H2G
Green Limited
EMPOWERING FUTURE GENERATIONS

# INNOVATION FOR SUSTAINABILITY + GREEN ENERGY

ANNUAL REPORT 2023

This Annual Report has been prepared by the Company and its contents have been reviewed by the Company's Sponsor, RHT Capital Pte. Ltd. (the "**Sponsor**"), for compliance with the relevant rules of the Singapore Exchange Securities Trading Limited (the "**SGX-ST**").

This Annual Report has not been examined or approved by the SGX-ST and the SGX-ST assumes no responsibility for the contents of this Annual Report, including the correctness of any of the statements or opinions made or reports contained in this Annual Report.

The contact person for the Sponsor is:

Name: Ms Bao Qing, Registered Professional, RHT Capital Pte. Ltd.
Address: 36 Robinson Road, #10-06 City House, Singapore 068877
Email: sponsor@rhtgoc.com

# CONTENTS

# CORPORATE PROFILE

H2G Green Limited (the "**Company**") is a sustainability focused platform spearheading the energy transition. Key subsidiaries of its Energy Business include:

(i) Green Energy Investment Holding Private Limited ("**GEIH**") which is engaged in the development of processing plants for the conversion of non-food cellulous biomass waste into hydrogen and other useful products (e.g., activated carbon and renewable fuel); and

(ii) GasHubUnited Utility Private Limited ("**GUPL**") which specializes in the last mile distribution of Liquefied Natural Gas (LNG) via tanks and cylinders. GUPL's offering allows commercial and industrial end-users to access a cleaner and lower-cost energy source (especially compared to diesel). Coupled with distributed power solutions such as CCHP (Combined Cooling Heating and Power) systems, GUPL is well positioned to assist its customers in enhancing their energy efficiency profiles.

By tapping into its complementary portfolio of sustainability focused businesses, the Company enables its customers to reduce cost while lowering their carbon footprints.

The Company also operates a Lifestyle Business that comprises the distribution and retail of a comprehensive collection of furniture, wardrobe and kitchen cabinet systems, lighting, and accessories. The segment serves both business-to-business ("**B2B**") and business-to-consumer ("**B2C**"), with customer types across the retail, commercial and hospitality sectors.

# CORPORATE INFORMATION

## BOARD OF DIRECTORS

Tay Shui Wen
*(Non-Executive Chairman and Independent Director)*

Lim Shao-Lin
*(Chief Executive Officer and Executive Director)*

Koh Beng Leong
*(Executive Director – Finance)*

Leow Sau Wan
*(Executive Director)*

Lien Kait Long
*(Independent Director)*

Mak Yen-Chen Andrew
*(Independent Director)*

## AUDIT COMMITTEE

Lien Kait Long *(Chairman)*
Tay Shui Wen
Mak Yen-Chen Andrew

## NOMINATING COMMITTEE

Mak Yen-Chen Andrew *(Chairman)*
Lien Kait Long
Tay Shui Wen

## REMUNERATION COMMITTEE

Tay Shui Wen *(Chairman)*
Lien Kait Long
Mak Yen-Chen Andrew

## COMPANY SECRETARY

Tan Zi Jing Clara, LLB (Hons)

## REGISTERED OFFICE

39 Kaki Bukit Place
Eunos Techpark
Singapore 416217
Telephone: (+65) 6741 3939
Fax: (+65) 6668 1997
Email: h2g@h2g.green
Website: http://www.h2g.green

## REGISTRAR AND SHARE TRANSFER OFFICE

M&C Services Private Limited
112 Robinson Road #05-01
Singapore 068902

## AUDITOR

Foo Kon Tan LLP
Public Accountants and Certified Public Accountants
1 Raffles Place
#04-61 One Raffles Place Tower 2
Singapore 048616
Partner-in-charge: Mr Ho Teik Tiong
Date of appointment: Financial Year 2023

## CONTINUING SPONSOR

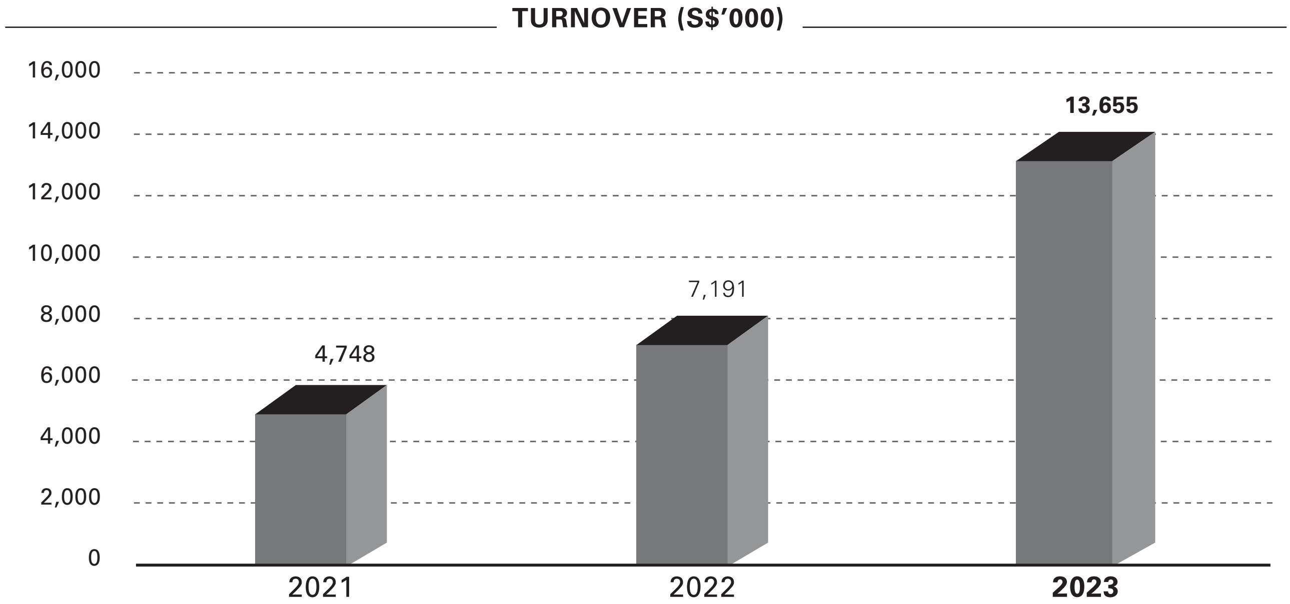
RHT Capital Pte. Ltd.
36 Robinson Road
#10-06 City House
Singapore 068877
(Appointed on 22 March 2012)
Registered Professional:
Name: Ms Bao Qing
Email: sponsor@rhtgoc.com

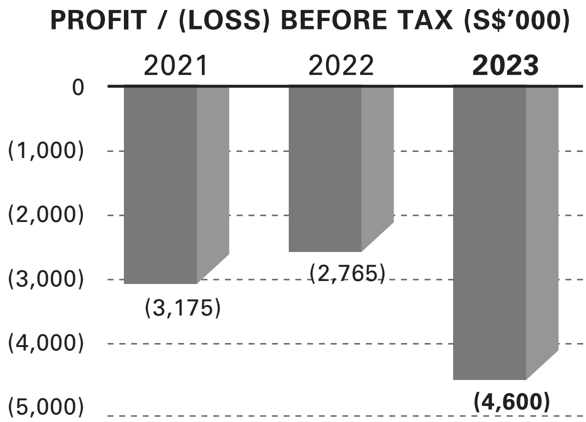
## PRINCIPAL BANKER

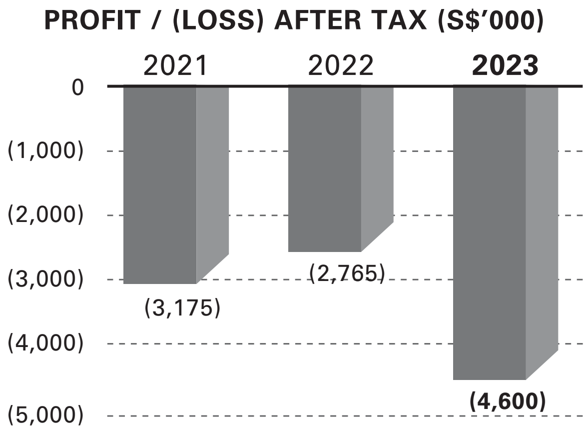
United Overseas Bank Limited
80 Raffles Place
UOB Plaza 1
Singapore 048624

# FINANCIAL HIGHLIGHTS

Financial Year Ended 31 March 2023



# CHAIRMAN AND CEO'S JOINT STATEMENT

## DEAR SHAREHOLDERS,

On behalf of the Board of Directors of H2G Green Limited (the "**Group**"), we are pleased to present to you our Annual Report for the financial year ended 31 March 2023 ("**FY2023**").

The Group vision is to spearhead the transition toward sustainable living in Asia and beyond. Our vision is bold. Over the past year, we have made significant progress in solidifying our commitment to a greener future. Thus, with immense pride, I share with you a brief overview of the major breakthroughs we have achieved this year.

### YEAR END REVIEW

In FY2023, we experienced growth across our Lifestyle and Energy businesses. The synergy of these segments resulted in a 90% increase in revenue by S$6.5 million from S$7.2 million in FY2022 to S$13.7 million in FY2023.

The near doubling in revenue was primarily driven by a boost in sales in our Lifestyle segment, which contributed to 89% of the Group's revenue. As consumers become increasingly mindful of their buying habits, we have seen a surge in demand for our ethically and sustainably sourced European brands. The rebound from the previous year was further bolstered by the government's continued easing of social distancing measures and the easing of global supply chain bottlenecks.

Despite the substantial growth in revenue, escalating operational expenses led to an overall loss of S$4.6 million in FY2023. Although we are optimistic about the positive revenue turnaround since we shifted to the clean technology and renewable sectors, we are also focused on managing costs strategically to maintain stable returns for our shareholders.

### BUSINESS HIGHLIGHTS

Our net assets surged from S$10.9 million as at 31 March 2022 to S$19.2 million as at 31 March 2023 as we acquired a 51% stake in Gashubunited Utility Private Limited (GUPL). GUPL's standing as a prominent LNG supplier allows us to capitalise on market trends driven by Singapore's energy transition blueprint. LNG serves as an excellent transition fuel, offering cleaner and lower-cost fuel solutions as the region aims to achieve net-zero emissions in the power sector by 2050.

Additionally, in the latter half of the year, we entered into a share subscription agreement with RD Property Holding Pte Ltd for a subscription of up to an aggregate of 998 Class A convertible preference shares in the capital in Green Energy Investment Holdings (GEIH), (representing 49.9% of GEIH) via four investment tranches of an aggregate amount of S$20 million. We hold the remaining 50.1% stake in GEIH. As part of the Shareholder Agreement, GEIH's board will comprise five directors, including the appointment of our own Mr Sydney Kwan as CEO in recognition of his extensive expertise in systems engineering, design and sales. Through our work with GEIH, we aim to produce green hydrogen at competitive prices for large-scale use. By using biomass as a raw material and procuring LNG from GUPL, we now can offer a unique blend of patented and patent-pending technology to excel in the ever-changing energy landscape.

# CHAIRMAN AND CEO'S JOINT STATEMENT

## FUTURE OUTLOOK

As corporations and governments face mounting pressure to address their environmental impact, we are steadfast in our resolve to prioritise advancements within our Energy division. By channelling significant investment into agricultural waste management and forging alliances in the renewable energy sector, we have already made headway in obtaining patents and patent-pending certifications for these cutting-edge technologies. This commitment also extends to our Lifestyle segment, where we consistently introduce innovative alternatives for businesses and consumers who place a premium on sustainability.

Looking ahead, the Group is strategically positioned to seize opportunities stemming from Singapore's adherence with the United Nations' 2030 Sustainable Development Agenda and the Paris Climate Change Agreement. While H2G Green's primary operations are based in Singapore, we are also actively pursuing collaborations in region to accelerate the transition to clean living on a broader scale.

## THANK YOU

In closing, we want to emphasise the Group's steadfast dedication to enhancing shareholder value and propelling growth through strategic acquisitions and partnerships. We maintain our confidence in our ability to seize emerging market opportunities and skilfully tackle challenges in both our Energy and Lifestyle sectors.

We would also like to express my sincere appreciation to our shareholders, customers and employees for their unwavering support. Together, we will persist in forging a path towards a sustainable future and creating long-term value for all stakeholders involved.

Yours sincerely,

**TAY SHUI WEN**
**Non-Executive Chairman and Independent Director**

**LIM SHAO-LIN**
**Chief Executive Officer and Executive Director**

# BOARD OF DIRECTORS

## Tay Shui Wen

*(Non-Executive Chairman and Independent Director)*

Mr Tay Shui Wen ("**Mr Tay**") was appointed as Independent Director of the Company on 25 May 2022 and was last re-elected on 28 July 2022. He was appointed as Chairman of Board of Directors on 1 July 2023. He is also the Chairman of the Remuneration Committee and a member of the Audit and Nominating Committees. He is currently a Director in the Equity Capital Markets Division of United Overseas Bank. He has over 18 years of investment banking and capital markets experience where he has worked on capital market transactions ranging from initial public offerings, reverse takeovers and secondary fund-raising exercises for companies listed on the SGX-ST. Prior to joining United Overseas Bank, Mr Tay has held positions in various established financial institutions including Tata Capital Markets, AmFraser Securities (now known as KGI Securities) and DBS Bank. Mr Tay holds a Bachelor of Science (Honours) in Business from the Loughborough University.

## Lim Shao-Lin

*(Chief Executive Officer and Executive Director)*

Mr Lim Shao-Lin ("**Mr Lim**") was appointed as an Executive Director of the Group on 29 July 2019 and was last re-elected on 29 September 2020. Considering his 30 years of experience successfully starting and leading multiple businesses in Singapore, he was subsequently tasked to lead the Group as the Chief Executive Officer ("**CEO**"). As CEO, he is responsible for the overall performance, strategic direction, and business development of the Group. Mr Lim has won multiple awards including the spirit of entrepreneur award. He is also the CEO of the GasHub Group for the past 30 years, after successfully growing it from a start-up to having more than 100 employees, focusing on gas engineering and spearheading the greener energy industry in the region through cleaner and more energy-efficient Liquefied Natural Gas.

## Koh Beng Leong

*(Executive Director – Finance)*

Mr Koh Beng Leong ("**Mr Koh**") was re-designated as an Executive Director on 11 November 2019, after having served as an Independent Director of the Group since 12 August 2005. Mr Koh was also re-designated as Executive Director – Finance on 9 July 2020 and was re-elected on 28 July 2021. He currently also serves as the Deputy CEO (Energy) that oversees the energy division of the Group. He is a Fellow of Certified Practising Accountant (Australia), a member of Chartered Accountant (ANZ) and a member of Kampuchea Institute of Certified Public Accountants & Auditors. He holds a Master of Professional Accounting and a Bachelor of Economics. Before his current appointment, he was an executive director of a Singapore listed company where he was involved in operation and business development. He had also held key management positions in various companies in Singapore and Vietnam prior, overseeing businesses in the Asian region.

# BOARD OF DIRECTORS

### Leow Sau Wan
*(Executive Director)*

Ms Leow Sau Wan ("**Ms Leow**") was appointed as Executive Director on 18 June 2021. She is responsible for overseeing the Lifestyle division of the Group. She was designated as Finance Manager (Energy) on 1 July 2020. She was formerly working part-time as Deputy Group Finance Manager since 1 October 2019, concurrently taking the lead on corporate digitalisation program and overseeing the finance function of the H2G energy division and was last re-elected on 28 July 2021. Ms Leow's achievement and qualifications includes being Fellow of Certified Practising Accountant (Australia), Chartered Accountant (Singapore), a member of the ISCA, Association of Taxation Technicians Singapore Specialist (2nd placing) as well as Bachelor of Business (Accounting). She also holds a Master of Business Administration (joint program of Deakin University and CPA Australia), an Advance Diploma in Business Administration (Distinction, validated by local delegacy, University of Oxford) and is also a Certified Microsoft Specialist. Prior to her current appointment in H2G, she helms the position of Finance Manager overseeing the financial and accounting functions at New Ocean Ship Management Pte Ltd (a subsidiary of JX Ocean Co Ltd) (2004-2019) for its Asia Pacific operations, while also serving as senior auditor, accountant and consultant at a local CPA firm (2000-2004). Ms Leow completed the SID mandatory training and ISCA Infrastructure & Project Finance Qualification.

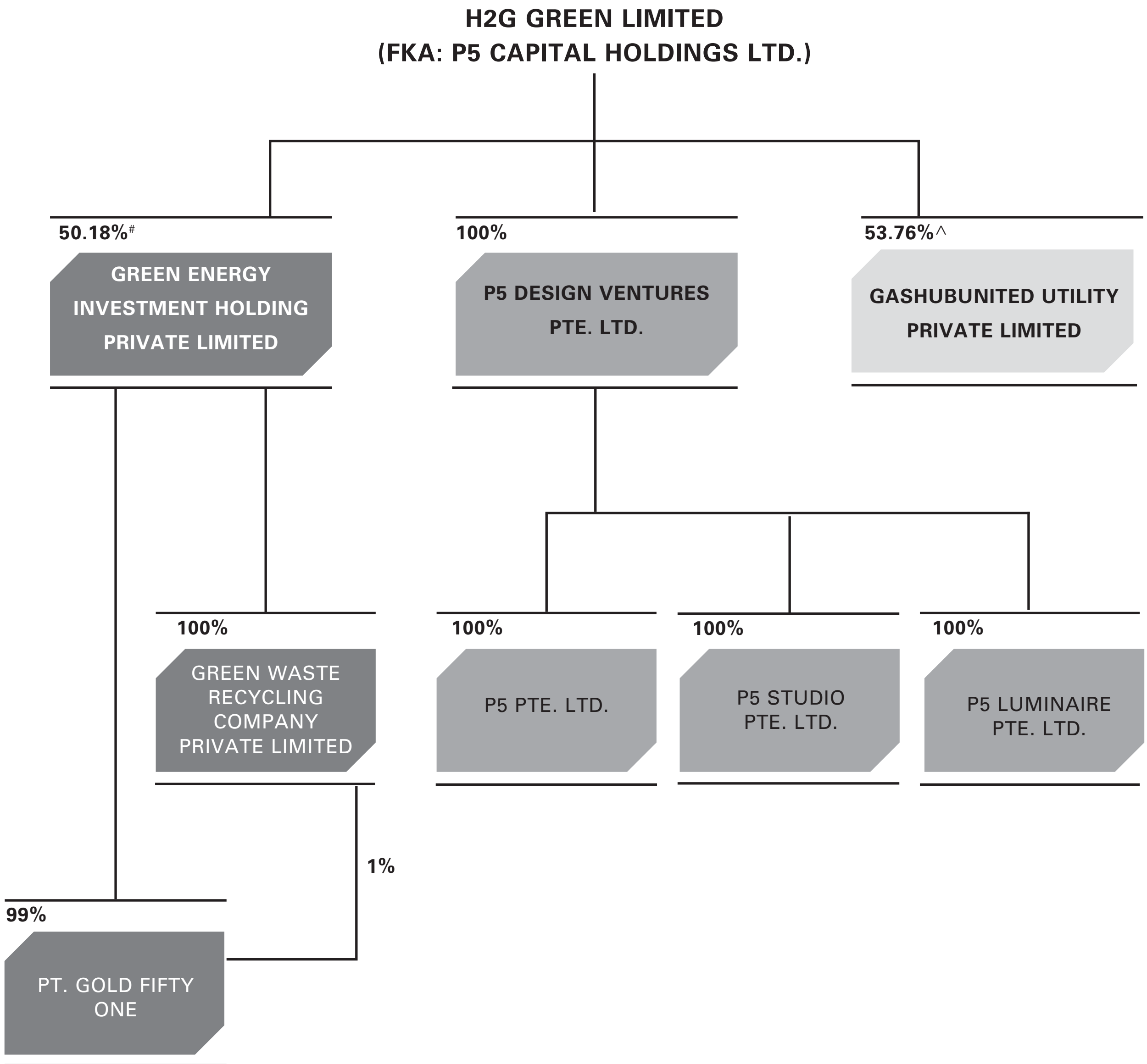
### Lien Kait Long
*(Independent Director)*

Mr Lien Kait Long ("**Mr Lien**") was appointed as an Independent Director on 1 April 2023. He currently serves as the Chairman of the Audit Committee and member of the Nominating and Remuneration Committees. With over 50 years of experience in accounting, finance, corporate management, business strategy, and investments, Mr Lien has held various independent director and chairman positions in Singaporean and Chinese listed companies. Currently, he is the Lead Independent Director and Chairman of the Audit Committee of Falcon Energy Group Limited, Independent Director and Chairman of the Audit Committee of Asia-Pacific Strategic Investments Limited, and Lead Independent Director and Chairman of the Audit and Risk Committee of Tat Seng Packaging Group Ltd. Additionally, he serves as a Director of China Enterprises Limited and as the Singapore representative of DL Family Office Pte Ltd. Mr Lien holds a Bachelor of Commerce degree from Nanyang University in Singapore and is a fellow member of the Institute of Singapore Chartered Accountants and CPA Australia.

