in general meeting, the authority conferred by this Resolution shall continue in force until the conclusion of the next annual general meeting of the Company or the date by which the next annual general meeting of the Company is required by law to be held, whichever is the earlier.

(See Explanatory Note (iii))

BY ORDER OF THE BOARD

Lawrence Chen Tse Chau
Non-Executive Chairman and Independent Director

Date: 11 April 2024

Singapore

Explanatory Notes:

(i) Ms. Lim Xiu Fang, Vanessa will, upon re-election, remain as the Executive Director of the Company. Save for Ms. Lim is sister of Mr. Lim Wei Zhi Sylvester, the controlling shareholder of the Company, there are no relationships (including immediate family relationships) between Ms. Lim and the other Directors of the Company, the Company, its related corporations, its substantial shareholders or its officers.

The detailed information of Ms. Lim can be found under "Board of Directors" and "Corporate Governance Statement" in the Company's Annual Report 2023.

(ii) Mr. Tan Yew Heng, Terrence will, upon re-election, remain as the Chairman of the Remuneration Committee and a member of the Nominating Committee and the Audit Committee. Mr Tan is considered independent for the purpose of Rule 704(7) the Catalist Rules. There are no relationships (including immediate family relationships) between Mr. Tan and the other Directors of the Company, the Company, its related corporations, its substantial shareholders or its officers, which may affect his independence.

The detailed information of Mr. Tan can be found under "Board of Directors" and "Corporate Governance Statement" in the Company's Annual Report 2023.

(iii) The Ordinary Resolution 6 proposed in item 7 above, if passed, is to empower the Directors to issue shares in the capital of the Company and/or instruments (as defined above). The aggregate number of shares to be issued pursuant to this Resolution 6 (including shares to be issued in pursuance of instruments made or granted) shall not exceed one hundred per cent. (100%) of the total number of issued shares excluding treasury shares and subsidiary holdings of the Company, with a sub-limit of fifty per cent. (50%) for shares issued other than on a pro-rata basis (including shares to be issued in pursuance of instruments made or granted pursuant to this Resolution) to shareholders with registered addresses in Singapore. For the purpose of determining the aggregate number of shares that may be issued, the percentage of the total number of issued shares excluding treasury shares of the Company will be calculated based on the total number of issued shares excluding treasury shares and subsidiary holdings of the Company at the time of the passing of this Resolution 6, after adjusting for (i) new shares arising from the conversion or exercise of any convertible securities; (ii) new shares arising from exercise of share options or vesting of share awards outstanding or subsisting at the time of the passing of this Resolution 6, provided the options or awards were granted in compliance with Part VIII of Chapter 8 of the Catalist Rules; and (iii) any subsequent bonus issue, consolidation or subdivision of shares.

IMPORTANT NOTICE FOR SHAREHOLDERS:

1. The Company's AGM is being convened, and will be held, in a wholly physical format, at 2 Tanjong Katong Road #05-01 Paya Lebar Quarter 3, Singapore 437161, on Friday, 26 April 2024 at 4.00 p.m. **There will be no option for members to participate in the AGM virtually.**

   The Annual Report, Notice of AGM and the accompanying proxy form will be made available on the Company's website at https://www.sevensatelier.com and on the SGXNet at https://www.sgx.com/securities/company-announcements. A member will need an internet browser and PDF reader to view these documents. Printed copies of this Notice of AGM and the accompanying proxy form will be sent to members via post.

   Printed copy of the Annual Report will **NOT** be sent to members. A member who wishes to obtain a printed copy of the Annual Report should request the same via email to enquiry@sevensatelier.com no later than 4:00 p.m. on 16 April 2024 and provide his/her/its full name as per CDP/CPF/SRS records, NRIC/Passport Number/Company Registration Number, mailing address and the manner in which shares are held (e.g. via CDP, CPF or SRS, or physical script(s)) in the email. Failing which the request will not be processed.