### Mak Yen-Chen Andrew
*(Independent Director)*

Mr Mak Yen-Chen Andrew ("**Mr Mak**") was appointed as an Independent Director on 1 April 2023, and is currently Chairman of Nominating Committee and member of Audit Committee and Remuneration Committees. He has over 27 years of experience in legal practice and is currently a consultant with Fortis Law Corporation. His current practice focuses on mergers and acquisitions, joint ventures, securities and capital markets, listed company work, general corporate/commercial work and cross-border transactions. He is also familiar with corporate governance. Mr Mak is an independent director of Leader Environmental Technologies Limited, Far East Group Limited, and Falcon Energy Group Limited. In addition, he is a board member of The Singapore Lyric Opera Limited and serves on the advisory board of Executives' Global Network (Singapore). In 2012, Mr Mak was awarded the Public Service Medal (PBM) by the President of Singapore. He graduated with a Bachelor of Laws (Second Class Honours Upper Division) from the National University of Singapore in 1994.

# CORPORATE STRUCTURE




*# 23 February 2023 changed from 100% to 50.18%*

*^ 28 June 2022 acquired 51% increased to 53.76% on 21 March 2023*

***Energy Business Segment – Biodiesel***

***Energy Business Segment – LNG***

***Lifestyle Business Segment***

# OPERATIONS REVIEW

## GROUP'S PERFORMANCE

The Group operates in both the lifestyle ("**Lifestyle Business**") and the renewable and sustainable energy segments ("**Energy Business**").

The increase in the Group's revenue by approximately S$6.5 million or 90% from S$7.2 million for the financial year ended 31 March 2022 ("**FY2022**") to S$13.7 million for the financial year ended 31 March 2023 ("**FY2023**") was mainly due to contributions from Lifestyle Business which represent 89% of the Group's revenue. The increase in revenue for the Lifestyle Business was due to business recovery from the post-pandemic and continued easing of the supply chain bottlenecks during FY2023. As the government continued to ease safe distancing measures arising from the Covid-19 pandemic, site work resumed with less delays compared to FY2022.

Cost of sales increased by S$3.7 million to S$7.9 million in FY2023 as compared to S$4.2 million in FY2022, due mainly to the increase in sales of the Lifestyle Business.

Distribution expenses increased by 93% or S$1.3 million to S$2.7 million in FY2023 as compared to $1.4 million in FY2022 due to higher logistic handling and selling costs correspondingly with sales increase, and additional distribution costs incurred from the business combination arising from the newly acquired subsidiary GUPL of approximately S$0.6 million.

Administrative expenses increased by 49% or S$2.3 million to S$7.0 million in FY2023 as compared to S$4.7 million in FY2022 mainly due to an increase in depreciation of property, plant & equipment (approximately S$0.1 million), legal & professional fees (approximately S$0.2 million), research and development expenses (approximately S$0.1 million) and additional administrative costs incurred from the business combination arising from the newly acquired subsidiary GUPL (approximately S$1.9 million).

Impairment of loss of non-financial assets increased by 100% to S$0.5 million is mainly due to recognition of impairment non-financial assets of S$0.5 million.

Net finance costs increased by 200% or S$0.4 million to S$0.6 million in FY2023 as compared to S$0.2 million in FY2022 mainly due to an increase in net foreign exchange loss of approximately S$0.3 million and bank loan interest of approximately S$0.1 million, due to the utilization of additional banking facilities.

Overall, the Group's loss for FY2023 amounted to S$4.6 million.

The net assets of the Group amounted to approximately S$19.2 million as at 31 March 2023 as compared to approximately S$10.9 million as at 31 March 2022. The overall increase in net assets was mainly attributable to:

Property, plant and equipment of the Group increased by S$3.9 million to S$7.6 million as at 31 March 2023 mainly due to the business combination arising from the acquisition of GUPL (completed as at 31 March 2023).

Right-of-use assets increased by S$1.0 million to S$7.0 million as at 31 March 2023 from S$6.0 million as at 31 March 2022. The increase was mainly due to the renewal of the lease agreement for three (3) warehouses and one showroom under Lifestyle Business and the renewal lease agreement of the Jurong Island plant for Energy Business.

Trade and other receivables of the Group increased by S$0.6 million or 25% to S$3.0 million as at 31 March 2023 due to a business combination arising from the acquisition of GUPL of approximately S$0.9 million offset by the decrease in advances to suppliers of S$0.3 million.

Trade and other payables of the Group increased by S$1.2 million or 109% to S$2.3 million as at 31 March 2023 due to a business combination arising from the acquisition of GUPL amounting to S$0.9 million and an increase in payable due to increase in sales.

Contract liabilities of the Group decreased by S$2.3 million or 45% to S$2.8 million as at 31 March 2023 due to the recognition of revenue of completed jobs.

Loans and borrowings of the Group increased by S$0.8 million or 20% to S$4.9 million as at 31 March 2023 as GUPL has obtained a new loan of S$1.0 million and trade line of S$0.2 million offset with repayment of bank loans of S$0.4 million. GUPL's bank loan is to finance working capital.

# OPERATIONS REVIEW

As at 31 March 2023, the Group had net current assets of S$9.5 million and cash and equivalent of S$9.6 million. The Group currently has sufficient cash resources and banking facilities to meet its current liabilities.

The Group's cash and cash equivalent increased from approximately S$5.3 million as at 31 March 2022 to S$9.4 million as at 31 March 2023 due to:

- The net cash outflows from operating activities of approximately S$3.8 million consist of a change in contract liabilities of S$2.3 million.

- The net cash used in investing activities amounting to approximately S$0.5 million arising from cash and cash equivalents of the subsidiary acquired amounting to S$0.6 million offset by cash used in acquired property, plant, and equipment of approximately S$0.8 million; and

- The net cash inflow in financing activities amounting to approximately S$8.2 million mainly due to proceeds from the bank loan of S$1.3 million, proceed from issuing ordinary shares of S$3.9 million and GEIH preference share of S$4.9 million (both proceeds net shares issuance costs), amount due to director and affiliated company of S$1.4 million, bridging loan of S$0.6 million and has offset by various repayment of approximately S$4.0 million.

As at 31 March 2023, the Group's cash and cash equivalents amounted to S$9.4 million (31 March 2022: S$5.3 million).

## ENERGY BUSINESS

During FY2023, the Group completed its acquisition of approximately 51% equity interest in GUPL via issuance of new shares and subsequently acquired additional 2.76% in GUPL for cash consideration of S$3.8 million from three shareholders. The acquisition represents an opportunity for the Group to further grow and venture into energy and gas-related business.

Other than investment in GUPL, the Group has entered into a Share Subscription Agreement with an investor, wherein the investor will subscribe for up to an aggregate of 998 Class A convertible preference shares in capital of GEIH via four investment tranches of an aggregate amount of S$20 million ("**Share Subscription**"). The Subscription Shares represent an aggregate of 49.9% of the total enlarged number of issued shares in the capital of GEIH on a fully diluted and as-converted basis. With the completion of the Share Subscription, GEIH is now a 50.1%-owned subsidiary of the Group. The capital contribution serves to accelerate growth at GEIH at a critical junction as regulatory and end-user interest in biofuels gathers momentum. It also will potentially allow GEIH to establish a first-mover advantage with its differentiated approach in using non-food cellulous biomass waste, which has been proven to be more cost-effective and more environmentally friendly than food-based biofuels. Overall, the capital contribution will enhance shareholders' value for the Group.

## LIFESTYLE BUSINESS

In recent years, the Group has strategically crafted its portfolio of prestigious designer brands with the support of in-house designers to grow brand recognition. Despite challenges, the luxury furnishing segment was profitable in FY2023 and was well supported by a core group of consumers in the top wealth bracket. The Group has also been involved with several prominent turnkey projects at luxury condominiums.

According to The Wealth Report by Knight Frank that was published in April 2023, Singapore was 2nd highest city for cross-border private capital in 2022, recording US$1.8 billion of capital inflows. The report adds that Singapore properties ranked number 4th in the highest square metre of prime estate per US$1 million. Furthermore, Singapore ranks third amongst the top 10 economies with the fastest-growing population of UHNWI (Ultra-High Net Worth Individuals) and 5th in fastest-growing millionaires, accounting for 1 in every 17 residents. With the large investor interest in Singapore properties, the Lifestyle Business can expect to target an ever-increasing addressable market for its sustainably sourced, luxury furniture and fittings.

# SUSTAINABILITY REPORT

## BOARD'S STATEMENT

The board ("**Board**") of directors ("**Directors**") of H2G Green Limited ("**H2G**" or the "**Company**") is pleased to present the Company's sixth sustainability report (the "**Report**") for the financial year ended 31 March 2023 ("**FY2023**"). H2G, together with its subsidiaries, (the "**Group**" or "**we**") is committed to sustainable business practices that help to enhance stakeholder trust and the value of its brand.

In FY2023, H2G continued to make significant strides in its commitment towards sustainable living in Asia and beyond. Despite the challenges posed by the COVID-19 pandemic and supply chain bottlenecks, H2G successfully navigated through these uncertainties and achieved noteworthy growth in both of its lifestyle segment ("**Lifestyle Business**") and renewable and sustainable energy segments ("**Energy Business**"). We have successfully solidified our commitment to a greener future, with a significant increase in revenue from approximately S$0.284 million in FY2022 to S$1.205 million in FY2023 for our Energy Business. Our Lifestyle Business, which contributed approximately 89% of the Group's revenue, also saw a tremendous surge in demand for our ethically and sustainably sourced European brands.

As it moves forward, H2G will continue to prioritise sustainability in all its business activities. H2G remains committed to promoting ethically and sustainably sourced products, while channelling significant investment into progressive technology and renewable and sustainable energy. With a vision to spearhead the transition towards sustainable living, H2G remains committed to creating long-term value for its stakeholders and dismantling barriers that impede wider society's progress towards a sustainable future.

## ENERGY BUSINESS

The Group's Energy Business mainly focuses on the operation of the Group's two key subsidiaries, namely GasHubUnited Utility Private Limited ("**GUPL**") and Green Energy Investment Holding Private Limited ("**GEIH**"). GUPL specialises in the last mile distribution of liquefied natural gas ("**LNG**") via LNG tanks and cylinders which comply with the International Standard Organisation ("**ISO**") standards. LNG is a cleaner-burning fuel that produces less carbon emissions and emits less harmful pollutants, compared to traditional fossil fuels, such as coal, diesel and liquefied petroleum gas ("**LPG**"). Coupled with distributed power solutions such as Combined Cooling Heating and Power ("**CCHP**") systems, GUPL aims to provide commercial and industrial customers with access to a cleaner and lower-cost energy source and enhance their energy efficiency profiles, during Singapore's transition towards a low-carbon economy.

GEIH is involved in developing processing plants that use advanced pyrolysis technology to convert non-food cellulosic biomass waste into hydrogen and other useful products, such as biochar and synthetic fuel. As part of Energy Market Authority of Singapore ("**EMA**")'s net-zero emission plans, hydrogen could supply up to half of Singapore's power needs by 2050(*). Currently, the costs of producing low-carbon hydrogen are much higher

* *Reference: https://www.mti.gov.sg/Industries Hydrogen*

# SUSTAINABILITY REPORT

compared to those of producing hydrogen from fossil fuels. This presents an opportunity for GEIH as it is focused on a larger-scale rollout of its patented technology which can manufacture green hydrogen at relatively lower costs. Moreover, GEIH creates a sustainable circular economy by recycling organic plants and plant-based materials products and converting them into hydrogen and other products with applications in various industrial and agricultural fields. For example, synthetic fuel recycled can be used for powering vehicles, ships, and power plant, biochar as bio-organic fertilisers and vinegar as pesticides. With its patented and patent-pending technologies, GEIH is ready for continued growth as Singapore transitions towards green hydrogen and other low-carbon alternative fuel sources.

## LIFESTYLE BUSINESS

For the Lifestyle Business, the Group has strategically crafted its portfolio of prestigious designer brands with the support of in-house designers in an effort to grow brand recognition. Despite challenges, the lifestyle segment was profitable in FY2023 and was well supported by a core group of consumers in the top wealth bracket.

Since we work with very strong design houses and manufacturers, we are in a good position to service our discerning customers who appreciate style and comfort in their homes.

As a demonstration of our dedication to sustainability, we are seeking to collaborate with vendors that prioritise the quality and durability of their products, while also utilising materials that are ethically and sustainably sourced.

Certain brands are certified under Forest Stewardship Council ("**FSC**") or Programme for the Endorsement of Forest Certification ("**PEFC**") while others are compliant with environment related laws and regulations.

## GOVERNANCE STRUCTURE AND SUSTAINABILITY ACCOUNTABILITY

As a responsible corporate, the Board and the management of the Company ("**Management**") regularly review the Group's sustainability strategy against the emerging risks and opportunities in a rapidly changing economic landscape. Our sustainability strategy focuses on four key areas: Economic, Environment, Social, and Governance ("**EESG**").

At the macro level, sustainability is governed across various levels in the Group – from the Board and Management to the business units and supporting departments, enabling innovation, digital citizenship, equal opportunities for personal and career development, continuous learning, community involvement, safety and health considerations in our corporate processes.

For effective implementation, the Board has assigned the responsibilities of monitoring and overseeing the Group's sustainability efforts to the Sustainability Steering Committee ("**SSC**"). The SSC consists of the senior management team and heads of subsidiary business units and supporting departments. The head of every business unit and supporting department monitors the overall sustainability performance and provides updates to the Board and executive officers on matters relating to sustainability risk and any business malpractices. The Chairman of the SSC who is also the Group's chief executive officer ("**CEO**"), and together with the executive Directors ("**ED**") updates the Board on the sustainability performance of the Group and key material issues identified by stakeholders and the planned follow-up measures at least once annually.

# SUSTAINABILITY REPORT

We implemented several practices that are designed to support environmental stewardship through sustainability. We seek to address environmental considerations through our EESG programmes including working selectively with manufacturers/suppliers who actively uphold accountability related to afforestation, waste management, energy use, recycling and conservation of resources.

Internally, we have also strategically aligned our environmental responsibility by promoting paperless office, and implementing various measures to conserve energy and water. Details of the measures are elaborated in the section headed "Recycling and Reducing Resource Consumption".

In addition, key changes in the regulatory environment included a requirement for all Directors to undergo a one-time training on sustainability, among other requirements. In adherence to the Catalist Rules requirements, all our Directors have attended the mandatory sustainability training courses to equip themselves with basic knowledge on sustainability matters.

## REPORTING SCOPE AND FRAMEWORK

The scope of this Report covers the Group's energy segment and lifestyle segment, namely the operation of the Group's key subsidiaries – GUPL, GEIH and P5 Design Ventures Pte. Ltd. ("**P5**"), which is consistent with the scope of the Group's annual report for FY2023. Compared with the scope of the sustainability report for the financial year ended 31 March 2022 ("**FY2022**"), this Report expands its reporting scope by including the operation of GUPL. The sustainability-related data in this Report covers the Group's key business operations in Singapore, including the headquarter office for investment holding, three showroom and three warehouses for Lifestyle Business, one LNG bottling station and one green energy research and development ("**R&D**") processing plant for Energy Business in Singapore.

This Report covers and addresses the EESG factors material to the Group. Based on a materiality assessment undertaken for the Group's business, EESG factors are identified, internally assessed/validated and approved by the Board. This Report is prepared in compliance with the requirements of Rules 711A and 711B of the Listing Manual – Section B: Rules of the Catalist of the Singapore Exchange Securities Trading Limited ("**Catalist Rules**"), and with reference to the Global Reporting Initiative ("**GRI**") Standards for performance disclosures. Refer to Appendix "GRI Content Index" for contents with reference to GRI Standards.

This Report has undergone the internal review process of the Group and was reviewed by the Board. The Group has engaged its internal auditors to perform an internal review of its sustainability reporting process. The Group has not sought external assurance for this Report.

# SUSTAINABILITY REPORT

## SUSTAINABILITY AT THE CORE

We aim to deliver timely financial reports from our operations, upholding our commitment to sustainability and nurturing the resilience of our people and business. We are accelerating our pace of transformation from a traditional retail-focused business to a more forward-looking, technology-centric company vested in eCommerce and clean energy for the future, further diversifying with more investments into new economy assets. We rationalised our existing businesses, intensified our digitalisation initiatives and enhanced the skillsets of our staff to ensure their continued relevance.

Bringing a positive impact on our stakeholders is always at the core of our business development. As we transform and evolve, we also consider the needs of our key stakeholder groups, including our shareholders/investors, employees, customers, suppliers, the government and regulators, as well as the community, and work with key values that guide us to develop our stakeholder engagement practices in building a trusted and responsible enterprise. In this regard, the diagram below summarises our approach to stakeholder engagement:

<table>
<tr><td rowspan="4">ENGAGEMENT VALUES</td><td colspan="5">INFORM<br>Being transparent. Regularly communicating information to stakeholders.</td></tr>
<tr><td colspan="5">CONSULT<br>Being receptive. Seeking ideas, experience and opinion of stakeholders.</td></tr>
<tr><td colspan="5">INVOLVE<br>Being inclusive. Proactively engaging stakeholders for their valuable contributions as we grow.</td></tr>
<tr><td colspan="5">COLLABORATE<br>Building trust and confidence. Involving stakeholders in decision making processes.</td></tr>
<tr><td rowspan="2">ENGAGEMENT PRACTICES</td><td>OUR ENVIRONMENT</td><td>OUR PEOPLE</td><td>OUR CUSTOMERS</td><td>OUR COMMUNITY</td><td>OUR SUPPLIERS</td></tr>
<tr><td>Promoting corporate awareness on the need for recycling, waste reduction and paperless operation.</td><td>Promoting a culture of fair employment, continuous learning, ethnic diversity and work safety practices.</td><td>Respecting customer's data privacy, treating customers with respect, eliminating exploitations and bribery, and upholding product and service quality.</td><td>Providing opportunities for educating and mentoring the younger generation through internships, guest lectures and supporting budding entrepreneurs.</td><td>Advocating fair trade relations, working with suppliers to establish transparent, ethical and efficient supply chain, and upholding timely payments.</td></tr>
</table>

Our commitment to creating long-term sustainable value for our stakeholders must always remain market-relevant amidst changing times. We value, evaluate and act upon feedback received over the course of engagement with our stakeholders, which further strengthened the relevance of our reporting and approach to managing the material issues identified by the Group.

# SUSTAINABILITY REPORT

To ensure continuous improvement, we advocate initiatives towards proactive relationship-building with our stakeholders in our Board and Management meetings and maintain an effective multi-lateral communication channel that serves to manifest our stakeholder engagement values mentioned above.

Table A below sets out the key stakeholders identified, the mode of engagement, engagement frequencies and the respective stakeholder expectations:

### TABLE A – POLICIES AND PRACTICES

| Key Stakeholders | Mode of Engagement | Frequency | Concerns and Expectations |
|---|---|---|---|
| Shareholders & Investors | • Annual general meetings<br>• Semi-annual financial reports<br>• Corporate announcements on SGXNET | • Annually<br>• Semi-annually<br>• Ad-hoc basis | • Financial performance<br>• Shareholder value<br>• Sustainability reporting<br>• Business updates<br>• Pandemic responses |
| Employees | • Weekly sales/operations meetings<br>• Monthly planning and sales brainstorming<br>• Semi-annual companywide townhall meetings<br>• Internal communication chat groups for timely matters reporting | • Regularly, and/or spontaneously for timely contingency response | • Semi-annual performance appraisal<br>• Employee career development reviews<br>• Remuneration, incentives and training policies<br>• Work and health safety measures<br>• Flexible work arrangements |
| Customers | • Spontaneous feedbacks at retail outlets, online chats, and mobile hotline for services, enquiries and feedbacks<br>• Monthly electronic direct mails and newsletters | • Regularly | • Product and service quality<br>• Delightful customer experience driven by customer obsession<br>• Invitation to quarterly industry events and product launches |
| Suppliers | • Meetings and discussion on pricing, supply chain, and marketing initiatives<br>• Joint exploration and collaboration to build new markets | • Regularly | • Compliance with terms and conditions of purchasing policies and procedures<br>• Maintenance of ethical standards on product quality and customer support |
| Government and Regulators | • Regular reporting according to reporting timelines<br>• Review of contractual agreements<br>• Alignment with government initiatives on job support and/or job redesign to minimise redundancies | • Annually<br>• Quarterly/ semi-annually<br>• Ad-hoc basis | • Compliance with regulations (e.g. COVID-19 related regulations, Personal Data Protection Act) and reporting timelines<br>• Digitalisation to achieve accuracy, integrity, timeliness and precision of records, internal risk management, audit and reporting |
| Community | • Internship opportunities<br>• Education (e.g. lectures) Support for budding entrepreneurs | • Regularly | • Employment opportunities<br>• Sponsorship and/or traineeship programmes for fresh graduates<br>• Networking events that foster both business and community support |

# SUSTAINABILITY REPORT

The Group conducted a materiality assessment exercise, referencing the GRI Standards – GRI 3: Materiality Topics 2021 in order to identify, prioritise and validate EESG factors that are significant to business operations and of interest to the Group's key stakeholders. With the facilitation of an external consultant and by considering trends and current themes of concern in the energy and lifestyle industries as well as the sustainability trends in Singapore and globally, the Group has shortlisted and identified 7 material EESG factors. The Group thereafter conducted a materiality assessment in the form of questionnaires. Stakeholder representatives from different business units across the Group were involved in completing the materiality survey and rated the relative importance of these factors according to the significance of their impacts on the economy, environment, and people, including impacts on the human rights. Based on the results of the materiality survey, contributing to the marketplace and customers, ethics and integrity, as well as compliance are identified as prioritised material topics, while climate change, recycling and reducing resource consumption, diversity and equal opportunity, as well as safety, health and community are identified as material topics for the Group.

The Board and Management set goals and targets to measure progress for each of the material factor under the 4 core areas of EESG. Table B below summarises our performance in FY2023 and our goals and targets set for the financial year ending 31 March 2024 ("**FY2024**"):

### TABLE B PERFORMANCE

| Material Factors | Targets Set In FY2022 | Performance In FY2023 | Goals And Targets For FY2024 |
|---|---|---|---|
| **Economic** | | | |
| Contributing to the marketplace and customers | 1. LNG revenue target | Achieved<br>(After the acquisition of GUPL in FY2023, it has generated substantial revenue for our Energy Business in FY2023) | 1. LNG revenue target<br>2. Green energy revenue target<br>3. eCommerce strategy with revenue target |
| | 2. Green energy revenue target | In Progress<br>(GEIH is still in the stage of a larger-scale rollout of its patented technology) | |
| | 3. eCommerce strategy with revenue target | As the eCommerce platforms contribute insignificantly to the revenue of H2G, the Group considers the target immaterial. Nevertheless, the Group will continue to utilise eCommerce platforms to sell and promote its products and services | |
| | 4. Mono brand showroom revenue target | Achieved<br>(The Lifestyle Business generated a revenue of approximately S$12,238,000 in FY2023) | |

# SUSTAINABILITY REPORT

| Material Factors | Targets Set In FY2022 | Performance In FY2023 | Goals And Targets For FY2024 |
|---|---|---|---|
| **Environmental** | | | |
| Climate change | Not Applicable (The material factor is newly added) | Not Applicable (The material factor is newly added) | 1. Organise at least one relevant activity or training to raise awareness among employees on climate change<br>2. Maintain current level of total GHG emissions intensity |
| Recycling and reducing resource consumption | 1. Reduce water consumption to below national average | In Progress (In FY2023, the Group disclosed its water consumption data for the first time. In FY2023, the Group's total water consumption was approximately 2,381.20 $m^3$ and the intensity was approximately 0.17 $m^3$/revenue (thousand S$)) | 1. Maintain current level of water consumption intensity in FY2024<br>2. Maintain current level of energy consumption intensity in FY2024<br>3. Maintain current level of paper consumption intensity in FY2024 |
| | 2. Reduce electricity consumption to below national average | In Progress (In FY2023, the Group disclosed its energy consumption data for the first time. In FY2023, the Group's total electricity consumption was approximately 189.42 MWh and the energy consumption intensity was approximately 0.13 MWh/revenue (thousand S$)) | |
| | 3. Use less paper every year by sharing information with digital documents | In Progress (In FY2023, the Group disclosed its paper consumption data for the first time. In FY2023, the Group's total paper consumption was approximately 545.74 kg and its intensity was approximately 0.04 kg/revenue (thousand S$)) | |
| | 4. Implement Digital filing for ease of retrieval and sharing of documents | Achieved | |
| | 5. Switch off lights and air conditioner when it is already cold | Achieved | |
| | 6. Delete duplicate files and emails every month as a house keeping exercise to reduce demand on storage space | Achieved | |

# SUSTAINABILITY REPORT

| Material Factors | Targets Set In FY2022 | Performance In FY2023 | Goals And Targets For FY2024 |
|---|---|---|---|
| **Social** | | | |
| Diversity and equal opportunity | 1. Maintain zero reported issue of gender, nationality or age discrimination and promote a culture of unity | Achieved | 1. Maintain zero reported incident of gender, nationality or age discrimination and promote a culture of unity<br>2. Promote equal opportunity employment<br>3. Promote gender diversity by hiring a mix of gender types |
| | 2. Provide platform for feedback on new ideas | Achieved | |
| | 3. Engage staff by organising internal workshops on effective management, product knowledge, digital marketing and selling techniques | Achieved | |
| | 4. Promote gender diversity by hiring a mix of gender types | Achieved | |
| | 5. Promote equal opportunity employment | Achieved | |
| | 6. Promote whistle blow and feedback to staff, customer and vendors | Achieved | |
| Safety, Health and the community | 1. Maintain zero penalty or fines on breaches and non-compliance according to the safety standards and work related injuries | Achieved | 1. Maintain zero penalty or fines on breaches and non-compliance according to the safety standards and work-related injuries |
| **Governance** | | | |
| Ethics and Integrity | 1. Promote and update Code of Conduct annually to all staff | Achieved | 1. Promote and update Code of Conduct annually to all employees<br>2. Maintain zero incidents of corruption, fraud, and other malpractice |
| | 2. Create a strong risk management system and internal control processes | Achieved | |
| | 3. Improve transparency with better communication with staff and management | Achieved | |
| Compliance | 1. Maintain zero incidents of non-compliance with relevant laws and regulations | Achieved | 1. Maintain zero incidents of non-compliance with relevant laws and regulations |

# SUSTAINABILITY REPORT

## BRIEF ON THE 4 CORE AREAS FOR SUSTAINABILITY

## OUR ECONOMIC VIEWS

As a corporation operating in both the lifestyle and sustainable energy industries, we are committed to meeting our customers' diverse needs and driving sustainable growth through superior products and exceptional customer service. In this rapidly changing and digitalised landscape, our success will depend on our ability to innovate and adapt to emerging trends.

Our strategic investments in the clean energy sector, including green technology and LNG, are expected to contribute significantly to our revenue stream and create long-term value for our shareholders. As Singapore continues its transition towards a green economy and the demand for LNG increases, we are well-positioned to capitalise on market trends and emerging opportunities.

In our Lifestyle Business, we will continue to target an ever-expanding addressable market for our sustainably sourced luxury furniture and fittings. With the growing interest in Singapore properties, we expect to see increased demand for our products and services. We are confident that our commitment to sustainability and ethical sourcing will set us apart from our competitors and drive continued growth in this segment.

Overall, we remain optimistic about the future and our ability to navigate challenges and seize opportunities in both our Energy Business and Lifestyle Business. With a strong financial foundation supported by ample cash reserves and banking facilities, we are well-positioned to continue our upward trajectory and create long-term value for our stakeholders.

## OUR ENVIRONMENT CONTRIBUTIONS

We believe environmental protection is a necessity for achieving sustainable development. We are committed to continue contributing towards protecting the environment and natural resources for the present and future generations.

## CLIMATE CHANGE

The Group acknowledges that the Task Force on Climate-related Financial Disclosures ("**TCFD**") provides recommendations regarding the disclosure of climate-related financial information. We recognised that climate change would have a significant impact on our business operations and the community. We assessed the impact of key climate-related risks and opportunities and disclosed the adopted strategies under four overarching elements, including governance, strategy, risk management and metrics and targets. While the Group has adopted certain areas of TCFD's recommendations, we will continue to strengthen our disclosure with reference to the TCFD.

### Governance

The Board oversees the Group's sustainability in the formulation of its strategy and reviews climate-related disclosure and its actions to enhance climate resilience. Under the Board's delegations, the SSC is responsible for developing objectives, building plans and performance metrics, managing the overall climate-related sustainability performance, and implementing the relevant mitigation and adaptation measures into the Group's operations.

# SUSTAINABILITY REPORT

### Strategy

The Group continuously updates itself on climate-related risks, including physical risks and transition risks, and climatic events affecting its business, strategy and financial planning.

In terms of physical risks, the increased frequency and severity of extreme weather, such as extreme heat and flash floods, can disrupt our business operations by damaging the power grid and communication infrastructures, disrupting supply chains, hampering and injuring our employees on the way to work or during their work. These events could also damage the Group's assets, resulting in extra repair and maintenance costs.

Therefore, the Group would evaluate the possible extreme weather events, identify relevant risks and prioritise those with severe impact to take precautionary and contingency measures. We would also formulate a crisis response plans to reduce negative impacts brought to the Group by extreme weather events, formulate an extreme weather condition work arrangement guideline to standardise the operating procedures under bad weather conditions and maintain comprehensive insurance coverage for assets that are prone to damage by extreme weather conditions, so as to minimise the potential maintenance and repair cost required.

On the other hand, the Group expects that the policies and reporting requirements related to climate change will be more stringent. Stricter environmental laws and regulations (e.g. carbon tax) may also expose the Group to higher risks of claims and lawsuits to increase the Group's related capital investment and compliance costs. In response, the senior management of the Group will continue to pay attention to relevant regulatory requirements, consult opinions from third-party professionals on compliance operations, and reduce carbon emissions and energy consumption through various measures.

The Group has identified climate-related opportunities for its Energy Business. Amidst Singapore's increasing demand for LNG in the foreseeable future and the government's transition towards greener energy especially hydrogen in order to achieve its carbon neutralisation target, the Group is well to capitalise on these market trends and policy change by providing cleaner, lower-cost fuel solutions with LNG and continues to develop and manufacture green hydrogen to contribute to Singapore's transitions towards the green economy.

### Risk Management

The Board is responsible for risk governance and ensuring that the management of the Group maintains a comprehensive system of risk management and internal controls. Some climate-related risks have been categorised as emerging risks and the Group recognises that climate-related risks are inherently linked to other strategic, financial and operational risks.

# SUSTAINABILITY REPORT

To mitigate the identified risks, the Group has adopted the Climate Change Policy and has integrated climate change into its internal control procedures and enterprise risk management system. The Group regularly monitors existing and emerging trends, policies and regulations related to climate change, reviews the emergency plan against extreme weather events, and reminds the management of the Group when necessary to avoid violations or reputation risks due to delayed response. The Group will continue to monitor and review developments of relevant standards and fine-tune its management framework.

### Metrics and Targets

We have measured the direct (Scope 1) and energy indirect (Scope 2) GHG emissions in this Report. The major sources of GHG emissions of the Group were diesel and petrol consumed by company-owned vehicles, diesel and LNG used for power generation (Scope 1) as well as purchased electricity (Scope 2). The Group's performance in GHG emissions for FY2023 is as follows:

| Indicator[1] | Unit | Investment Holding | Lifestyle Business | Energy Business | Group |
|---|---|---|---|---|---|
| Direct GHG emissions (Scope 1) – Diesel, petrol and LNG | $tCO_2e$ | – | 20.24 | 350.33 | 370.57 |
| Energy indirect GHG emissions (Scope 2) – Purchased electricity | $tCO_2e$ | 31.02 | 45.83 | – | 76.85 |
| Total GHG Emissions (Scope 1 and 2) | $tCO_2e$ | 31.02 | 66.07 | 350.33 | 447.42 |
| Intensity | $tCO_2e$/revenue (thousand S$)[2] | 0.15 | 0.01 | 0.29 | 0.03 |

Note(s):

1. GHG emissions data are calculated based on, including but not limited to, "The Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standards" issued by the World Resources Institute and the World Business Council for Sustainable Development, "Appendix to Part II: Monitoring Plan of Greenhouse Gas (GHG) Emissions Measurement and Reporting Guidelines" published by National Environment Agency and 2021 Electricity Grid Emission Factor issued by the Energy Market Authority of Singapore.
2. In FY2023, the revenue of the Group is approximately S$13,654,614, the revenue for Investment Holding is approximately S$212,154, the revenue for Lifestyle Business is approximately S$12,237,754, and the revenue for Energy Business is approximately S$1,204,706. These numbers are also used for calculating other intensities of environmental data presented in this Report.

In FY2023, the Group discloses its GHG emissions for the first time and has set targets to organise at least one activity in FY2024 to raise awareness among employees on climate change and to maintain the current level of GHG emissions intensity in FY2024.

## RECYCLING AND REDUCING RESOURCE CONSUMPTION

### Energy Management

The Group has developed an energy management policy in its environment management system, striving for energy conservation. All employees should implement the relevant measures whenever appropriate, including the purchase of energy-efficient products and services, and are responsible for the Group's overall energy efficiency. Through adopting energy management and conservation policies and practices, the Group has developed an energy-related target and regularly reviews its energy consumption to continuously enhance the Group's energy performance. The energy management system is implemented with an annual review to assist in achieving its energy target. Unexpected high consumption of electricity will be investigated to find out the root cause and preventive measures will be taken.

The Group has performed the following measures relating to reducing energy consumption and raising employees' environmental awareness:

- Adopting higher energy-efficiency office equipment, such as LED lights, in the workplace;
- Switching off lighting, air conditioning (when it is already cold) and electrical appliances when not in use;
- Encouraging its employees to utilise teleconferences and video conferences thereby reducing the need to commute to work or for meetings when appropriate;
- Publicising environmental protection messages to its employees; and
- Encouraging its employees to participate in campaigns and activities relating to the promotion of energy conservation.

# SUSTAINABILITY REPORT

The Group's major sources of energy consumption were diesel and petrol consumed by company-owned vehicles, diesel and LNG for power generation, as well as purchased electricity. The Group has set a target to maintain its current energy consumption intensity in FY2024. The following is the Group's energy performance in FY2023:

| Indicator(3) | Unit | Investment Holding | Lifestyle Business | Energy Business | Group |
|---|---|---|---|---|---|
| Direct energy consumption – Diesel, petrol and LNG | MWh | – | 85.97 | 1,452.51 | 1,538.48 |
| Indirect energy consumption-Purchased electricity | MWh | 76.46 | 112.96 | – | 189.42 |
| Total GHG Emissions (Scope 1 and 2) | MWh | 76.46 | 198.93 | 1,452.51 | 1,727.90 |
| Intensity | MWh/revenue (thousand S$) | 0.36 | 0.02 | 1.21 | 0.13 |

Note(s):

3. The unit conversion method of energy consumption data is formulated based on the "Energy Statistics Manual" issued by International Energy Agency.

### Water Management

Water consumed by the Group is provided by the local water suppliers and is mainly used for general office use and daily cleaning. Effluents generated by the Group, which are mostly domestic wastewater, are discharged to the municipal pipeline network. All our discharge complies with legislative requirements and no water sources were significantly affected. To effectively manage its water consumption, the Group has formulated relevant procedures for water management and water conservation measures, including but not limited to:

- Installing water-saving equipment whenever possible to facilitate water conservation;
- Posting water-saving notices and guiding the employees to use water reasonably; and
- Monitoring water consumption throughout the Group's operations and promptly reporting any water leaks.

The Group has set a target to maintain its current water consumption intensity in FY2024. The following is the Group's water performance in FY2023:

| Indicator | Unit | Investment Holding | Lifestyle Business | Energy Business | Group |
|---|---|---|---|---|---|
| Total water consumption | $m^3$ | 547.20 | 172.90 | 1,661.10 | 2,381.20 |
| Intensity | $m^3$/revenue (thousand S$) | 2.58 | 0.01 | 1.38 | 0.17 |

# SUSTAINABILITY REPORT

**Paperless Office**

The Group consciously minimises paper usage and has been taking conscious steps to promote a "go electronic" culture. To cut down on printing, we embrace solutions that allow common access to information, documents and catalogues by implementing Microsoft Sharepoint Group-wide to centralise information sharing in a digitalised format. The use of various computer apps has reduced the consumption of paper for administrative processes and reduced human processing time. If the employees need to print on paper, we also encourage them to print on both sides and print in black and white.

Furthermore, we completed our company-wide digitalisation initiatives in the following areas to reduce paper consumption and save digital storage space:

- Utilising the cloud-based human resource management system ("**HRMS**") which allows staff to apply for leave and record their attendance. It records the time worked and automatically records the overtime worked;
- Upgrading the enterprise resource planning systems that allows transactions to be captured at the frontline, single data entry and real-time access to financial information;
- Implementing the online communication platform that improves transparency and collaboration between departments;
- Implementing digital filing for ease of retrieval and sharing of documents;
- Replacing attachments of files in emails with links to the documents to reduce the usage of digital storage space; and
- Deleting duplicate files and obsolete files every month to save digital storage space.

In FY2023, only the headquarter of the Group for investment holding consumes paper and its paper consumption performance is as follows:

| Indicator | Unit | Investment Holding |
|---|---|---|
| Total paper consumption | kg | 545.74 |
| Intensity | kg/revenue (thousand S$) | 2.57 |

# SUSTAINABILITY REPORT

## OUR SOCIAL CONCERNS

The Group understands that employees are the most valuable asset, and realises employees as one of the most critical elements for its continuous success. We adopted a people-oriented human resource management strategy, which focuses on attracting and retaining talents, investing in professional training as well as creating an equal working environment.

In our policies for fair employment as well as in practice, we have been committed to providing decent and meaningful work across the organisation by:

- Always ensuring that workplaces are safe and contribute to the healthy development of our employees;
- Always ensuring that the insurance policies we put in place for the benefit of our people meet the fundamental requirements and are adequate based on the current health care and/or medical cost in Singapore;
- Ensuring our employees have access to training and courses that contributes to skills development and competency building, enabling them to grow and reach their full potential, and encouraging them to embark on life-long learning;
- Providing regular employee reviews at the business unit or department level to understand employee's changing aspirations or challenges faced in their course of work;
- Making gender equality a reality with appraisals for promotions focused on capability and individual aspiration;
- Ensuring transparency, having all employment-related policies or new directives published in our HRMS that is easily assessable by all employees;
- Striving to be a preferred employer by planning and putting into practice flexible work arrangement that is aligned with Singapore's national policy to promote good work-life balance; and
- Actively encouraging entrepreneurship and leadership across all levels of the Group, advocating fair and equal opportunities for all.

Going forward, we strive to ensure that all our employees continue to have access to equal opportunities for career development, progression, and success and that all management decisions related to recruitment and promotion continue to be premised on merits, capability and performance.

## DIVERSITY AND EQUAL OPPORTUNITY

We believe a diverse workforce is critical to our overall business success. The Group strives to implement hiring practices in a fair and consistent manner, being mindful to plan and provide career progression opportunities to its employees.

# SUSTAINABILITY REPORT

The Group has implemented fair employment practices and its human resource management practices are based on the key principles defined by the Tripartite Guidelines on Fair Employment Practices and Fair Consideration Framework, and also actively supports pro-family policies and policies related to parental/childcare leave recommended by the Ministry of Manpower of Singapore. The Group's recruitment process and promotion systems are based on meritocracy. We consider candidates for promotion based on performance, attitude and aptitude, and not their age, race, gender, religion, marital status, family responsibility or nationality.

For FY2023, the Group completed 100% of its employee annual performance review and made suitable adjustments that promote recognition of employees' contributions, and their career progression. In the same period, there were no reported incidents of any discrimination, unfair treatment or complaints from employees based on their gender, age or nationality. We target to maintain zero reported issues of gender, nationality or age discrimination and promote a culture of unity. As at 31 March 2023, the Group has a total of 65 employees working in Singapore, comprising 61 permanent and 4 temporary employees, of which 63 are full-time and 2 are part-time. As at 31 March 2023, the Board consists of 6 Directors, comprising 5 males and 1 female. 1 Director is between the ages of 30 and 50, while the remaining 5 are above the age of 50.

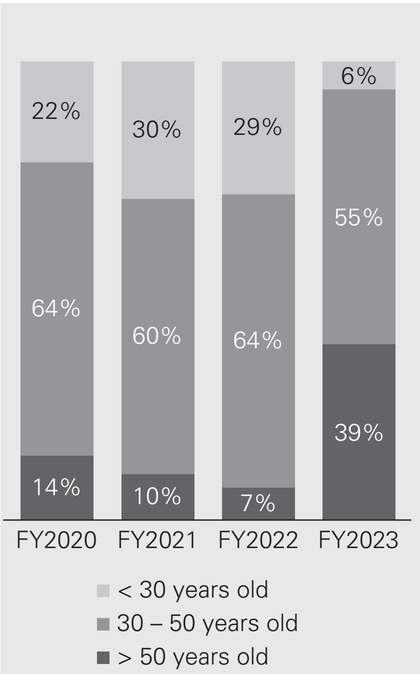
The graphs below show the distribution of employees classified according to their age, gender and nationality from the past four financial years:

For Graph 1, the shift in our employees' age composition in FY2023 reflects the result of natural attrition and the hiring of more senior workers with suitable expertise after the inclusion of GUPL in the reporting scope.