2. Members (including Central Provident Fund ("**CPF**") Investment Scheme members ("**CPF Investors**") and/or Supplementary Retirement Scheme investors ("**SRS Investors**")) may participate in the AGM by:

   a. attending the AGM in person;

   b. raising questions at the AGM or submitting questions in advance of the AGM; and/or

   c. voting at the AGM (i) themselves personally; or (ii) through their duly appointed proxy(ies).

   CPF Investors and SRS Investors who wish to appoint the Chairman of the AGM (and not third-party proxy(ies)) as proxy should approach their respective CPF Agent Banks or SRS Operators to submit their votes by 4.00 p.m. on 16 April 2024, being seven (7) working days prior to the date of the AGM. Please bring along your NRIC/passport so as to enable the Company to verify your identity. Members are requested to arrive early to facilitate the registration process.

3. Members are encouraged to submit questions relating to the resolution to be tabled for approval at the AGM in advance in the following manner:

   (a) if submitted by post, to the Company's office at 31 Joo Chiat Place Singapore 427755, attention to SAL AGM; or

   (b) If submitted electronically, by email to enquiry@sevensatelier.com.

All questions for the AGM must be submitted by 4.00 p.m. on 18 April 2024. After the cut-off time for the submission of questions, any subsequent clarifications sought or follow-up questions will be addressed at the AGM.

Members will need to identify themselves when posing questions by email or by post by providing the following details:

- the member's full name (for individuals)/company name (for corporations) as it appears on his/her/its CDP/CPF/SRS share records;
- the member's NRIC/Passport/UEN number;
- the member's contact number and email address; and
- the manner in which the member holds his/her/its Shares in the Company (e.g. via CDP, CPF or SRS or physical script(s)).

The Company will endeavour to address all substantial and relevant questions submitted in advance of the AGM by publishing the responses to such questions on SGXNet and the Company's website at https://www.sevensatelier.com/investor-relations/, by 4.00 p.m. on 20 April 2024 (being not less than forty-eight (48) hours prior to the closing date and time for the lodgment of the proxy forms).

Where substantial relevant questions submitted by Shareholders are unable to be addressed prior to the AGM, the Company will address them during the AGM. The Company shall only address relevant and substantial questions (as may be determined by the Company in its sole discretion) received. The Company will publish the minutes of the AGM on SGXNET and the Company's website at https://www.sevensatelier.com/investor-relations/ within one (1) month from the date of the AGM. The minutes would include the responses to the substantial and relevant questions addressed at the AGM.

4. A member who is not a Relevant Intermediary (as defined in Section 181 of the Companies Act) is entitled to appoint not more than two (2) proxies to attend, speak and vote on his/her/its behalf at the AGM. A member of the Company which is a corporation is entitled to appoint its authorised representative or proxy to vote on its behalf. Where such member appoints two (2) proxies, the proportion of his/her/its shareholding to be represented by each proxy shall be specified. If no proportion is specified, the Company shall be entitled to treat the first named proxy as representing the entire number of shares entered against his/her/its name in the Depository Register and any second named proxy as an alternate to the first named.

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

   "**Relevant Intermediary**" has the meaning prescribed to it in Section 181 of the Companies Act:

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

   b. a person holding a capital markets services licence holder to provide custodial services under the Securities and Futures Act 2001 and who holds shares in that capacity; or

   c. the CPF Board established by the CPF Act 1953, in respect of shares purchased under the subsidiary legislation made under that Act providing for the making of investments from the contributions and interest standing to the credit of members of the CPF, if the Board holds those shares in the capacity of an intermediary pursuant to or in accordance with the subsidiary legislation.

   A member can appoint the Chairman of the AGM as his/her/its proxy **but** this is **not mandatory**.

   If a member wishes to appoint the Chairman of the AGM as proxy, such member (whether individual or corporate) must give specific instructions as to voting for, voting against, or abstentions from voting on, each resolution in the instrument appointing the Chairman of the AGM as proxy. If no specific direction is given as to voting or abstentions from voting in respect of a resolution in the form of proxy, the appointment of the Chairman of the AGM as proxy for that resolution will be treated as invalid.