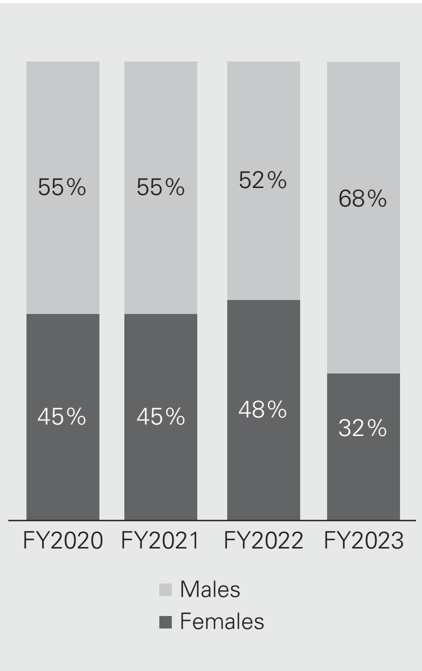
For Graph 2, the increase in the percentage of male employees in FY2023 is mainly due to the inclusion of GUPL, which is a male-dominated industry in operational nature.

For Graph 3, the increase in the percentage of employees of other nationalities in FY2023 is due to the increase in our demand for skilled workmen roles which are relatively harder to source from local talents.

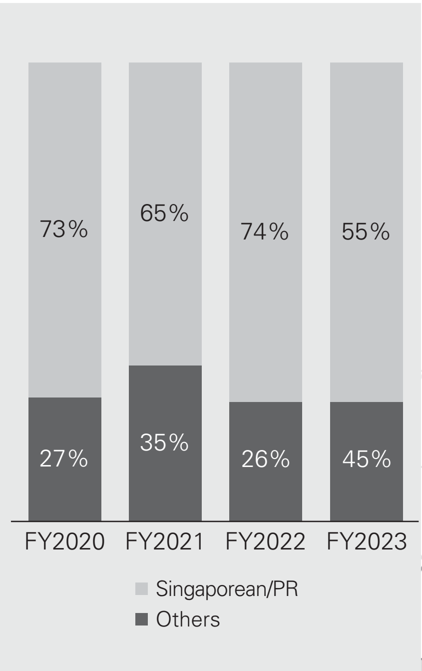
**Graph 1. Employees by Age**




**Graph 2. Employees by Gender**




**Graph 3. Employees by Nationality**



# SUSTAINABILITY REPORT

## SAFETY, HEALTH AND COMMUNITY

### Safety and Health

The Group acknowledges the importance of occupational health and safety and therefore endeavours to provide its employees with a safe and pleasant working environment. A series of workplace health and safety policies and guidelines were formulated in accordance with relevant laws and regulations, including but not limited to the Workplace Safety and Health Code of Practice by the Ministry of Manpower of Singapore, and such policies and guidelines are reviewed regularly to ensure they are up-to-date. All our employees are covered by the said policies. In addition, the Group also provides workplace safety courses to its employees.

We provide open channels for our employees to give feedback on the health and safety policies and practices if any improvements could be made to create a safer workplace. Management has close collaborations with employees to continuously improve safety measures. Where there are any issues, employees are able to report any concerns directly straight to their direct supervisor. We also emphasise that should no action be taken, employees are able to override and escalate further up to Management.

We ensure staff has personal protection equipment such as waist guard for staff doing heavy lifting and safety boots, rollers to move heavy components on site, and power-assisted lifters for warehouses. For employees who work in the LNG bottling station, the Group ensures they are equipped with specialised equipment and are familiar with the proper safety procedures and protocols. Regular inspections of the equipment used in the station will be performed to ensure it meets safety standards to prevent leaks, spills, or other accidents that could pose a risk to our employees or the environment.

For FY2023, there were no fines or penalties that were imposed on the Group resulting from breaches in safety standards and/or regulations. In FY2023, there was 1 work-related injury case resulting in 30 lost working days. The Group has provided the injured employee with medical and hospitalisation leave in accordance with applicable laws and regulations and insurance claim was submitted under The Work Injury Compensation Act insurance coverage of Singapore. The employee has since recovered and returned to work assuming full duty. Our target in FY2024 is to maintain zero penalties or fines on breaches and non-compliance according to the safety standards and work-related injuries.

### Community

While pursuing business development, the Group strives to serve the community and make positive contributions to the community to demonstrate its corporate citizenship. We emphasise our principles, objectives and management approach towards community engagement in our Community Investment Policy, as we are committed to fulfilling our corporate social responsibility through community service. With a view to cultivating their sense of social responsibility, we always encourage our employees to take part in charitable work during work or in their leisure time to make more contributions to society. For community donations, we donate as a company to a selected charity fundraising with consideration of the community's needs. We also collaborate with universities and polytechnics by providing internship places to give experience to promising young undergraduates with a view to hiring them upon graduating.

# SUSTAINABILITY REPORT

## OUR GOVERNANCE COMMITMENTS

The Board recognises that effective management of social and environmental risks can improve the Group's business performance. This realisation has surfaced the need for the Board to accord greater focus on how the Group is managing its social and environmental performance.

## ETHICS AND INTEGRITY

The Group believes that a clean corporate culture is key to its continuous success, therefore the Group is strongly committed to a high legal and moral standard in all of our business activities. The Group's anti-corruption-related policies and procedures are communicated to all its employees and Directors. A complete set of the Code of Conduct guidelines is also made accessible to all employees in our cloud-based HRMS. All newly hired employees are also required to read, understand and sign the Code of Conduct document on the first day of their onboarding. In FY2023, all operations of the Group have been assessed for risks related to corruption and no significant risks related to corruption were identified under the assessment.

The Board adopts a zero-tolerance stance against corruption, fraud and malpractice. Management does not tolerate any impropriety, statutory noncompliance, or wrongdoing by employees in their work. The Code of Conduct and Anti-corruption Policy strictly prohibits any acts by employees to use their position to obtain advantages for themselves or for related parties. Anti-corruption training will be provided to Directors and employees regularly. In FY2023, there was no confirmed incident of corruption concerning the Group or its employees or public legal cases regarding corruption brought against the Group or its employees.

The audit committee of the Company (the "**Audit Committee**") has also developed and approved whistle-blowing procedures and has put in place official and proper protocols for complaints and allegations against malpractices. Employees of the Group and any other persons may, in confidence, raise concerns about possible improper financial reporting or other matters to the chairman of the Audit Committee via written email. The objective of such arrangement is to ensure independent investigations of such matters and for timely and appropriate follow-up actions. The Group did not receive any whistle-blowing reports throughout FY2023.

For public and outward communications catering towards external stakeholders, all marketing collaterals and distribution channels are reviewed and approved by the respective general managers of the business units for accuracy and to ensure compliance with the Code of Advertising Practice and the Personal Data Protection Act of Singapore.

Outreach communication materials are reviewed regularly and prior consent is obtained from our customers for the usage of any data or information which are deemed personal. Contractual agreements are reviewed by external legal advisers to ensure that the terms and conditions are not detrimental to the Group, and adhere to the relevant laws and regulations of Singapore.

# SUSTAINABILITY REPORT

## COMPLIANCE

In FY2023, there were no incidents of non-compliance with relevant laws and regulations in the environment, social and economic areas, including but not limited to the Environmental Public Health Act, the Employment Act, the Workplace Safety and Health Act, the Code of Advertising Practice, the Personal Data Protection Act, and the Prevention of Corruption Act of Singapore. The Board and Management will continue to uphold good governance across all aspects of its operations as it evolves new policies and guidelines from time to time in response to changing business landscapes and external socio-economic environments.

For any feedback and comments regarding this Report and the Group's sustainability approach and performance, please reach us at ir@h2g.green. A copy of this Report can be found on SGXNET at the URL https://www.sgx.com/securities/company-announcements and the Company's website at the URL http://www.h2g.green.

## APPENDIX

### SGX CONTENT INDEX

| Primary component | Section reference | Page |
|---|---|---|
| Material environmental, social and governance factors | Sustainability Report > Sustainability At The Core | 15-19 |
| Climate-related disclosures | Sustainability Report > Climate Change | 20-22 |
| Policies, practices and performance | Sustainability Report | 12-32 |
| Targets | Sustainability Report > Sustainability At The Core | 15-19 |
| Sustainability reporting framework | Sustainability Report > Reporting Scope And Framework | 14 |
| Board statement and associated governance structure for sustainability practices | Sustainability Report > Board Statement | 12 |

### GRI CONTENT INDEX

| | |
|---|---|
| Statement of Use | H2G Green Limited has reported the information cited in this GRI content index for the period from 1 April 2022 to 31 March 2023 with reference to the GRI Standards. |
| GRI 1 Used | GRI 1: Foundation 2021 |

| GRI standard & disclosure | | Section reference | Page |
|---|---|---|---|
| **GRI 2: General Disclosure 2021** | | | |
| 2-1 | Organisational details | Corporate Profile | 2 |
| 2-2 | Entities included in the organisation's sustainability reporting | Sustainability Report > Reporting Scope And Framework | 14 |
| 2-3 | Reporting period, frequency and contact point | • Reporting period: 1 April 2022 to 31 March 2023<br>• Reporting frequency: annually<br>• Contact point: ir@h2g.green | 12, 30 |

# SUSTAINABILITY REPORT

| GRI standard & disclosure | | Section reference | Page |
|---|---|---|---|
| 2-5 | External assurance | Sustainability Report > Reporting Scope And Framework | 14 |
| 2-6 | Activities, value chain and other business relationships | Chairman and CEO's Joint Statement | 5-6 |
| 2-7 | Employees | Sustainability Report > Diversity and Equal Opportunity | 26-27 |
| 2-9 | Governance structure and composition | Sustainability Report > Governance Structure And Sustainability Accountability | 13-14 |
| 2-12 | Role of the highest governance body in overseeing the management of impacts | Sustainability Report > Governance Structure And Sustainability Accountability | 13-14 |
| 2-13 | Delegation of responsibility for managing impacts | Sustainability Report > Governance Structure And Sustainability Accountability | 13-14 |
| 2-14 | Role of the highest governance body in sustainability reporting | Sustainability Report > Governance Structure And Sustainability Accountability | 13-14 |
| 2-22 | Statement on sustainable development strategy | Sustainability Report > Sustainability At The Core | 15-19 |
| 2-27 | Compliance with laws and regulations | Sustainability Report > Compliance | 30 |
| 2-29 | Approach to stakeholder engagement | Sustainability Report > Sustainability At The Core | 15-19 |
| **GRI 3: Materiality Topics 2021** | | | |
| 3-1 | Process to determine material topics | Sustainability Report > Sustainability At The Core | 15-19 |
| 3-2 | List of material topics | Sustainability Report > Sustainability At The Core | 15-19 |
| **GRI 201: Economic Performance 2016** | | | |
| 3-3 | Management of material issues | Chairman and CEO's Joint Statement, Operations Review | 5-6, 10-11 |
| 201-1 | Direct economic value generated and distributed | Financial Highlights | 4 |
| 201-2 | Financial implications and other risks and opportunities due to climate change | Sustainability Report > Climate Change | 20-22 |
| **GRI 205: Anti-corruption 2016** | | | |
| 3-3 | Management of material issues | Sustainability Report > Ethics And Integrity | 29 |
| 205-1 | Operations assessed for risks related to corruption | | 29 |
| 205-2 | Communication and training about anti-corruption policies and procedures | | 29 |
| 205-3 | Confirmed incidents of corruption and actions taken | | 29 |

# SUSTAINABILITY REPORT

| GRI standard & disclosure | | Section reference | Page |
|---|---|---|---|
| **GRI 302: Energy 2016** | | | |
| 3-3 | Management of material issues | Sustainability Report > Recycling And Reducing Resource Consumption | 23-25 |
| 302-1 | Energy Consumption within organisation | | 23-25 |
| 302-3 | Energy intensity | | 23-25 |
| **GRI 303: Water and Effluents 2018** | | | |
| 3-3 | Management of material issues | Sustainability Report > Recycling And Reducing Resource Consumption | 23-25 |
| 303-5 | Water consumption | | 23-25 |
| **GRI 305: Emissions 2016** | | | |
| 3-3 | Management of material issues | Sustainability Report > Climate Change | 20-22 |
| 305-1 | Direct (Scope 1) GHG emissions | | 20-22 |
| 305-2 | Energy indirect (Scope 2) GHG emissions | | 20-22 |
| 305-4 | GHG emissions intensity | | 20-22 |
| **GRI 403: Occupational Health and Safety 2018** | | | |
| 3-3 | Management of material issues | Sustainability Report > Safety, Health And Community | 28 |
| 403-1 | Occupational health and safety management system | | 28 |
| 403-5 | Worker training on occupational health and safety | | 28 |
| 403-2 | Hazard identification, risk assessment, and incident investigation | Sustainability Report > Safety, Health And Community, Corporate Governance > Accountability and Audit | 28 |
| 403-9 | Work-related injuries | Sustainability Report > Safety, Health And Community | 28 |
| **GRI 405: Diversity and Equal Opportunity 2016** | | | |
| 3-3 | Management of material issues | Sustainability Report > Diversity And Equal Opportunity | 26-27 |
| 405-1 | Diversity of governance bodies and employees | | 26-27 |
| **GRI 406: Non-discrimination 2016** | | | |
| 3-3 | Management of material issues | Sustainability Report > Diversity And Equal Opportunity | 26-27 |
| 406-1 | Incidents of discrimination and corrective actions taken | | 26-27 |

# CORPORATE GOVERNANCE AND FINANCIAL CONTENTS

# CORPORATE GOVERNANCE

The Board of Directors (the "**Board**") of H2G Green Limited (the "**Company**", together with its subsidiaries, the "**Group**") is committed and dedicated to maintaining high standards of corporate governance within the Company and the Group, with a view to ensuring transparency, accountability and sustainability while safeguarding the interests of its shareholders.

This report ("**CG Report**") describes the Company's corporate governance practices for the financial year ended 31 March 2023 ("**FY2023**"), with specific reference made to the principles and provisions of the Code of Corporate Governance 2018 (the "**Code**") issued on 6 August 2018, and the accompanying practice guidance that was issued on 11 January 2023, which formed part of the continuing obligations of the Listing Manual – Section B: Rules of the Catalist ("**Catalist Rules**") of the Singapore Exchange Securities Trading Limited (the "**SGX-ST**").

The Company confirms that it has adhered to the principles and provisions as set out in the Code and Catalist Rules, where applicable for FY2023. Explanations in the respective relevant sections have been provided below on how the practices it had adopted are consistent with the intent of the relative principle insofar as there are any deviations from the Code and/or the Catalist Rules.

## BOARD MATTERS

### The Board's Conduct of Affairs

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

As of date of this CG Report, the Board comprises:

| **Name of Current Directors** | |
|---|---|
| Tay Shui Wen(1) | (Non-Executive Chairman and Independent Director) |
| Lim Shao-Lin | (Chief Executive Officer and Executive Director) |
| Koh Beng Leong | (Executive Director – Finance) |
| Leow Sau Wan | (Executive Director) |
| Lien Kait Long(2) | (Independent Director) |
| Mak Yen-Chen Andrew(3) | (Independent Director) |

| **Name of Former Independent Directors** | |
|---|---|
| Chia Soon Hin William(4) | (Independent Director) |
| Lau Ping Sum Pearce(5) | (Non-Executive Chairman and Independent Director) |

**Notes**:

(1) Mr Tay Shui Wen, an Independent Director of the Company, was appointed as Non-Executive Chairman on 1 July 2023, following Mr Lau Ping Sum Pearce's resignation from his position as Non-Executive Chairman and Independent Director of the Company on the same date.

(2) Mr Lien Kait Long was appointed as Independent Director of the Company on 1 April 2023.

(3) Mr Mak Yen-Chen Andrew was appointed as Independent Director of the Company on 1 April 2023.

(4) Mr Chia Soon Hin William resigned as Independent Director of the Company on 1 April 2023.

(5) Mr Lau Ping Sum Pearce resigned as Non-Executive Chairman and Independent Director of the Company on 1 July 2023.

# CORPORATE GOVERNANCE

***Provision 1.1 Directors are fiduciaries who act objectively in the best interests of the company and hold Management accountable for performance. The Board puts in place a code of conduct and ethics, sets appropriate tone from-the-top and desired organisational culture, and ensures proper accountability within the company. Directors facing conflicts of interest recuse themselves from discussions and decisions involving the issues of conflict.***

The Board is responsible for the overall management of the business affairs of the Group and sets the overall strategy and policies to achieve its objectives, protect and enhance shareholders' long-term value. The Board acts objectively in the best interests of the Company and ensures proper accountability within the Company. Management is accountable to the Board for the performance of the Group whilst the Board is accountable to shareholders.

In addition to discharging their fiduciary responsibilities and statutory duties, the primary functions of the Board include to:

(a) provide entrepreneurial leadership, set strategic objectives, and ensure that the necessary financial and human resources are in place for the Company to meet its objectives;

(b) establish a framework of prudent and effective controls which enables risks to be assessed and managed, including safeguarding of shareholders' interests and the Company's assets;

(c) review management performance;

(d) identify the key stakeholder groups and recognize that their perceptions affect the Company's reputation;

(e) set the Company's values and standards (including ethical standards), and ensure that obligations to shareholders and other stakeholders are understood and met; and

(f) consider sustainability issues e.g., environmental and social factors, as part of its strategic formulation.

The Company has in place practices to address potential conflicts of interest. All Directors are required to notify the Company promptly of all conflicts of interests and declare any conflict of interests both annually, and as soon as they are aware of the circumstances giving rise to such conflict. In matters where the relevant Director has a conflict of interest in, he/she is required to recuse himself/herself and abstain from all deliberations and voting on such matters.

# CORPORATE GOVERNANCE

***Provision 1.2*** ***Directors understand the company's business as well as their directorship duties (including their roles as executive, non-executive and independent directors). Directors are provided with opportunities to develop and maintain their skills and knowledge at the company's expense. The induction, training and development provided to new and existing directors are disclosed in the company's annual report.***

All Directors are regularly briefed on the Group's business development and financial operations of the Group's operations. The Board conducts regular scheduled meetings at least four (4) times every year, and on an ad-hoc basis as and when circumstances require.

Where necessary and from time to time, the Directors are provided with updates by the Sponsor and Company Secretary respectively relating to changes in the Catalist Rules, the Code, the Companies Act 1967 of Singapore (the "**Companies Act**"), etc. and changing commercial risks to enable them to make informed decisions in carrying out their expected roles and responsibilities. Directors are also updated on developments in corporate, financial, legal and other compliance requirements.

For newly appointed Directors, they will receive the relevant orientation and induction with details on the background information of the Group, an overview of the Group's operations, structure, corporate strategies, corporate governance practices and policies. As prescribed by the Catalist Rules, newly appointed Directors with no prior experience as directors of companies listed on the SGX-ST are required to attend training programmes conducted by Singapore Institute of Directors ("**SID**"), which will be funded and arranged by the Company so to equip them with the skills and knowledge to discharge their statutory and fiduciary duties.

In order to contribute to the Board and serve effectively, the Board recognises the importance of ongoing trainings as part of their continual professional development during the term of their appointment. Such trainings may relate to a particular subject area, committee membership, key developments in the Company's operating environment or specific trainings that are provided by accredited training providers such as SID. As of date of this Annual Report, all Directors have attended the mandatory training on sustainability matters as prescribed by the SGX under Catalist Rule 720(6).

# CORPORATE GOVERNANCE

***Provision 1.3 The Board decides on matters that require its approval and clearly communicates this to Management in writing. Matters requiring board approval are disclosed in the company's annual report.***

The Board's approval is also required to be sought on matters that are set out in the terms of reference, which lists the powers and authority of the Board. Such matters include the entry or abortion of major funding proposals such as investment/divestment decisions or corporate or financial restructuring decisions relating its subsidiaries and associates, material financing or borrowing not in the ordinary course of business, interested person transactions, material acquisitions and disposals of assets, share issuances and dividend payments to shareholders and transactions of a material nature that requires announcement under the Catalist Rules.

Other matters reserved for the Board's decision includes considering and approving appointments and re-appointments to the Board, determining the remuneration (including annual increment or bonus) of and reviewing the terms and conditions of the service agreement of directors and/or Chief Executive Officer ("**CEO**"), key management and employee related to substantial shareholders.

The Board has in place financial authorisation limits, for the operations and capital budgets. Financial and operational matters that require the Board's decision include the approval of annual budgets, adopting of the audited financial statements and the respective periodic reporting (both full year and half year) of the Group's results. Additional matters reserved for the Board decisions also includes any proposed amendments to the Company's Constitution, interested person transactions, acquisitions and disposals of assets and any changes to the Group's capital structure.

To facilitate the Board's decision-making process, the Company's Constitution provides for directors to participate in Board meetings by conference telephone and similar communications equipment, and for Board resolutions to be passed in writing, including by electronic means.

***Provision 1.4 Board committees, including Executive Committees (if any), are formed with clear written terms of reference setting out their compositions, authorities and duties, including reporting back to the Board. The names of the committee members, the terms of reference, any delegation of the Board's authority to make decisions, and a summary of each committee's activities, are disclosed in the company's annual report.***

The Board delegates the implementation of the business strategies and day-to-day operations to the Executive Directors of the Company.

To assist in the discharge of the Board's function and execution of its responsibilities, the Board is supported by committees established by the Board, namely a Nominating Committee ("**NC**"), a Remuneration Committee ("**RC**") and an Audit Committee ("**AC**"). Each committee is chaired by Independent Directors with its own respective composition, written terms of reference, and operating procedures which are approved by the Board and reviewed periodically to ensure its continued relevance. The delegation of authority by the Board to committees empowers these committees to decide on matters within the scope of their duties and responsibilities, as well as enable the Board to achieve operational efficiencies as these committees serve as a check and balance to provide independent oversight of management. All recommendations of the respective committees are subsequently reviewed and approved by the Board.

# CORPORATE GOVERNANCE

***Provision 1.5*** ***Directors attend and actively participate in Board and board committee meetings. The number of such meetings and each individual director's attendances at such meetings are disclosed in the company's annual report. Directors with multiple board representations ensure that sufficient time and attention are given to the affairs of each company.***

The number of Board meetings (including Board committee meetings as well as shareholders' general meetings) held and the record of attendance of each Director of the Company from the financial year beginning from 1 April 2022 to 31 March 2023 is set out below:–

| | | Board Committees | | |
|---|---|---|---|---|
| **Meetings** | **Board** | **Audit Committee** | **Nominating Committee** | **Remuneration Committee** |
| **Total no. of meetings** | 12 | 6 | 4 | 1 |
| No of meetings attended | | | | |
| **Name of Current Directors** | | | | |
| Tay Shui Wen | 12 | 5 | 4 | 1 |
| Lim Shao-Lin | 12 | N/A | N/A | N/A |
| Koh Beng Leong | 12 | N/A | N/A | N/A |
| Leow Sau Wan | 12 | N/A | N/A | N/A |
| Lien Kait Long[(a)] | – | – | – | – |
| Mark Yen Chen Andrew[(b)] | – | – | – | – |
| **Name of Former Directors** | | | | |
| Chia Soon Hin William[(c)] | 12 | 6 | 4 | 1 |
| Lau Ping Sum Pearce[(d)] | 11 | 6 | 4 | 1 |

| | | Extraordinary General Meeting | | | |
|---|---|---|---|---|---|
| **Meetings** | **AGM for FY2022** | **held on 30 May 2022** | **held on 28 Jul 2022** | **held on 16 Jan 2023** | **held on 8 Mar 2023** |
| **Name of Current Directors** | | | | | |
| Tay Shui Wen | √ | √ | √ | √ | √ |
| Lim Shao-Lin | √ | √ | √ | √ | √ |
| Koh Beng Leong | √ | √ | √ | √ | √ |
| Leow Sau Wan | √ | √ | √ | √ | √ |
| Lien Kait Long[(a)] | – | – | – | – | – |
| Mark Yen Chen Andrew[(b)] | – | – | – | – | – |
| **Name of Former Directors** | | | | | |
| Chia Soon Hin William[(c)] | √ | √ | √ | √ | √ |
| Lau Ping Sum Pearce[(d)] | √ | √ | √ | √ | √ |

**Notes**:

N/A: Not applicable as he or she is not a member of the respective Board Committees of the Company.

(a) Mr Lien Kait Long was appointed as Independent Director, Chairman of the Audit Committee, and Member of the Nominating and Remuneration Committees of the Company on 1 April 2023.

(b) Mr Mak Yen-Chen Andrew was appointed as Independent Director, Member of the Audit, Nominating, and Remuneration Committees of the Company on 1 April 2023. He was subsequently appointed as Chairman of the Nominating Committee of the Company on 1 July 2023.

(c) Mr Chia Soon Hin William resigned from his position as Independent Director, Chairman of the Audit Committee, and Member of the Nominating and Remuneration Committees of the Company on 1 April 2023.

(d) Mr Lau Ping Sum Pearce resigned from his position as Non-Executive Chairman and Independent Director, Chairman of the Nominating Committee, and Member of Audit and Remuneration Committees of the Company on 1 July 2023.

# CORPORATE GOVERNANCE

***Provision 1.6 Management provides directors with complete, adequate and timely information prior to meetings and on an on-going basis to enable them to make informed decisions and discharge their duties and responsibilities.***

Prior to each Board meeting or as and when requested, the Directors are provided with complete, adequate and timely information to ensure that the Directors have sufficient time to review on the matters to be discussed so as to facilitate meaningful and productive discussions. Such information includes draft financial results and financial related matters, auditors' reports (both internal and external auditors), and operational and corporate issues for the Directors to deliberate on. Additional information, documents and materials are provided to the Directors as and when required to enable them to make informed decisions and discharge their duties and responsibilities.

***Provision 1.7 Directors have separate and independent access to Management, the company secretary, and external advisers (where necessary) at the company's expense. The appointment and removal of the company secretary is a decision of the Board as a whole.***

All Directors, either collectively or individually, have separate and independent access to the management team, external advisers (where necessary) and Company Secretary at all times. The Directors, either collectively or individually, may seek separate independent professional advice concerning any aspect of the Group's affairs or in respect of his fiduciary or other duties where necessary. The cost of seeking all professional advice is borne by the Company.

The Board also has separate and independent access to the Company Secretary. The Company Secretary attends to corporate secretariat administration matters of the Company and monitors and advises on corporate governance matters, and on compliance with the Constitution, Companies Act, and the Catalist Rules. The Company Secretary (or his/her representatives) attends all meetings of the Board (including Board committees) and facilitates the effective functioning of the Board (including Board committees) according to their terms of reference and best practices. The directors have access to the professional corporate secretarial services firm and they can seek independent professional advice when required at the Company's expense. The appointment and the removal of the Company Secretary is subject to the Board's approval.

# CORPORATE **GOVERNANCE**

## BOARD COMPOSITION AND GUIDANCE

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

***Provision 2.1 An "independent director" is one who is independent in conduct, character and judgement, and has no relationship with the Company, its related corporations, its substantial shareholders, or its officers that could interfere, or be reasonably perceived to interfere, with the exercise of the director's independent business judgement in the best interests of the Company.***

As of the date of this Annual Report, the Board comprises six (6) Directors, of whom three (3) are Executive Directors and three (3) are Independent Directors. None of the directors had an alternate director.

The Board and NC will review the independence of Directors based on the guidelines defined in the Code and the Catalist Rules to ensure that the Board consists of professionals who, collectively, will provide a set of core competencies to achieve the Company's objectives. The NC conducts annual reviews and requires each Independent Director to submit their respective confirmations of independence provided in the Code.

Based on the respective confirmation of independence submitted by the Independent Directors of the Company and results of the NC's review, the NC is satisfied that the Independent Directors of the Company, namely, Mr Tay Shui Wen, Mr Lien Kait Long, and Mr Mak Yen-Chen Andrew, are independent in accordance with both the Code and the Catalist Rules, having considered that the Independent Directors:

(i) are not employed by the Company or any of its related corporations for the current or any of the past three financial years; or

(ii) do not have an immediate family member who is employed or has been employed by the Company or any of its related corporations for the past three financial years, and whose remuneration is determined by the RC.

There are no other Directors who are deemed independent by the Board, notwithstanding the existence of a relationship in the Code that would otherwise deem him/her not to be independent.

None of the Independent Directors of the Company has served on the Board for more than 9 years as at end of FY2023, and up to the date of publication of this Annual Report.

# CORPORATE GOVERNANCE

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

As of the date of this Annual Report, the Board comprises six (6) Directors, of whom three (3) are Executive Directors and three (3) are Independent Directors.

Mr Lau Ping Sum Pearce resigned as Non-Executive Chairman and Independent Director of the Company on 1 July 2023. Following his resignation, Mr Tay Shui Wen, an Independent Director of the Company, was appointed as Non-Executive Chairman, with effect from 1 July 2023.

During FY2023 and up to the date of this Annual Report, the Chairman of the Board (the "**Chairman**"), neither the former nor the current Non-Executive Chairman is or was a member of management. The Chairman and the CEO are or were also not immediate family members as defined in the Catalist Rules. With an Independent Chairman of the Board, the Independent Non-Executive Directors formed at least one-third of the Board.

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

As at the date of this Annual Report, the Board comprises six (6) members, three (3) of whom including the Chairman, are Independent Directors of the Company. Notwithstanding that, the Non-Executive Directors do not make up majority of the Board, the Board is of the view that the Company complies with the intent of Principle 2 of the Code, having considered that, amongst others, (i) half of the Board comprises Independent Non-Executive Directors; and (ii) the Board Committees are chaired by Independent Directors. As such, the NC is of the view that the Board is able to exercise independent judgement on corporate affairs and ensure that the decision-making process are not dominated by one individual or groups of individuals. The NC and the Board will continue to assess its independence, Board composition and diversity to so ensure the decisions made are in the best interests of the Company and Shareholders.

***Provision 2.4 The Board and board committees are of an appropriate size, and comprise directors who as a group provide the appropriate balance and mix of skills, knowledge, experience, and other aspects of diversity such as gender and age, so as to avoid groupthink and foster constructive debate. The board diversity policy and progress made towards implementing the board diversity policy, including objectives, are disclosed in the Company's annual report.***

The Board recognizes the importance to achieve an optimal balance and mix of skills, knowledge, experience, age and gender in its composition to avoid groupthink and foster constructive debate. Current Board comprises business leaders and professionals with diverse backgrounds and experience such as banking, finance, legal, engineering, and corporate management. The members of the Board with their combined years of experience, industry knowledge and expertise, provide an objective perspective for the Board to discharge their duties. For further information on the individual Directors' background information and qualifications, please refer to the "**Board of Directors**" profile section of the Annual Report.

# CORPORATE GOVERNANCE

Taking into account the scope and nature of the operations of the Group, the Board is satisfied with the composition and size as at the date of this Annual report, having considered that it complies with the Code's requirement and Catalist Rules. The Board is of the view that there is a strong and independent element and no individual or small group of individuals are able to dominate the Board's decision-making process for FY2023, since all Board committees, and the Non-Executive Chairman of the Company is an Independent Director and the Independent Directors make up more than one-third of the Board.

**Board Diversity Policy**

The Board recognises the benefits of having a diverse board to help bring in new ways of thinking, insights and different perspectives to the Board, which will result in productivity and quality of board deliberations. The Board has adopted a formal Board Diversity Policy, setting out its policy for promoting diversity on the Board. A copy of the Board Diversity Policy has been made available on the Company's website, at http://www.h2g.green.

Under the Board Diversity Policy, the Board, with the assistance of the NC, will periodically review its composition, at least an annual basis, having regard to, amongst others, the benefits from all aspects of diversity, such as, skills, business experience, industry discipline, gender, age, and other distinguishing qualities of the Directors, both individually and collectively as a group in the context, nature and scope of the Group's operations and business.

The Board Diversity Policy provides that any search firm engaged, where required, to assist the Board or a committee of the Board in identifying candidates for appointment to the Board will be specifically required to include diverse, experienced and reputable candidates. The final decision on the appointment of Directors to the Board are based on merit, considering the relevant skills, experience, independence and knowledge for the Board's effectiveness. The Board will take into consideration a range of diversity aspects and perspectives as described in the Board Diversity Policy to promote and encourage boardroom diversity.

In this regard, the NC is responsible for:

(a) ensuring that boardroom diversity objectives are adopted and implemented effectively and practically in processes such as Board recruitment, Board performance evaluation and succession planning.

(b) defining and setting the relevant measurable objectives and targets to promote and achieve diversity on the Board. It will then make its recommendations for consideration and approval by the Board.

The Board will, in consultation with the NC, conduct an annual review and assess the effectiveness of the Board Diversity Policy to ensure that the objectives of the Board Diversity Policy are met and remain effective for the Company. At any given time, the Board may seek to improve one or more aspects of its diversity.

The Board recognises the progressive target set by Singapore's Diversity Action Committee, which aims to achieve a minimum of 30% female representation on the board of Singapore-listed companies. In support of gender diversity, the NC ensures that appropriate efforts are taken to include suitably qualified women in the pool of director candidates. Additionally, the NC reviews the optimal composition and balance of the Board, prioritizing a suitable mix of skills, relevant experience, and the ability to contribute effectively to the Group's business. Currently, the Board comprises five (5) male Directors and one (1) female Director, resulting in a female representation of 16.67% female representation on the Board.

# CORPORATE GOVERNANCE

The Board, in consultation with the NC, has examined its current size and diversity, and is of the opinion that Board has an appropriate size and composition for effective decision-making after taking into account the nature and scope of the operations of the Group. Further, the NC is of the view that no individual or small group of individuals dominates the Board's decision-making process.

The Board will continue to emphasise and consider the various provisions of the Board Diversity Policy when considering any future appointments of new Directors to the Board.

***Provision 2.5*** ***Non-executive directors and/or independent directors, led by the independent Chairman or other independent director as appropriate, meet regularly without the presence of Management. The chairman of such meetings provides feedback to the Board and/or Chairman as appropriate.***

The Independent Directors provide, amongst other things, strategic guidance to the Group based on their professional knowledge, in particular, assisting to constructively challenge and develop proposals on strategies.

The Independent Directors meet among themselves at any time without the presence of management. The Chairman of such meetings will provide feedback to the Board and/or CEO as appropriate.

During FY2023, the Independent Directors of the Company held periodic meetings without the presence of Management.

**CHAIRMAN AND CHIEF EXECUTIVE OFFICER**

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

***Provision 3.1*** ***The Chairman and the Chief Executive Officer ("CEO") are separate persons to ensure an appropriate balance of power, increased accountability, and greater capacity of the Board for independent decision making.***

There is clear division of responsibilities and increased accountability when the roles and responsibilities between Chairman and CEO are separated. The positions of Chairman of the Board and the CEO are held by separate persons to ensure an appropriate balance and greater capacity for the Board for independent decision-making.

Mr Lau Ping Sum Pearce, the then Non-Executive Chairman of the Company who resigned from his position on 1 July 2023, was responsible for ensuring that Board meetings are held when necessary, facilitating the effective contribution of all Board members, lead the Board to ensure its effectiveness on all aspects of its role, scheduling and preparing agendas and exercising control over the information flow between the Board and management team. Following Mr Lau Ping Sum Pearce's resignation as Non-Executive Chairman, Mr Tay Shui Wen, an Independent Director of the Company, was appointed as the replacement Non-Executive Chairman of the Board on 1 July 2023, assuming the role and responsibilities of the position as Chairman of the Board.

The CEO, Mr Lim Shao-Lin is responsible for the Group's business strategy and direction including all executive decision-makings, the operational running of the Company based on the powers delegated by the Board, ensure effective communications with shareholders, and encourage constructive relations within the Board and between the Board and Management.

# CORPORATE
# GOVERNANCE

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

All major proposals and decisions made by the Chairman and CEO are discussed and reviewed by the Board, supported by the relevant Board committees. For FY2023, the Board is of the view that there are adequate safeguards in place and the strong independent elements to ensure that the decision-making process of the Board is objective and not hindered. The Chairman and CEO are not related.

***Provision 3.3 The Board has a lead independent director to provide leadership in situations where the Chairman is conflicted, and especially when the Chairman is not independent. The lead independent director is available to shareholders where they have concerns, and for which contact through the normal channels of communication with the Chairman or Management are inappropriate or inadequate.***

As the Chairman is independent, there is no Lead Independent Director appointed and there exists sufficient and strong independent element in the Board which enables the exercise of judgement regarding the corporate affairs of the Group.

**BOARD MEMBERSHIP**

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

***Provision 4.1 The Board establishes a Nominating Committee ("NC") to make recommendations to the Board on relevant matters relating to:***

***(a) the review of succession plans for directors, in particular the appointment and/or replacement of the Chairman, the CEO and key management personnel;***

***(b) the process and criteria for evaluation of the performance of the Board, its board committees, and directors;***

***(c) the review of training and professional development programmes for the Board and its directors; and***

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

The NC is established and governed by its terms of reference which are approved by the Board. The NC will select, review, and propose/recommend the appointment and re-appointments of Directors to the Board and where applicable, to the relevant Board committees. Pursuant to its written terms of reference, the NC shall:–

(a) regularly review the structure, size and composition of the Board and make recommendations to the Board with regards to any adjustments that are deemed necessary;

(b) annually review whether or not a director is independent, in accordance to Provision 2.1 of the Code and the Catalist Rules and other salient factors;

# CORPORATE GOVERNANCE

(c) be responsible for identifying and nominating for the approval of the Board, candidates to fill Board vacancies as and when they arise;

(d) review and recommend to the Board for re-election of the Directors due for renewal by rotation;

(e) review and decide whether or not a Director is able to and has been adequately carrying out his/her duties as Director of the Company;

(f) decide how the Board's performance may be evaluated and propose objective performance criteria;

(g) decide on the performance evaluation process;

(h) assess the effectiveness of the Board as a whole and the contribution by each individual Director to the effectiveness of the Board; and

(i) make recommendations for succession planning, in particular, of the Chairman and the Chief Executive Officer.

***Provision 4.2 The NC comprises at least three directors, the majority of whom, including the NC Chairman, are independent. The lead independent director, if any, is a member of the NC.***

As at the date of this Annual Report, the NC comprises the following three (3) members, all of whom are Independent Directors:

| | |
|---|---|
| Mak Yen-Chen Andrew* | Chairman |
| Tay Shui Wen | Member |
| Lien Kait Long# | Member |

* Mr Mak Yen-Chen Andrew was appointed as Member of the NC on 1 April 2023. He was subsequently appointed as Chairman of the NC on 1 July 2023.

# Mr Lien Kait Long was appointed as Member of the NC of the Company on 1 April 2023.

***Provision 4.3 The Company discloses the process for the selection, appointment, and reappointment of directors to the Board, including the criteria used to identify and evaluate potential new directors and channels used in searching for appropriate candidates in the Company's annual report.***

***Provision 4.4 The NC determines annually, and as and when circumstances require, if a director is independent, having regard to the circumstances set forth in Provision 2.1. Directors disclose their relationships with the Company, its related corporations, its substantial shareholders or its officers, if any, which may affect their independence, to the Board. If the Board, having taken into account the views of the NC, determines that such directors are independent notwithstanding the existence of such relationships, the Company discloses the relationships and its reasons in its annual report.***

# CORPORATE GOVERNANCE

In assessing the suitability of a candidate to be appointed or to be re-elected to the Board, the NC will consider if he is able to make the appropriate contributions to the Board and the Group. The key factors, including and not limited to, which the NC will take into consideration are:

(i) qualifications, industry knowledge and functional expertise which are relevant and beneficial, to the nature and scope of operations of the Group;

(ii) extensive experience and business contacts in the industry in which the Group operates;

(iii) where applicable, the other directorships and principal commitments of each director, and whether such directorships and principal commitments will affect the Director's ability to set aside sufficient time and attention to prioritize the Company's affairs over his/her personal commitments; and

(iv) in cases of re-appointments and re-nomination, some factors that are relied on include the attendance at Board meetings and participation during Board discussions, strength and shortcomings of the Company and how the existing strategies, budgets and business plans are compatible with the Group's objectives, performance in relation to specific tasks assigned, etc.

When a vacancy arises and/or any changes to the Board composition under any circumstances arise or where it is considered that the Board and the Company would benefit from the services of a new director with some particular skills, the NC would review and nominate the most suitable candidate to the Board subject to the NC's satisfactory assessment.

The Board will consider each candidate's ability to value add to the Group's business and objectives. The Board then selects the candidates that possess the appropriate qualifications and experience. Directors appointed by the Board during the financial year, shall only hold office until the next AGM and thereafter be eligible for re-election at the AGM.

In accordance with the Company's Constitution, at least one-third of the Board, or if the number is not a multiple of three, the number nearest to one third but not greater than one-third is required to retire from office at each annual general meeting and by rotation. Pursuant to Catalist Rule 720(4), all Directors, including Executive Directors, must submit themselves for re-nomination and re-appointment at least once every three years.

The NC has recommended to the Board that Mr Lim Shao-Lin retire pursuant to Regulation 106 of the Company's Constitution, and that Mr Lien Kai Long and Mr Mak Yen-Chen Andrew retire pursuant to Regulation 110(1) of the Company's Constitution, for approval by the Shareholders at the forthcoming AGM of the Company (collectively, the "**Retiring Directors**"). The Retiring Directors have expressed their willingness to be re-elected as Directors of the Company.

# CORPORATE GOVERNANCE

Each of the members of the NC have abstained from voting on any resolutions in respect of the assessment of their own performance for re-appointment as Directors. The table below summarizes the dates of initial appointment and last re-election of each Director as of the date of this Annual Report:

| Name of Director | Position | Date of initial appointment | Date of last re-election |
|---|---|---|---|
| Tay Shui Wen | Non-Executive Chairman and Independent Director | 25 May 2022 | 28 July 2022 |
| Lim Shao-Lin | Chief Executive Officer & Executive Director | 29 July 2019 | 29 September 2020 |
| Koh Beng Leong | Independent Director/Executive Director/Executive Director – Finance | 12 August 2005/ 11 November 2019/ 9 July 2020 | 28 July 2021 |
| Leow Sau Wan | Executive Director | 18 June 2021 | 28 July 2021 |
| Lien Kait Long | Independent Director | 1 April 2023 | Not applicable |
| Mak Yen-Chen Andrew | Independent Director | 1 April 2023 | Not applicable |

**Note:** Please refer to the section entitled "Additional Information on Directors seeking Re-election" (Appendix 7F to the Catalist Rules), in Other Corporate Governance Matters on pages 70 to 76 of this Annual Report for more information on the Retiring Directors.