5. A proxy need not be a member of the Company.

6. The instrument appointing proxy/proxies, together with the power of attorney or other authority under which it is signed (if applicable) or a notarial certified copy thereof, must be deposited:

   a) if sent personally or by post, be received by the Company's Share Registrar, B.A.C.S. Private Limited, at 77 Robinson Road, #06-03 Robinson 77, Singapore 068896, attention to SAL AGM; or

   b) if submitted electronically, be received by the Company's Share Registrar, B.A.C.S. Private Limited at main@zicoholdings.com (e.g. a clear scanned signed form in PDF), in either case, by **4.00 p.m. on 23 April 2024** (being not less than seventy-two (72) hours before the time appointed for holding the AGM) (or at any adjournment thereof) and in default the instrument of proxy shall not be treated as valid.

Members of the Company are encouraged to submit completed proxy forms electronically via email.

7. The instrument appointing a proxy or proxies must be under the hand of the appointor or on his/her attorney duly authorised in writing. Where the instrument appointing a proxy or proxies is executed by a corporation, it must be executed either under its common seal or under the hand of its attorney or duly authorised officer, failing which the instrument of proxy may be treated as invalid. Where the instrument appointing a proxy or proxies is executed by an attorney on behalf of the appointor, the letter or the power of attorney or a duly certified true copy thereof must be lodged with this proxy form, failing which the instrument of proxy may be treated as invalid.

8. The Company shall be entitled to reject the instrument appointing a proxy or proxies if it is incomplete, improperly completed, illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified in the instrument appointing a proxy or proxies (such as in the case where the appointor submits more than one instrument appointing a proxy or proxies).

9. In the case of a member whose shares are entered against his/her/its name in the Depository Register (as defined in Section 81SF of the Securities and Futures Act 2001), the Company may reject any instrument of proxy lodged if such member, being the appointer, is not shown to have any shares entered against his/her/its name in the Depository Register as at seventy-two (72) hours before the time set for holding the AGM, as certified by The Central Depository (Pte) Limited to the Company.

Personal data privacy:

"**Personal data**" in this Notice of AGM has the same meaning as "personal data" in the Personal Data Protection Act 2012, which includes your name, address and NRIC/Passport number.

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

Photographic, sound and/or video recordings of the AGM may be made by the Company for record keeping and to ensure the accuracy of the minutes to be prepared in respect of the AGM. Accordingly, the personal data of a member of the Company (such as his name, his presence at the AGM and any questions he may raise or any motions he may propose/second) may be recorded by the Company for such purpose.

SEVENS ATELIER LIMITED

(Incorporated in the Republic of Singapore)
(Company Registration No.: 197902790N)

PROXY FORM – ANNUAL GENERAL MEETING

(Please see notes overleaf before completing this Form)
This form of proxy has been made available on SGXNet.

IMPORTANT:

1. For investors who have used their Central Provident Fund ("**CPF**") and/or Supplementary Retirement Scheme ("**SRS**") monies to buy shares in the Company, this proxy form is not valid for use and shall be ineffective for all intents and purposes if used or purported to be used by them.
2. CPF and/or SRS investors are requested to contact their respective Agent Banks at least seven (7) working days before the AGM to specify voting instructions and to ensure that their votes are submitted.