***Provision 4.5 The NC ensures that new directors are aware of their duties and obligations. The NC also decides if a director is able to and has been adequately carrying out his or her duties as a director of the Company. The Company discloses in its annual report the listed Company directorships and principal commitments of each director, and where a director holds a significant number of such directorships and commitments, it provides the NC's and Board's reasoned assessment of the ability of the director to diligently discharge his or her duties.***

The Directors declare their board representations as and when there are changes. Annually, each Director declares that he has devoted sufficient time and attention to the affairs of the Company. There are no alternative Directors on the Board. Based on the knowledge of the directorships held by the Directors and their respective declarations, the NC is satisfied that all Directors are able to carry out their duties as directors of the Company. Currently the NC does not determine the maximum number of listed company board representations which a Director may hold, as the NC is of the view that each Director would be able to manage and assess his own capacity and ability to undertake other obligations or commitments when serving on the Board effectively. The NC also does not wish to omit from considering outstanding individuals who, despite the demands on their time, have the capacity to participate and contribute as members of the Board. The Board is of the view that setting a maximum number of listed company board representations would not be meaningful as the contributions of the directors would depend on many factors such as whether they were in full time employment and their other responsibilities. The Board will examine this issue on a case-by-case basis.

# CORPORATE GOVERNANCE

A list of the directorships in other listed companies and other principal commitments of each current Director are set out in the table below:

| Name of Directors (Designation) | Directorships in other listed companies (excluding the Company) and principal commitments | |
|---|---|---|
| | **Present** | **Past** *(for the last 5 years)* |
| Tay Shui Wen<br>(Non-Executive Chairman and Independent Director) | **Principal Commitments**:<br>– United Overseas Bank Limited (Director of Equity Capital Markets) | |
| Lim Shao-Lin<br>(Chief Executive Officer and Executive Director) | **Directorships**:<br>– Avier Engineering Pte Ltd (Director)<br>– Gashub Pte Ltd (Director)<br>– GashubUnited Holding Private Limited (Director)<br>– Green Waste Recycling Company Private Limited (Director)<br>– Green Energy Investment Holding Private Limited (Director)<br>– GasHub United Malaysia LNG Sdn Bhd (Director)<br>– GashubUnited (SEA) LNG Pte Ltd (Director)<br>– LIMSL Investments Pte. Ltd. (Director)<br>– ASL Forestry Pte Ltd (Director) | **Directorships**:<br>– Gashubin Technology Private Limited (Director)<br>– Gashubunited Utility Private Limited (Director)<br>– P5 Pte. Ltd. (Director)<br>– P5 Luminaire Pte. Ltd. (Director)<br>– P5 Studio Pte. Ltd. (Director)<br>– P5 Design Ventures Pte. Ltd. (Director)<br>– Gashubin Engineering Private Limited (Director)<br>– Proton Power Pte Ltd (Director) |

# CORPORATE GOVERNANCE

| Name of Directors (Designation) | Directorships in other listed companies (excluding the Company) and principal commitments – Present | Directorships in other listed companies (excluding the Company) and principal commitments – Past *(for the last 5 years)* |
|---|---|---|
| Koh Beng Leong<br>(Executive Director – Finance) | **Directorships**:<br>– Green Energy Investment Holding Private Limited (Director)<br>– Green Waste Recycling Company Private Limited (Director)<br>– PT. Gold Fifty One (Director)<br>– Gashubunited Utility Private Limited (Director) | **Directorships**:<br>– Annaik Limited (Executive Director)<br><br>**Principal Commitments**<br>– Ann Aik Pte Ltd. (Director) – Annaik & Partners (S) Pte. Ltd. (Director)<br>– Anxon Envirotech Pte. Ltd. (Director)<br>– Anxon Engineering Pte. Ltd. (Director)<br>– Anxon Environmental Pte. Ltd. (Director)<br>– Anxon Eco Holdings Pte. Ltd. (Director)<br>– Anxon Oasis Pte. Ltd. (fka Wesco Steel Pte. Ltd.) (Director)<br>– Chaoda Valve Singapore Pte. Ltd. (Director)<br>– Ichinose Emico Valves (S) Pte. Ltd.(Director)<br>– Metal Wang Pte. Ltd.(Director)<br>– Pioneer Environment Technology Pte. Ltd (Director)<br>– Dalian Shicheng Property Development (S) Pte. Ltd. (Alternate Director) |

# CORPORATE GOVERNANCE

| Name of Directors (Designation) | Directorships in other listed companies (excluding the Company) and principal commitments — Present | Past (for the last 5 years) |
|---|---|---|
| Leow Sau Wan<br>(Executive Director) | **Directorships**:<br>– Gashub United Malaysia LNG Sdn Bhd (Director)<br>– P5 Pte. Ltd. (Director)<br>– P5 Luminaire Pte. Ltd. (Director)<br>– P5 Studio Pte. Ltd. (Director) – P5 Design Ventures Pte. Ltd. (Director)<br>– Gashubunited Utility Private Limited (Director) | |
| Lien Kait Long<br>(Independent Director) | **Directorships**:<br>1. Asia-Pacific Strategic Investments Limited<br>2. China Enterprise Limited<br>3. China Jishan Holdings Limited*<br>4. Falcon Energy Group Limited<br>5. Tat Seng Packaging Group Ltd<br><br>* Delisted on the Official List of the SGT-ST on 10 November 2020 | **Directorships**:<br>1. Hanwell Holdings Limited (f.k.a. PSC Corporation Ltd)<br>2. IPC Corporation Ltd<br>3. Renewable Energy Asia Group Limited |
| Mak Yen-Chen Andrew<br>(Independent Director) | **Directorships**:<br>1. Falcon Energy Group Limited<br>2. Far East Group Limited<br>3. Leader Environmental Technologies Limited<br>4. The Singapore Lyric Opera Limited | **Directorships**:<br>1. China Jishan Holdings Limited*<br><br>* Delisted on the Official List of the SGT-ST on 10 November 2020 |

The full details of the profile of each Director is set out on pages 7 to 8 of the Annual Report.

**BOARD PERFORMANCE**

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

***Provision 5.1*** ***The NC recommends for the Board's approval the objective performance criteria and process for the evaluation of the effectiveness of the Board as a whole, and of each board committee separately, as well as the contribution by the Chairman and each individual director to the Board.***

# CORPORATE GOVERNANCE

The Board recognises the merit of having some degree of formal assessment of the effectiveness of the Board as a whole and the contribution by each Director to the effectiveness of the Board. On an annual basis, the NC will review the questionnaire which are individually submitted by each Director for the purposes of evaluating the performance of the Board and the respective Board committees, as well as each individual Director. The assessment of each Board committee was performed by having all members of the Board to complete a questionnaire which are submitted to the Board for review.

***Provision 5.2 The Company discloses in its annual report how the assessments of the Board, its board committees and each director have been conducted, including the identity of any external facilitator and its connection, if any, with the Company or any of its directors.***

The NC did not receive any proposed changes to the performance criteria for FY2023 as compared to the previous financial year, having taken into account the economic climate, Board composition and business activities. The Board was of the view that during the financial year, its members had performed efficiently and effectively for the Board to function as a whole. For FY2023 there were no external facilitator that was engaged by the Company and/or the RC in assessing the effectiveness of the Board.

**REMUNERATION MATTERS**

**Procedures for Developing Remuneration Policies**

**Principle 6: The Board has a formal and transparent procedure for developing policies on director and executive remuneration, and for fixing the remuneration packages of individual directors and key management personnel. No director is involved in deciding his or her own remuneration.**

***Provision 6.1 The Board establishes a Remuneration Committee ("RC") to review and make recommendations to the Board on:***

***(a) a framework of remuneration for the Board and key management personnel; and***

***(b) the specific remuneration packages for each director as well as for the key management personnel.***

The RC is responsible for overseeing the executive remuneration and development in the Company. With reference to its terms of reference, the RC shall:–

(a) determine and agree with the Board the framework or broad policy for the remuneration of the Company's Board and to determine specific remuneration packages for the Executive Directors and the key management executives;

(b) in determining such policy, take into account all factors which it deems necessary. The objective of such policy shall be to ensure that the Group provides the appropriate incentives to encourage enhanced performance and that executives are fairly rewarded for their contributions to the success of the Group;

(c) determine targets for any performance related pay schemes operated by the Group, taking into account pay and employment conditions within the industry and in comparable companies;

(d) within the terms of the agreed policy, determine the total individual remuneration package of each Executive Director including, where appropriate, allowances, bonuses, benefits in kind, incentive payments and share options;

# CORPORATE GOVERNANCE

(e) determine the policy for and scope of service agreements including fixing appointment period for the Executive Directors and in the event of early termination the compensation commitments; and

(f) determine whether Directors and key management should be eligible for benefits under the long-term incentive schemes.

***Provision 6.2 The RC comprises at least three directors. All members of the RC are non-executive directors, the majority of whom, including the RC Chairman, are independent.***

As at the date of this Annual Report, the RC comprises the following three (3) members, all of whom are Independent Directors:

| | |
|---|---|
| Tay Shui Wen | Chairman |
| Lien Kait Long* | Member |
| Mak Yen-Chen Andrew* | Member |

* Mr Lien Kait Long and Mr Mak Yen-Chen Andrew were appointed as Members of the RC on 1 April 2023.

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

The RC considers all aspects of remuneration, including but not limited to Director's fees, salaries, allowances, bonuses, options, share based incentives and awards, benefits in kind and termination payments. The RC has full authority to obtain any external professional advice on matters relating to remuneration as and when the need arises. This is to ensure that competitive compensation and progressive policies, with appropriate mix of short and long term incentives, are in place to attract, retain and motivate competent and committed Management.

The RC also reviews the Company's obligations arising in the event of termination of the Executive Directors' and key management personnel's contracts of service, to ensure that such contracts of service contain fair and reasonable termination clauses which are not overly generous.

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

The RC did not engage any remuneration consultants during FY2023. The RC and the Board were of the view that the Company does not need to engage remuneration consultants as the remuneration for Executive Directors and the key management personnel are based on their respective existing service agreements. The Company will continue to monitor the need to engage external remuneration consultants going forward and where applicable, will review the independence of the external firm before any engagement.

Each RC member abstain from reviewing and approving any remuneration, compensation or any form of benefit to be granted to him/her or someone related to him/her.

### LEVEL AND MIX OF REMUNERATION

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

***Principle 7.1*** ***A significant and appropriate proportion of executive directors' and key management personnel's remuneration is structured so as to link rewards to corporate and individual performance. Performance-related remuneration is aligned with the interests of shareholders and other stakeholders and promotes the long-term success of the Company.***

***Principle 7.2*** ***The remuneration of non-executive directors is appropriate to the level of contribution, taking into account factors such as effort, time spent, and responsibilities.***

No individual Director is involved in deciding his own remuneration or the remuneration of another Director related to him. The Directors' fees are pro-rated according to their appointment and retirement date for the year, where applicable. Independent Directors of the Company (Non-Executive Directors) do not have any service agreements with the Company and are paid Directors' fees annually after approval by shareholders at the AGM. The Directors' fees are reviewed annually to ensure that the Independent Directors are compensated in proportion to the effort, time spent and responsibilities which correlates with the business volume. Each member of RC abstains from making recommendation on his own remuneration.

***Provision 7.3*** ***Remuneration is appropriate to attract, retain and motivate the directors to provide good stewardship of the company and key management personnel to successfully manage the company for the long term.***

In recommending and determining the Directors' remuneration packages, the RC reviews and considers all aspects of remuneration to ensure that the remuneration is competitive in attracting and retaining talent, commensurate with the Directors' scope of work and responsibilities and sufficient to reward them for achieving corporate performance targets.

The payment of Directors' fee is recommended by the RC and endorsed by the Board for shareholders' approval at the AGM of the Company. For FY2023, the RC had reviewed their level of contributions, taking into account factors such as effort, time spent and responsibilities and is satisfied that the performance conditions were met.

The Company does not have contractual provisions to reclaim incentive components of remuneration from Executive Directors and key management personnel in exceptional circumstances of misstatement of financial results, or of misconduct resulting in financial loss to the Company. However, the RC may consider such mechanisms if it deems necessary in the future.

# CORPORATE GOVERNANCE

## DISCLOSURE ON REMUNERATION

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

***Principle 8:1 The company discloses in its annual report the policy and criteria for setting remuneration, as well as names, amounts and breakdown of remuneration of:***

***(a) each individual director and the CEO; and***

***(b) at least the top five key management personnel (who are not directors or the CEO) in bands no wider than S$250,000 and in aggregate the total remuneration paid to these key management personnel.***

The breakdown (in percentage terms) of the remuneration bands of the directors of the Company for FY2023 is set out in the table below:

| Remuneration Band | Name of Director | Salary and CPF | Fees |
|---|---|---|---|
| S$250,000-S$499,999 | Lim Shao-Lin(1) | 100% | – |
| S$0-S$249,999 | Koh Beng Leong | 100% | – |
| | Leow Sau Wan(2) | 100% | – |
| | Lau Ping Sum Pearce(3) | – | 100% |
| | Chia Soon Hin William(4) | – | 100% |
| | Tay Shui Wen(5) | – | 100% |

**Notes**:

(1) Mr Lim Shao-Lin is the husband of Ms Leow Sau Wan.

(2) Ms Leow Sau Wan is the wife of Mr Lim Shao-Lin.

(3) Mr Lau Ping Sum Pearce resigned as Non-Executive Chairman and Independent Director of the Company on 1 July 2023.

(4) Mr Chia Soon Hin William resigned as Independent Director of the Company on 1 April 2023.

(5) Mr Tay Shui Wen was appointed as Independent Director of the Company on 25 May 2022. Following Mr Lau Ping Sum Pearce's resignation as Non-Executive Chairman, Mr Tay Shui Wen was appointed as the replacement Non-Executive Chairman of the Board on 1 July 2023.

In addition to the base/fixed salary, the Executive Directors are entitled to a profit-sharing incentive based on the following formula:

| Executive Directors, managers and staff | Group's audited consolidated profit after tax and minority interest, excluding exceptional items ("Profit") |
|---|---|
| Lim Shao-Lin,<br>Leow Sau Wan,<br>Koh Beng Leong and<br>Managers | 21% on Profit |
| All other Staff | 9% on Profit |
| **As the Group incurred a net loss in FY2023, no performance bonus was recommended.** | |

# CORPORATE **GOVERNANCE**

The Board is of the opinion that the information disclosed above would be sufficient to the shareholders for their understanding of the Company's compensation policies as remuneration matters are commercially sensitive and confidential information. Further disclosure is prejudicial to the Group's interests and may hamper its ability to retain the Group's talent pool.

***Provision 8.2*** ***The company discloses the names and remuneration of employees who are substantial shareholders of the company, or are immediate family members of a director, the CEO or a substantial shareholder of the company, and whose remuneration exceeds S$100,000 during the year, in bands no wider than S$100,000, in its annual report. The disclosure states clearly the employee's relationship with the relevant director or the CEO or substantial shareholder.***

Save as disclosed below, there is no employee who is a substantial shareholder of the Company, or an immediate family member of any Director, the CEO or substantial shareholder of the Company, whose remuneration for FY2023 exceeds S$100,000.

Ms Leow Sau Wan is the spouse of Mr Lim Shao-Lin, the CEO and a substantial shareholder of the Company, whose remuneration exceeded S$100,000 during FY2023.

***Provision 8.3*** ***The company discloses in its annual report all forms of remuneration and other payments and benefits, paid by the company and its subsidiaries to directors and key management personnel of the company. It also discloses details of employee share schemes.***

The Company does not have any employee share scheme in place for FY2023.

**ACCOUNTABILITY AND AUDIT**

**Risk Management and Internal Controls**

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

***Provision 9.1*** ***The Board determines the nature and extent of the significant risks which the company is willing to take in achieving its strategic objectives and value creation. The Board sets up a Board Risk Committee to specifically address this, if appropriate.***

Based on the current composition of the AC and Board for FY2023, the Board had assessed that, for more efficient use of its existing resources, to subsume the risk management function under the AC as opposed to setting up a separate Board committee specifically for this purpose.

The Board acknowledges that risk is inherent in business and there are commercial risks to be taken in the course of generating a return on business activities. The Board oversees the implementation and monitoring of its risks in line with the Group's overall risk tolerance levels in order to safeguard its assets and Shareholders' interests.

Management assesses the key risks facing the Group and formulates plans to mitigate such risks. The management of principal subsidiaries is also tasked to report any exceptions on compliance to the AC and the Board which determines the risk tolerance acceptable to the Group.

# CORPORATE GOVERNANCE

The Board and AC are responsible for (a) monitoring the Group's risks of becoming subject to, or violating, any sanctions-related law or regulation; and (b) ensuring timely and accurate disclosures to the SGX-ST and other relevant authorities in respect of sanctions-related risks, subject or activity. The Group currently has no exposure or nexus to sanctions-related risks, subject or activity.

Information relating to financial risk management objective and processes are set out in Note 27 of Note to the Financial Statements for FY2023.

**Risk Management**

Risk is defined as any activities with an outcome of losing shareholders money. This could happen in the following ways 1) bad investment decision, 2) fraudulent activities, 3) lack of due diligence; and 4) not mitigating a risk.

How we mitigate this is by implementing a strong internal control process, increase transparency, and implementing the Committee of Sponsoring Organisation Internal control framework.

**Internal control**

The Internal auditor will conduct a risks identification and assessment of the group business by conducting the following processes:

(a) Assessing the adequacy and effectiveness of the risk management and internal controls within the organisation.

(b) Reviewing and evaluating compliance with internal policies, plans, procedures.

(c) Reviewing and monitoring compliance with laws and regulations.

(d) Assessing the reliability and integrity of information.

(e) The safeguarding of assets.

(f) Reviewing and proposing updates to Policies and Procedures to achieve corporate governance and business continuity planning.

(g) Assessing cyber threats and recommending security actions.

(h) Monitoring and reporting interested party transactions.

(i) Taking prompt and necessary actions on 'whistle blowing' matters.

As risk management is an iterative process, constant review and monitoring are necessary, as and when there are changes in business or procedures.

The Company has procured Appendix 7H (Form of Undertaking with regard to Directors or Executive Officers) pursuant to Rule 720(1) of Catalist Rules from all the Directors and Executive Officers of the Company.

The Company maintains a system of internal controls for all companies within the Group. The internal controls are designed to provide reasonable assurance that proper accounting records are maintained, assets are adequately safeguarded, operational controls are in place and business risks are suitably addressed. The Board reviews the adequacy and effectiveness of the Company's risk management annually.

The Board, with the assistance of the AC, oversees the Management in the design, implementation and monitoring of the risk management and internal control systems, and reviews the adequacy and effectiveness of such systems at least annually.

The Company appoints internal auditor to conduct annual reviews, based on the internal audit plan approved by the AC, of the effectiveness of the Group's key risk management and internal control systems, including financial, operational, compliance and information technology controls. Any material non-compliance or lapses in internal controls, together with recommendations for improvement, are reported to the AC and the Board. The timely and proper implementation of all required corrective, preventive or improvement measures are closely monitored.

***Provision 9.2*** ***The Board requires and discloses in the company's annual report that it has received assurance from:***

***(a)*** ***the CEO and the Chief Financial Officer ("CFO") that the financial records have been properly maintained and the financial statements give a true and fair view of the company's operations and finances; and***

***(b)*** ***the CEO and other key management personnel who are responsible, regarding the adequacy and effectiveness of the company's risk management and internal control systems.***

For FY2023, the Board has received assurance from the CEO and CFO:

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

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

The Board, with the concurrence of the AC, is of the opinion that the risk management and internal controls of the Group are adequate and effective to address operational, financial, compliance and information technology controls of the Group. In arriving at the opinion, the AC and the Board reviewed the work performed by the internal and external auditors as well as discussions with management on the risks identified by internal audit as well as significant issues arising from internal and external audits had been appropriately addressed.