I/We* ____________________ *(Name)*, ____________ NRIC/Passport/Company Registration Number*)

of ____ *(Address)*

being a member/members* of **SEVENS ATELIER LIMITED** (the "**Company**"), hereby appoint:

NAME	ADDRESS	NRIC or Passport No.	Proportion of Shareholdings	
			No. of Shares	%

*and/or

NAME	ADDRESS	NRIC or Passport No.	Proportion of Shareholdings	
			No. of Shares	%

or failing him/her/them*, the Chairman of the Annual General Meeting of the Company (the "**AGM**") as my/our* proxy(ies) to attend, speak and vote for me/us* on my/our* behalf at the AGM to be held at 2 Tanjong Katong Road #05-01, Paya Lebar Quarter 3, Singapore 437161 on Friday, 26 April 2024 at 4:00 p.m. and at any adjournment thereof. I/We* direct my/our* proxy(ies) to vote for or against or abstain from voting on the resolutions to be proposed at the AGM as indicated hereunder. If no specific direction as to voting is given or in the event of any other matter arising at the AGM and at any adjournment thereof, the proxy, who is not the Chairman of the AGM, will vote or abstain from voting at his/her discretion. In the case where Chairman of the AGM is the appointed proxy, the proxy for the said resolution will be treated as invalid.

All resolutions put to the vote at the AGM shall be decided by way of poll.

(If you wish your proxy to cast all your votes "For" or "Against" a resolution, please tick (√) in the "For" or "Against" box provided. Alternatively, please indicate the number of votes as appropriate. If you wish your proxy to abstain from voting on a resolution, please tick (√) in the "Abstain" box provided. Alternatively, please indicate the number of shares that your proxy is directed to abstain from voting in the "Abstain" box in respect of that resolution. In any other case, the proxy/proxies may vote or abstain as the proxy/proxies deem(s) fit on the resolution if no voting instruction is specified, and on any other matter arising at the AGM and at any adjournment thereof. In the absence of specific directions in respect of the resolution, the appointment of the Chairman of the AGM as your proxy for the resolution will be treated as invalid.)

No.	Ordinary Resolutions	For	Against	Abstain
	ORDINARY BUSINESS			
1.	Adoption of the Directors' Statement and Audited Consolidated Financial Statements of the Company and its subsidiaries for the financial year ended 31 December 2023 together with the Independent Auditors' Report thereon			
2.	Re-election of Ms. Lim Xiu Fang, Vanessa as a Director of the Company			
3.	Re-election of Mr. Tan Yew Heng, Terrence as a Director of the Company			
4.	Approval of the payment of Directors' fees of S$120,000 for the financial year ending 31 December 2024 (FY2023: S$117,500)			
5.	Re-appointment of Messrs PKF-CAP LLC as Auditors of the Company and to authorise the Directors to fix their remuneration			
	SPECIAL BUSINESS			
6.	Authority for Directors to allot and issue shares and convertible securities			

* Delete as appropriate.

Dated this ________ day of ________________ 2024.

Total number of Shares in:	No. of Shares
(a) CDP Register	
(b) Register of Members	

____

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

IMPORTANT: PLEASE READ NOTES OVERLEAF BEFORE COMPLETING THIS PROXY FORM

NOTES TO PROXY FORM:

1. A member should insert the total number of shares held. If the member has shares entered against his/her/its name in the Depository Register (as defined in Section 81SF of the Securities and Futures Act 2001), he/she/it should insert that number of shares. If the member has shares registered in his/her/its name in the Register of Members of the Company, he/she/it should insert that number of shares. If the member has shares entered against his/her/its name in the Depository Register and shares registered in his/her/its name in the Register of Members of the Company, he/she/it should insert the aggregate number of shares. If no number is inserted, this form of proxy will be deemed to relate to all the shares held by the member of the Company.

2. A member who is not a Relevant Intermediary (as defined in Section 181 of the Companies Act 1967) is entitled to appoint not more than two (2) proxies to attend, speak and vote on his/her/its behalf at the AGM. A member of the Company which is a corporation is entitled to appoint its authorised representative or proxy to vote on its behalf. Where such member appoints two (2) proxies, the proportion of his/her/its shareholding to be represented by each proxy shall be specified. If no proportion is specified, the Company shall be entitled to treat the first named proxy as representing the entire number of shares entered against his/her/its name in the Depository Register and any second named proxy as an alternate to the first named.

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

   "**Relevant Intermediary**" has the meaning prescribed to it in Section 181 of the Companies Act 1967:

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

   b. a person holding a capital markets services licence holder to provide custodial services under the Securities and Futures Act 2001 and who holds shares in that capacity; or

   c. the CPF Board established by the CPF Act 1953, in respect of shares purchased under the subsidiary legislation made under that Act providing for the making of investments from the contributions and interest standing to the credit of members of the CPF, if the Board holds those shares in the capacity of an intermediary pursuant to or in accordance with the subsidiary legislation.

   The proxy need not be a member of the Company. Please note that if any of your shareholdings are not specified in the list provided by the Relevant Intermediary to the Company, the Company has the sole discretion to disallow the participation of the said proxy at the AGM.

   A member can appoint the Chairman of the AGM as his/her/its proxy **but** this is **not mandatory**.

4. The instrument appointing a proxy or proxies must be executed under the hand of the appointor or of his/her/its attorney duly authorised in writing. Where the instrument appointing a proxy or proxies is executed by a corporation, it must be executed either under its seal or under the hand of an officer or attorney duly authorised. Where the instrument appointing a proxy or proxies is executed by an attorney on behalf of the appointor, the letter or power of attorney or a duly certified copy thereof must be lodged with the instrument.

5. The instrument appointing a proxy or proxies, together with the power of attorney or other authority under which it is signed (if applicable) or a notarial certified copy thereof, must be deposited in the following manner:

   a. if sent personally or by post, be received by the Company's Share Registrar, B.A.C.S. Private Limited, at 77 Robinson Road, #06-03 Robinson 77, Singapore 068896, attention to SAL AGM; or

   b. if submitted electronically, be received by the Company's Share Registrar, B.A.C.S. Private Limited, via email at main@zicoholdings.com (e.g. a clear scanned signed form in PDF),

   in either case, by 4:00 p.m. on 23 April 2024 (being not less than seventy-two (72) hours before the time appointed for holding the AGM) and in default the instrument of proxy shall not be treated as valid.

   Members of the Company are strongly encouraged to submit completed proxy forms electronically via email.

6. Please indicate with a tick [✓] in the spaces provided whether you wish your vote(s) to be for or against the Resolution(s) or to abstain from voting. In the absence of specific directions, the proxy/proxies will vote or abstain as he/she/they may think fit, as he/she/they will on any other matter arising at the meeting.

7. The Company shall be entitled to reject the instrument appointing a proxy or proxies if it is incomplete, improperly completed or illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified in the instrument appointing a proxy or proxies.

8. Completion and return of the Proxy Form by a member will not prevent him/her/it from attending, speaking and voting at the AGM if he/she/it so wishes. The appointment of the proxy(ies) for the AGM will be deemed to be revoked if the member attends the AGM in person and in such event, the Company reserves the right to refuse to admit any person or persons appointed under the relevant instrument appointing a proxy(ies) to the AGM.

9. An investor who buys shares using CPF monies ("**CPF Investor**") and/or SRS monies ("**SRS Investor**") (as may be applicable) should not make use of this Proxy Form and should instead approach their respective Relevant Intermediary as soon as possible to specify voting instructions. CPF Investors / SRS Investors who wish to vote should approach their respective CPF Agent Bank / SRS Operator at least seven (7) working days before the AGM (i.e. by 18 April 2024), to ensure that their votes are submitted.

10. In the case of members of the Company whose shares are entered against their names in the Depository Register, the Company may reject any instrument appointing a proxy or proxies lodged if such members are not shown to have shares entered against their names in the Depository Register seventy-two (72) hours before the time appointed for holding the meeting as certified by The Central Depository (Pte) Limited to the Company.

Personal data privacy:

By submitting an instrument appointing a proxy(ies) and/or representative(s), the member accepts and agrees to the personal data privacy terms set out in the Notice of AGM dated 11 April 2024.

7s ATELIER

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