# CORPORATE GOVERNANCE

**AUDIT COMMITTEE**

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

***Provision 10.1 The duties of the AC include:***

***(a) reviewing the significant financial reporting issues and judgements to ensure the integrity of the financial statements of the company and any announcements relating to the company's financial performance;***

***(b) reviewing at least annually the adequacy and effectiveness of the company's internal controls and risk management systems;***

***(c) reviewing the assurance from the CEO and the CFO on the financial records and financial statements;***

***(d) making recommendations to the Board on: (i) the proposals to the shareholders on the appointment and removal of external auditors; and (ii) the remuneration and terms of engagement of the external auditors;***

***(e) reviewing the adequacy, effectiveness, independence, scope and results of the external audit and the company's internal audit function; and***

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

The AC performs the following functions:–

(a) review with the external auditors the audit plan, the external auditors' evaluation of the internal accounting controls, the assistance given by the Company's officers to the external auditors and the audit report;

(b) review of the half-year and full year consolidated financial statements of the Group and the announcements prior to submission to the Board for approval focusing in areas such as changes in accounting policies and practices, major areas of judgement, significant adjustments resulting from audit, going concern matters, compliance with accounting standards and statutory or regulatory requirements;

(c) review the adequacy of the Company's internal controls and risk exposures, as set out in Principle 9 and discuss (if any) areas of concerns arising from financial audits and other matters which the external auditors may wish to discuss (in the absence of management);

(d) review and recommend to the Board the appointment or re-appointment of external auditors, taking into consideration the non-audit services rendered by the external auditors and being satisfied that the nature and extent of such services will not prejudice the independence and objectivity of the external auditors;

(e) review interested person transactions;

(f) reviewing any whistle blowing reports by which the staff may, in confidence, raise issues about possible improprieties in matters of financial reporting and to ensure that arrangements are in place for the independent investigations of such matter and follow-ups (if any); and

(g) assessing the need to obtain independent legal advice in relation to any sanctions-related risks applicable to the Group and reviewing the relevance of information in respect of sanctions-related risks, subject or activity provided to shareholders and SGX-ST.

The AC has authority to investigate any matter within its term of reference and have been given full access to the Management and reasonable resources to enable it to discharge its functions properly. The AC has full discretion to invite any Director or key management personnel to attend its meetings.

**Whistle-Blowing Policy**

The Company has a whistle-blowing policy in place, which sets out the procedures for whistle-blower to make a report on misconduct or wrongdoings in relation to the Company and its employees. The whistle-blower can report any possible improprieties directly to AC Chairman **Mr Lien Kait Long** via his email address: kl.lien@h2g.green.

The purpose of establishing such a policy is not only to communicate to employees the Company's commitment to identifying and remedying any wrongdoings, but also serves as a reinforcement and communication of the Company's values and expectations.

The Company has complied with the disclosure requirement in relation to Catalist Rules 1204 (18A) and (18B) relating to whistleblowing. The AC Chairman is the dedicated independent function that is responsible for overseeing and the monitoring of whistleblowing. To prevent and ensure the protection of the whistleblower against any detrimental or unfair treatment, the AC Chairman will be the point of direct contact with the whistleblower and has the authority to investigate any matters within its terms of reference, including any whistleblowing reports made in good faith.

All information pertaining to the whistleblower, including the identity of the whistleblower, will be treated in strict confidence and assessed fairly by the AC based on the merit of the content of the allegations, subject to legal or regulatory requirements to ensure the appropriate follow-up action will be taken.

In cases where the AC is legally obligated to provide such information to any governmental or regulatory authorities as part of their investigation, the AC will inform the whistleblower in advance to advise him/her of the process.

During FY2023, there were no reported whistle-blowing incidents.

# CORPORATE GOVERNANCE

***Provision 10.2*** ***The AC comprises at least three directors, all of whom are non-executive and the majority of whom, including the AC Chairman, are independent. At least two members, including the AC Chairman, have recent and relevant accounting or related financial management expertise or experience.***

The AC currently comprises the following three (3) members, all of whom are Independent Directors:

| | |
|---|---|
| Lien Kait Long# | Chairman |
| Tay Shui Wen | Member |
| Mak Yen-Chen Andrew* | Member |

# Mr Lien Kait Long was appointed as Chairman of the AC of the Company on 1 April 2023.

* Mr Mak Yen-Chen Andrew was appointed as Member of the AC on 1 April 2023.

When appointing an independent director to the AC, the Board will consider the qualification of the person to ensure independent, objective and effective supervision. At least two (2) members, including the AC Chairman, have accounting or related financial management expertise or experience.

***Provision 10.3*** ***The AC does not comprise former partners or directors of the company's existing auditing firm or auditing corporation:***

***(a) within a period of two years commencing on the date of their ceasing to be a partner of the auditing firm or director of the auditing corporation; and in any case,***

***(b) for as long as they have any financial interest in the auditing firm or auditing corporation.***

All members of the AC do not have any management and business relationships with the Company or any substantial shareholder of the Company.

None of the AC members were previous partners or directors of the Company's existing external audit firm or auditing corporation:(a) within a period of two years commencing on the date of their ceasing to be a partner of the auditing firm or director of the auditing corporation; and in any case, (b) for as long as they have any financial interest in the auditing firm or auditing corporation. None of the AC members hold any financial interest in the Company's existing external audit firm.

***Provision 10.4*** ***The primary reporting line of the internal audit function is to the Audit Committee ("AC"), which also decides on the appointment, termination and remuneration of the head of the internal audit function. The internal audit function has unfettered access to all the company's documents, records, properties and personnel, including the AC, and has appropriate standing within the company.***

**Internal Audit**

The AC is responsible for the adequacy of the internal audit function, its resources and standing within the Group to perform its functions properly.

# CORPORATE GOVERNANCE

Following thereto, the Board, on the recommendation of the AC, has outsourced the internal audit function to an external service provider, **Baker Tilly Consultancy (Singapore) Pte Ltd ("Internal Auditor")** for two (2) consecutive financial years starting from 31 March 2023 and 31 March 2024. The Internal Auditor shall report primarily to the Chairman of the AC. The AC is responsible for the hiring, removal, compensation, and evaluation of the Internal Auditor.

The AC oversees and monitors if the improvements suggested on internal controls are implemented. The AC is satisfied that the Internal Auditor:

(a) is independent, having it reporting directly to the AC and not any management personnel;

(b) have unfettered access to all the Company's documents, records, properties and personnel, including the AC, and has appropriate standing within the Company;

(c) is adequately qualified, having carried out its function according to the standards set by internationally-recognised professional bodies, such as the Standards for the Professional Practice of Internal Auditing set by The Institute of Internal Auditors laid down in the International Professional Practices Framework issued by the Institute of Internal Auditors; and

(d) is adequately resourced and staffed, taking into account the experience of the firm and engagement partner, number and experienced supervisory and professional staff assigned to internal audits.

***Provision 10.5 The AC meets with the external auditors, and with the internal auditors, in each case without the presence of Management, at least annually.***

The AC meet with the external and internal auditors at least once a year and may meet them at any time, without the presence of the Company's management.

The external auditor regularly update the AC on the changes to accounting standards and issues which will have a direct impact on financial statements.

**External Audit**

The AC also considered the report from the external auditor, **Foo Kon Tan LLP**, including their findings on the key areas of audit focus. Significant matters that were discussed with management and external auditor have been included as key audit matters ("**KAM**") in the Independent Auditor' Report section for FY2023.

In assessing the KAM, the AC considered the approach and methodology applied in the valuation of assets, including the estimates and key assumptions used. The AC concluded that management's accounting treatment and estimates adopted on the KAM were appropriate. The management is responsible to follow up and implement the recommendations by the external and internal auditors in a timely and appropriate manner.

In reviewing the appointment of external auditor for the FY2023, the AC considered the adequacy of the resources, experience and competence of the external auditors, taking into account the experience of the team and partner.

# CORPORATE GOVERNANCE

The AC assessed the independence of the external auditors annually and has reviewed the volume of non-audit services provided to the Group by the external auditors. The AC was satisfied that the nature and extent of such services will not prejudice the independence and objectivity of the external auditors and has recommended to the Board that Foo Kon Tan LLP be nominated for re-appointment as the external auditor of the Company at the Company's forthcoming AGM. Please refer to Note 23 of the Financial Statement for the audit fees and non-audit fees paid or payable to external auditor by the Group.

Foo Kon Tan LLP has also confirmed that they are registered with the Accounting and Corporate Regulatory Authority and hence, the Company is in compliance with Catalist Rules 712 and 715 (read with Catalist Rule 716) in relation to the appointment of its external auditor.

**SHAREHOLDERS RIGHTS AND ENGAGEMENT**

**SHAREHOLDER RIGHTS AND CONDUCT OF GENERAL MEETINGS**

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

***Provision 11.1 The Company provides shareholders with the opportunity to participate effectively in and vote at general meetings of shareholders and informs them of the rules governing general meetings of shareholders.***

In line with continuous disclosure obligations of the Company pursuant to the Catalist Rules and the Companies Act, the Company endeavours to maintain constant and effective communications with shareholders through timely and comprehensive announcements. Material information that could have a material impact on the share price of the Company is released on a timely basis.

The Company disseminates latest corporate news, strategies, announcements, notices of meetings, annual reports, circulars and press releases promptly through SGXNET. The Group's corporate governance practices are disclosed in annual reports of the Company to enable the shareholders to have a better understanding of the Group's stewardship role.

Shareholders are informed of general meetings through the announcement released on the SGXNET and notices contained in the Annual Report or circulars sent to all shareholders. The Annual Report, circulars, notice of general meetings, and accompanying proxy form and other documents related to the general meetings are also made available on the Company's website at http://www.h2g.green. For the request of a printed copy of annual report, appendix to the annual report/circular, the Company has specified in the Notice of AGM/EGM on how Shareholders can obtain such a printed copy.

All shareholders are entitled to attend the general meetings and are provided the opportunity to participate in the general meetings. If any shareholder is unable to attend, he/she is allowed to appoint up to two proxies to vote on his/her behalf at the general meeting through proxy forms sent in advance.

# CORPORATE GOVERNANCE

At the general meetings (i.e. AGMs and EGMs) of the Company, shareholders are given the opportunities to express their views and ask the Board and Management questions regarding the financial performance and operations of the Group. The minutes of general meetings of the Company are posted on the SGXNET and the Company's website at http://www.h2g.green within 1 month after the date of the general meetings.

The alternative arrangements pursuant to the COVID-19 (Temporary Measures) (Alternative Arrangements for Meetings for Companies, Variable Capital Companies, Business Trusts, Unit Trusts and Debenture Holders) Order 2020 ceased on 1 July 2023. The Company resumes holding physical general meetings and Shareholders are encouraged to attend physically and voice their opinions directly at the general meetings regarding the matters under discussions. Additionally, Shareholders can submit substantial and relevant questions relating to the resolutions to be tabled for approval at the general meetings. For submission of written questions, the Company has specified in the Notice of AGM/EGM on how the shareholders may submit their written questions in advance of the general meeting. The Company will endeavour to address relevant and substantial queries (if any) prior the AGM/EGM through publication on SGXNET within the stipulated deadline.

***Provision 11.2 The company tables separate resolutions at general meetings of shareholders on each substantially separate issue unless the issues are interdependent and linked so as to form one significant proposal. Where the resolutions are "bundled", the company explains the reasons and material implications in the notice of meeting.***

There are separate resolutions at general meetings on each distinct issue and are not "bundled" or made inter-conditional on each other, including resolutions on the re-election of Directors. Where the resolutions are "bundled", the reasons and material implications for doing so will be provided in the annual report and related documents, including the notice of general meeting. All resolutions tabled shall be put to vote by way of a poll pursuant to Catalist Rule 730A(2).

The results of each resolution, detailing all votes cast, for or against or abstain, and the aggregate number of votes including the respective percentages, in respect of each resolution are tallied and disclosed at the meeting. An announcement with the results encompassing the above details showing the numbers of votes cast for and against for each resolution and the respective percentage will be released via SGXNET after the general meetings.

***Provision 11.3 All directors attend general meetings of shareholders, and the external auditors are also present to address shareholders' queries about the conduct of audit and the preparation and content of the auditors' report. Directors' attendance at such meetings held during the financial year is disclosed in the Company's annual report.***

The Chairman of the respective Board committees – AC, NC and RC will be present and available to address questions at the AGM. The External Auditor will also be present to address any shareholders queries about the auditor's report. Please refer to the table as set out on Provision 1.5 of this Annual Report detailing the number of Board and Board Committees meetings held during FY2023, along with the record of attendance of each Director during their respective terms as Directors and members of the respective Board Committees of the Company.

All Directors that were in office attended the last AGM of the Company that was held on 28 July 2022 as well as the extraordinary general meetings that were held on 30 May 2022, 28 July 2022, 16 January 2023 and 8 March 2023.

# CORPORATE **GOVERNANCE**

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

The Company does not allow absentia voting as it is not practical to do so as the identity of the shareholder is difficult to verify.

***Provision 11.5 The Company publishes minutes of general meetings of shareholders on its corporate website as soon as practicable. The minutes record substantial and relevant comments or queries from shareholders relating to the agenda of the general meeting, and responses from the Board and Management.***

The proceedings of the general meeting, including comments and/or queries from Shareholders relating to the agenda of the meeting and the corresponding responses from the Board and Management will be posted on the Company's website and SGXNET within one (1) month after the AGM/EGM. The Board also ensures that all material information relating to the Company is disclosed in a timely and accurate manner on SGXNET.

***Provision 11.6 The company has a dividend policy and communicates it to shareholders.***

There is no formal dividend policy adopted by the Company. The Board, having considered the financial performance of the Group for the financial year ended 31 March 2023, did not recommend any dividend payment.

**ENGAGEMENT WITH SHAREHOLDERS**

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

***Provision 12.1 The Company provides avenues for communication between the Board and all shareholders, and discloses in its annual report the steps taken to solicit and understand the views of shareholders.***

In line with continuous disclosure obligations, the Company is committed to regular and proactive communication with its shareholders upon consideration advice from its corporate lawyers and professionals on appropriate disclosure requirements before announcing material information to shareholders on SGXNET, as well as through scheduled general meetings.

In addition to the half yearly and full year financial results announcements and announcements on material information, annual reports that provide information on the prospects of the Company, Board of Directors, management, report on Code and audited financial statements for the past financial year were circulated to the shareholders prior to the AGM. The Board encourages Shareholders' participation at the AGMs/EGMs as explained in Provision 11.1 above.

# CORPORATE GOVERNANCE

***Provision 12.2 The company has in place an investor relations policy which allows for an ongoing exchange of views so as to actively engage and promote regular, effective and fair communication with shareholders.***

The Company currently does not have an investor relations policy and dedicated investor relations team as based on the current structure of the Company, the Board is of the view that the existing communication channels are sufficient and cost effective. The Company will consider appointing professional investor relations officer to manage the function should the need arises.

***Provision 12.3 The company's investor relations policy sets out the mechanism through which shareholders may contact the company with questions and through which the company may respond to such questions.***

The Company does not engage in selective disclosures of material information. All material information pertaining to the Company's developments are disseminated through SGXNET in an accurate and timely manner to ensure all shareholders are informed simultaneously, in compliance with the Catalist Rules and the Companies Act. Shareholders are also able to liaise with the Company via the respective communication channels either by mail to the Company's registered office address or through email as stated in the Corporate Information section of this Annual Report.

## ENGAGEMENT WITH STAKEHOLDERS

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

***Provision 13.1 The Company has arrangements in place to identify and engage with its material stakeholder groups and to manage its relationships with such groups.***

The Executive Directors and senior management actively engage with key stakeholders of the Group, which are identified through the Board of the Group. Any updates and relevant feedbacks received are communicated to the Board. The Company has in place a process to identify its various stakeholders and understand their expectations and concerns so as to improve its standards and align the business interest with those of the stakeholders so as to be able to generate sustainable value to Shareholders in the long term.

***Provision 13.2 The Company discloses in its annual report its strategy and key areas of focus in relation to the management of stakeholder relationships during the reporting period.***

Please refer to the Company's sustainability report for the assessment process (to include material environmental, social and governance factors) and full details on how the Company conducts its stakeholder management. The sustainability report for FY2023 is part of this Annual Report.

# CORPORATE GOVERNANCE

***Provision 13.3 The company maintains a current corporate website to communicate and engage with stakeholders.***

The Company updates its corporate website at the URL http://www.h2g.green regularly with information released on the SGXNET and business developments of the Group. Stakeholders can also contact the Company through phone or e-mail, the details of which can be found on the Company's website, and Corporate Information section of this Annual Report.

## OTHER CORPORATE GOVERNANCE MATTERS

### 1. Interested Person Transaction

The Company has not obtained a general mandate from shareholders for interested person transactions. During FY2023, the aggregate value of interested person transactions entered into during the financial year under review are as follows:

| Name of interested person | Nature of relationship | Aggregate value of all interested person transactions during the financial year under review (excluding transactions less than $100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920) | Aggregate value of all interested person transactions conducted under shareholders' mandate pursuant to Rule 920 (excluding transactions less than $100,000) |
|---|---|---|---|
| Lim Shao-Lin | Executive Director, Chief Executive Officer and controlling shareholder | S$211,154[(1)] | N.A. |

**Note:**

(1) As announced by the Company on 15 December 2020, the Company had entered into a project investment agreement with Gashubunited Utility Private Limited ("**GUPL**") and Gashubunited Holding Private Limited ("**GHPL**") for the proposed investment amounting to S$500,000. Mr Lim Shao-Lin ("**Mr Lim**"), the Executive Director and Chief Executive Officer, and controlling shareholder of the Company, is the sole director of GUPL. Mr Lim is also a director and 60.25%-shareholder of GHPL. The amount pertains to the management fee charge to GHPL for project management amounting to S$211,154 during the financial year ended 31 March 2023. On 22 December 2022, GUPL (now the subsidiary of the Company) fully repaid the investment amount and accrued investment yield of S$570,000.

Save for the above, there were no other interested person transactions entered into with Mr Lim or any other interested persons during the financial year under review.

# CORPORATE GOVERNANCE

**2. Material Contracts**

Save for the below, there were no other material contracts entered into by the Company and its subsidiaries involving the interests of the chief executive officer, each director or controlling shareholder, either still subsisting at the end of the financial year or if not then subsisting, entered into since the end of the previous financial year.

***Entry into share subscription agreement in relation to proposed investment in Green Energy Investment Holding Private Limited***

The Company had on 14 December 2022 entered into a share subscription agreement with RD Property Holdings Pte Ltd (the "**Investor**"), the investor will subscribe for up to an aggregate 998 Class A preference shares in the Capital of GEIH (via four investment tranches of an aggregate amount of S$20,000,000 ("**Proposed Investment**") The Subscription Shares represent an aggregate of 49.9% of the total enlarged number of issued shares in the capital of GEIH on a fully diluted and as-converted basis immediately following the completion of the Proposed Investment.

On 23 February 2023, GEIH allotted and issued 995 Class A preference shares to the investor, in consideration of the investment amount of S$5,000,000 (First Tranche) disbursed by the Investor to GEIH. Following the completion of the First Tranche, the Company's shareholding in GEIH has decreased, from being a wholly-owned subsidiary of the Company to becoming an approximately 50.18% subsidiary of the Company, based on the total number of the issued shares in the capital of GEIH.

For more details, please refer to Company's announcements dated 14 December 2022, 30 December 2022, 16 January 2023, 6 February 2023 and 23 February 2023, and the Company's circular dated 30 December 2022 on SGXNET.

**3. Dealings in Securities**

Under the Code of Best Practices on Securities Transactions adopted by the Company in compliance with Catalist Rule 1204(19), key employees of the Group (including Directors and officers) are required to abide and comply in relation to dealing in the Company's securities.

Directors and officers should not deal in the Company's securities on short-term considerations and when they are in possession of price sensitive information that is not publicly available.

The Company and its officers should not deal in the Company's securities during the period commencing one month before the announcement of the Company's half-year and full year financial statements. In addition, the officers are also reminded that the law on insider dealing is applicable at all times, notwithstanding the window periods.

**4. Non-sponsor Fees**

The Company is currently under the SGX-ST Catalist sponsor-supervised regime. The continuing sponsor of the Company is RHT Capital Pte. Ltd. In compliance to Rule 1204 (21) of the Catalist Rules, there were no non-sponsor fees paid to RHT Capital Pte. Ltd. by the Company for the year ended 31 March 2023.

# CORPORATE GOVERNANCE

**5. Treasury Shares**

There are no treasury shares held at the end of the financial year ended 31 March 2023.

**6. Update on Use of Placement Proceeds**

**(i) Placement of 132,000,000 new ordinary shares**

The Company received net proceeds amounting to approximately S$3.5 million from the completion of the placement of 132,000,000 new ordinary shares as announced on 19 January 2021, 20 January 2021, 2 February 2021, 4 February 2021, 30 May 2022, 31 August 2022, 14 November 2022 and 2 February 2023. The net proceeds have been fully utilized as per the announcement dated 2 February 2023.

**(ii) Placement of 189,580,095 new ordinary shares**

(a) Placement of 142,180,095 new ordinary shares to Hongkong China Treasury Limited ("**HCT**").

(b) Placement of 47,400,000 new ordinary shares 2 individuals.

The Company received net proceeds amounting to approximately S$3.955 million from the completion of the placement of 189,580,095 new ordinary shares as announced on 14 December 2022, 15 December 2022, 8 March 2023 and 14 March 2023. On 8 March 2023, at the extraordinary general meeting of the Company, Shareholders approved the further share subscription of 1,162,080 new shares into GUPL with a cash consideration of S$3.8 million. For further information, refer to the Company's announcements on 18 February 2023 and 21 March 2023, and the Company's circular dated 20 February 2023.

The net proceeds have yet to be utilized and the allocation at the date of this Annual Report are as follows:

| Use of net proceeds from Placement | Amount allocated (S$'000) | Amount allocated to GUPL (S$'000) | Utilised as at 31 March 2023 (S$'000) | Balance as at 31 March 2023 (S$'000) |
|---|---|---|---|---|
| Capital expenditure of GUPL | 2,965 | 2,849 | (696) | 2,153 |
| General working capital of GUPL(including meeting general overheads and operating expenses of GUPL) | 990 | 951 | (929) | 22 |
| **Total** | **3,955** | **3,800** | **(1,625)** | **2,175** |

^ the amount allocated to GUPL excluded the estimated fees and expenses (approximately S$155,000) incurred in relation to the share subscription to GUPL.

# CORPORATE GOVERNANCE

The breakdown of the use of proceeds for general working capital of GUPL are as follows:

| | | S$'000 |
|---|---|---|
| (i) | Purchases from suppliers and subcontractors | 447 |
| (ii) | Rental Expenses | 94 |
| (iii) | Other Operating expenses (comprising mainly payroll related expenses and professional & consultant fees) | 388 |
| | | 929 |

**(iii) Share Subscription in Green Energy Investment Holding Private Limited ("GEIH')**

The Company entered into a share subscription agreement with RD Property Holdings Pte. Ltd. ("**RD**") and Mr Lim Shao-Lin on 14 December 2022 and subsequently obtained Shareholder's approval on 16 January 2023 via an extraordinary general meeting for a subscription of an aggregate of 998 Class A convertible preference shares in the capital of GEIH via four investment tranches for an aggregate amount of $20 million. The total consideration is $20 million ("**Consideration**") and will be disbursed by RD into 4 tranches, subject to the respective milestones conditions. The Company announced on 23 February 2023 that GEIH received the first tranche of the Consideration, amounting to $5 million. For further information, refer to the Company's announcements dated 14 December 2022, 30 December 2022, 16 January 2023, 6 February 2023 and 23 February 2023, and the Company's circular dated 30 December 2022.

The net proceeds have yet to be utilized and the allocation at the date of this Annual Report are as follows:

| Use of net proceeds | Amount allocated (S$'000) | Amount received (S$'000) # | Utilised as at 31 March 2023 (S$'000) | Balance as at 31 March 2023 (S$'000) |
|---|---|---|---|---|
| Property, plant & equipment | 13,000 | 3,151 | (194) | 2,957 |
| General working capital of GEIH (including meeting general overheads and operating expenses of GEIH) | 6,800 | 1,649 | (262) | 1,387 |
| **Total** | **19,800** | **4,800** | **(456)** | **4,344** |

\# 1st tranche of total consideration (net of transaction-related costs amounting to S$200,000) from the proceeds of share subscription into GEIH.

The breakdown of the use of proceeds for general working capital of GEIH are as follows:

| | | S$'000 |
|---|---|---|
| (i) | Payroll Costs | 99 |
| (ii) | Rental Expenses | 48 |
| (iii) | Other Operating expenses (comprising mainly office expenses, professional & consultant fees) | 115 |
| | | 262 |

# CORPORATE GOVERNANCE

## 7. Additional Information on Directors seeking Re-election

The table below summarizes the following Directors who will be seeking re-election as Directors of the Company pursuant to Regulation 106 and 110(1) respectively of the Company's Constitution at the forthcoming annual general meeting of the Company to be convened on 28 July 2023 under the Ordinary Resolutions No. 2, 3 and 4 (collectively, the "**Retiring Directors**" and each a "**Retiring Director**").

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

| Name of Directors | Mr Lim Shao-Lin | Mr Lien Kait Long | Mr Mak Yen-Chen Andrew |
|---|---|---|---|
| Date of appointment | 29 July 2019 | 1 April 2023 | 1 April 2023 |
| Date of last re-appointment (if applicable) | 29 September 2020 | – | – |
| Age | 54 | 75 | 54 |
| Country of principal residence | Singapore | Singapore | Singapore |
| The Board's comments on this appointment (including rationale, selection criteria, and the search and nomination process) | The re-election of Mr Lim Shao-Lin ("**Mr Lim**") as a Director of the Company was recommended by the Nominating Committee and approved by the Board, after taking into consideration Mr Lim's contributions, qualifications, expertise and past experiences. | The re-election of Mr Lien Kait Long ("**Mr Lien**") as a Director of the Company was recommended by the Nominating Committee and approved by the Board, after taking into consideration Mr Lien's contributions, expertise and past experiences. | The re-election of Mr Mak Yen-Chen Andrew ("**Mr Mak**") as a Director of the Company was recommended by the Nominating Committee and approved by the Board, after taking into consideration Mr Mak's contributions, expertise and past experiences. |
| Whether appointment is executive, and if so, the area of responsibility | Executive | Non-Executive | Non-Executive |
| Job title (e.g. Lead ID, AC Chairman, AC Member etc. | Executive Director and Chief Executive Officer | – Independent Director<br>– Chairman of Audit Committee<br>– Member of Remuneration Committee<br>– Member of Nominating Committee | – Independent Director<br>– Chairman of Nominating Committee<br>– Member of Audit Committee<br>– Member of Remuneration Committee |
| Professional qualifications (if any) | – Diploma from Singapore Institute of Commerce | – Bachelor of Commerce in Accountancy – Nanyang University, Singapore<br>– Fellow Member of CPA Australia<br>– Fellow Member of the Institute of Singapore Chartered Accountants (ISCA) | – Bachelor of Laws (Second Class Upper Division)<br>– National University of Singapore Advocate & Solicitor, Singapore |

# CORPORATE GOVERNANCE

| Name of Directors | Mr Lim Shao-Lin | Mr Lien Kait Long | Mr Mak Yen-Chen Andrew |
|---|---|---|---|
| Any relationship (including immediate family relationship) with any existing director, existing executive officer, the issuer and/or substantial shareholder of the listed issuer or of any of its principal subsidiaries | Spouse of Ms Leow Sau Wan, Executive Director of the Company | None | None |
| Conflict of interest (including any competing business) | None | None | None |
| Working experience and occupation(s) during the past 10 years` | Mr Lim has won multiple awards including the spirit of entrepreneur award. He is also the CEO of the Gashub Group for the past 29 years, after successfully growing it from a startup to having more than 100 employees, focusing on gas engineering and spearheading the green energy industry in the region through cleaner and more energy efficient Liquefied Natural Gas. | Mr Lien has more than 50 years of experience in accounting and finance, corporate management and business strategy and investment. | January 2016 to Present – Consultant, Fortis Law Corporation<br><br>January 2014 to December 2015 – Partner, Loo & Partners LLP<br><br>July 2006 to December 2013 – Partner, Kelvin Chia Partnership |
| Undertaking submitted to the listed issuer in the form of Appendix 7H (Catalist Rule 704(6) | Yes | Yes | Yes |
| Shareholding interest in the listed issuer and its subsidiaries | **Direct Interest:** Mr Lim holds 163,699,808 ordinary shares in the capital of the Company.<br><br>**Deemed Interest:** Mr Lim is deemed to be interest in all the 409,672,131 ordinary shares of the Company in the capital of the Company held by Gashubunited Holding Private Limited under Section 7 of the Companies 1967 and Section 4 of the Securities and Futures Act 2001 of Singapore. | None | None |

# CORPORATE GOVERNANCE

| Name of Directors | Mr Lim Shao-Lin | Mr Lien Kait Long | Mr Mak Yen-Chen Andrew |
|---|---|---|---|
| Past (for the last 5 years) | Principal Commitments<br><br>Please see information under "Working experience and occupation(s) during the past 10 years"<br><br>Directorships in other listed* and non-listed companies:<br>– Gashubin Technology Private Limited<br>– Gashubunited Utility Private Limited<br>– P5 Pte Ltd.<br>– P5 Luminaire Pte. Ltd.<br>– P5 Studio Pte. Ltd.<br>– P5 Design Ventures Pte. Ltd<br>– Gashubin Engineering Private Limited<br>– Proton Power Pte. Ltd | Principal Commitments<br><br>Please see information under "Working experience and occupation(s) during the past 10 years"<br><br>Directorships in other listed* and non-listed companies:<br>– Hanwell Holdings Limited (f.k.a. PSC Corporation Ltd)*<br>– IPC Corporation Ltd*<br>– Renewable Energy Asia Group Limited* | Principal Commitments<br><br>Please see information under "Working experience and occupation(s) during the past 10 years"<br><br>Directorships in other listed* and non-listed companies:<br>China Jishan Holdings Limited* |
| Present | Directorships in other listed* and non-listed companies:<br>– Avier Engineering Pte. Ltd.<br>– Gashub Pte Ltd<br>– GashubUnited Holding Private Limited<br>– Green Waste Recycling Company Private Limited<br>– Green Energy Investment Holding Private Limited<br>– GasHub United Malaysia LNG Sdn Bhd<br>– Gashubunited (SEA) LNG Pte Ltd<br>– LIMSL Investment Pte. Ltd.<br>– ASL Forestry Pte Ltd | Directorships in other listed* and non-listed companies:<br>– Asia-Pacific Strategic Investments Limited*<br>– China Enterprise Limited<br>– China Jishan Holdings Limited*<br>– Falcon Energy Group Limited*<br>– Tat Seng Packaging Group Ltd* | Directorships in other listed* and non-listed companies:<br>– Falcon Energy Group Limited<br>– Far East Group Limited<br>– Leader Environmental Technologies Limited<br>– The Singapore Lyric Opera Limited |

# CORPORATE GOVERNANCE

| Name of Directors | | Mr Lim Shao-Lin | Mr Lien Kait Long | Mr Mak Yen-Chen Andrew |
|---|---|---|---|---|
| (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 | 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 | Yes. Please refer to the Explanatory Note 1 set out on page 76 of this Annual Report at Corporate Governance Report" for details. | Yes. Please refer to the Explanatory Note 2 set out on page 76 of this Annual Report at Corporate Governance Report" for details. |
| (c) | Whether there is any unsatisfied judgment against him? | No | No | No |
| (d) | Whether he has ever been convicted of any offence, in Singapore or elsewhere, involving fraud or dishonesty which is punishable with imprisonment, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such purpose? | No | No | No |

# CORPORATE GOVERNANCE

| Name of Directors | Mr Lim Shao-Lin | Mr Lien Kait Long | Mr Mak Yen-Chen Andrew |
|---|---|---|---|
| (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 | 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 | 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 | 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 | No |

# CORPORATE GOVERNANCE

| Name of Directors | Mr Lim Shao-Lin | Mr Lien Kait Long | Mr Mak Yen-Chen Andrew |
|---|---|---|---|
| (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 | 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 | 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 | 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 | No |
| (k) Whether he has been the subject of any current or past investigation or disciplinary proceedings, or has been reprimanded or issued any warning, by the Monetary Authority of Singapore or any other regulatory authority, exchange, professional body or government agency, whether in Singapore or elsewhere? | No | No | No |

# CORPORATE GOVERNANCE

| Name of Directors | Mr Lim Shao-Lin | Mr Lien Kait Long | Mr Mak Yen-Chen Andrew |
|---|---|---|---|
| Any prior experience as a director of an issuer listed on the Exchange? If Yes, Please provide details of prior experience.<br><br>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. | Not applicable as this is a re-election of director. | Not applicable as this is a re-election of director. | Not applicable as this is a re-election of director. |
| Please provide details of nominating committee's reasons for not requiring the director to undergo training as prescribed by the Exchange (if applicable) as this is a relevant experience | Not applicable | Not applicable | Not applicable |

**Explanatory Notes:**

(1) Mr Lien Kai Long

Mr Lien is an Independent Director of Falcon Energy Group Limited, a company listed on the SGX-ST ("**Falcon**"). As announced by Falcon on 21 August 2021, Ambank (M) Berhad (Labuan Offshore Branch) filed a winding-up application HC/CWU 140/2021 against Falcon in the High Court of Singapore. As announced by Falcon on 14 May 2023, upon hearing submissions relating to an adjournment of the matter, the Honourable Court had directed that HC/CWU 140/2021 be adjourned to 11 August 2023. It was also announced by Falcon on 15 January 2023 that Falcon and its financial advisor are working on a restructuring proposal to be tabled to the scheme creditors as soon as possible. Please refer to SGXNet for the above and all related announcements by Falcon.

(2) Mr Mak Yen-Chen Andrew

Mr Mak is an Independent Director of Falcon Energy Group Limited, a company listed on the SGX-ST ("**Falcon**"). As announced by Falcon on 21 August 2021, Ambank (M) Berhad (Labuan Offshore Branch) filed a winding-up application HC/CWU 140/2021 against Falcon in the High Court of Singapore. As announced by Falcon on 14 May 2023, upon hearing submissions relating to an adjournment of the matter, the Honourable Court had directed that HC/CWU 140/2021 be adjourned to 11 August 2023. It was also announced by Falcon on 15 January 2023 that Falcon and its financial advisor are working on a restructuring proposal to be tabled to the scheme creditors as soon as possible. Please refer to SGXNet for the above and all related announcements by Falcon.

# DIRECTORS' STATEMENT

YEAR ENDED 31 MARCH 2023

We are pleased to submit this annual report to the members of the Company together with the audited financial statements for the financial year ended 31 March 2023.

In our opinion:

(a) the financial statements set out on pages 77 to 167 are drawn up so as to give a true and fair view of the financial position of the Group and the Company as at 31 March 2023 and the financial performance, changes in equity and cash flows of the Group for the year ended on that date in accordance with the provisions of the Companies Act 1967 and Singapore Financial Reporting Standards (International); and

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

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

## Directors

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

| | |
|---|---|
| Lim Shao-Lin | |
| Koh Beng Leong | |
| Leow Sau Wan | |
| Tay Shui Wen | |
| Lien Kait Long | (Appointed on 1 April 2023) |
| Mak Yen-Chen Andrew | (Appointed on 1 April 2023) |

## Directors' interests

According to the register kept by the Company for the purposes of Section 164 of the Companies Act 1967 (the "Act"), particulars of interests of directors who held office at the end of the financial year (including those held by their spouses and infant children) in shares, debentures, warrants and share options in the Company and in related corporations (other than wholly-owned subsidiaries) are as follows:

| **Name of director and corporation in which interests are held** | **Holdings at beginning of the year** | **Holdings at end of the year** |
|---|---|---|
| **Lim Shao-Lin** | | |
| H2G Green Limited | | |
| - ordinary shares | | |
| - interests held | 163,699,808 | **163,699,808** |
| - deemed interests | - | **409,672,131** |
| **Leow Sau Wan** | | |
| H2G Green Limited | | |
| - ordinary shares | | |
| - interests held | - | **3,211,700** |

# DIRECTORS' STATEMENT

YEAR ENDED 31 MARCH 2023

By virtue of Section 7 of the Act, Lim Shao-Lin is deemed to have interests in the other subsidiaries of the Company, all of which are wholly-owned, at the beginning and at the end of the financial year.

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

There were no changes in the interests in the Company between the end of the financial year and 21 April 2023.

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

## Share options

During the financial year, there were:

(i) no options granted by the Company or its subsidiaries to any person to take up unissued shares in the Company or its subsidiaries; and

(ii) no shares issued by virtue of any exercise of option to take up unissued shares of the Company or its subsidiaries.

As at the end of the financial year, there were no unissued shares of the Company or its subsidiaries under options.

## Audit Committee

The members of the Audit Committee during the year and at the date of this report are:

| | | |
|---|---|---|
| Lien Kait Long (Chairman) | Independent director | (Appointed on 1 April 2023) |
| Chia Soon Hin William (Chairman) | Independent director | (Resigned on 31 March 2023) |
| Lau Ping Sum Pearce | Independent director | (Resigned on 30 June 2023) |
| Tay Shui Wen | Independent director | |
| Mak Yen-Chen Andrew | Independent director | (Appointed on 1 April 2023) |
| Rathakrishnan Vijandran | Independent director | (Resigned on 25 May 2022) |

The Audit Committee performs the functions specified in Section 201B of the Act, the listing rules of Singapore Exchange Securities Trading Limited (the "SGX-ST") Listing Manual Section B: Rules of Catalist ("Catalist Rules") and the Code of Corporate Governance.

The Audit Committee has held ten meetings since the last directors' statement. In performing its functions, the Audit Committee met with the Company's external auditors to discuss the scope of their work, the results of their examination and evaluation of the financial statements.

# DIRECTORS' STATEMENT

YEAR ENDED 31 MARCH 2023

**Audit Committee (Cont'd)**

The Audit Committee also reviewed the following:

(i) assistance provided by the Company's officers to the external auditors;

(ii) half yearly financial information and annual financial statements of the Group and the Company prior to their submission to the directors of the Company for adoption;

(iii) interested person transactions (as defined in Chapter 9 of the Catalist Rules); and

(iv) significant matters impacting the financial statements and the accounting principles and judgement of items as adopted by management for these significant matters.

The Audit Committee has full access to management and is given the resources required for it to discharge its functions. It has full authority and the discretion to invite any director or executive officer to attend its meetings. The Audit Committee also recommends the appointment of the external auditors and reviews the level of audit and non-audit fees.

The Audit Committee is satisfied with the independence and objectivity of the external auditors, Foo Kon Tan LLP, in carrying out their audit of the financial statements for the current financial year.

In appointing our auditors of the Company and subsidiaries, we have complied with Catalist Rules 712 and 715.

**Auditors**

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

On behalf of the Board of Directors

**Lim Shao-Lin**
*Director*

**Koh Beng Leong**
*Director*

Dated: 12 July 2023

# INDEPENDENT
# AUDITOR'S REPORT

YEAR ENDED 31 MARCH 2023

Members of the Company
H2G Green Limited (formerly known as P5 Capital Holdings Ltd)

## Report on audit of the financial statements

*Opinion*

We have audited the financial statements of H2G Green Limited (formerly known as P5 Capital Holdings Ltd) (the Company) and its subsidiaries (the Group), which comprise the consolidated statement of financial position of the Group and statement of financial position of the Company as at 31 March 2023, and the consolidated statement of profit or loss, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows of the Group for the year then ended, and notes to the financial statements, including a summary of significant accounting policies set out on pages 77 to 167.

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

*Basis for opinion*

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

*Key audit matters*

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

# INDEPENDENT AUDITOR'S REPORT



## 1. Valuation of inventories

*Refer to Note 11 – Inventories of $4,244,276*

The Group's inventories mainly comprise luxury furniture and lighting products which are primarily sold to a niche market.

Inventories are written down to net realisable value if they are damaged, slow-moving or become obsolete due to no market demand.

The determination of net realisable value is subject to significant estimation uncertainty, particularly due to dependency on customers demand and market trends. Judgement is required to assess the appropriate level of provisioning for items which may be ultimately sold below costs. Such judgement includes management's expectations of market demand, competition, selling price and cost directly relating to events occurring after the financial year, to the extent that such events confirm conditions existing at the end of the financial year.

*Our response and work performed*

We reviewed management's process for identifying specific inventory obsolescence for luxury furniture and lighting products.

We considered management's expectations about future sales by reviewing historical markdowns of inventory values, sales pattern and pricing strategy during sale events.

On a sampled basis, we compared the carrying values of inventories to recent sale transactions and, where available, publicly available market prices of similar products carried by the Group.

We also reviewed the adequacy of disclosures on inventories included in Note 11 to the financial statements.

# INDEPENDENT AUDITOR'S REPORT

YEAR ENDED 31 MARCH 2023

## 2. Impairment assessment on non-financial assets

*Refer to Note 4 – Property, plant and equipment, Note 5 – Right-of-use assets, Note 6 – Intangible assets and Note 8 – Subsidiaries.*

As at 31 March 2023, included in the Group's and the Company's non-financial assets are as follows:

*The Group*
Property, plant and equipment (Note 4) – $7,567,611
Right-of-use assets (Note 5) – $6,963,461
Intangible assets (Note 6) – $846,767

*The Company*
Property, plant and equipment (Note 4) – $168,891
Right-of-use assets (Note 5) – $2,714
Intangible assets (Note 6) – $132,200
Subsidiaries (Note 8) – $21,081,301

For the financial year ended 31 March 2023, management has assessed that there are indications of impairment. Accordingly, the above non-financial assets are tested for impairment. The Group made an impairment loss of $446,988 for property, plant and equipment and $56,449 for right-of-use assets. No impairment loss is required for the Group's intangible assets, and the Company's investment in subsidiaries, property, plant and equipment, right-of-use assets and intangible assets.

The recoverable values of the respective CGUs are determined based on the higher of value-in-use calculations, using discounted cash flow projections, or fair value less costs of disposal.

Significant judgements are applied in key assumptions used by management in preparing the value-in-use calculations or fair value less costs of disposal.

Value-in-use calculations include their assessment of future market conditions which impacts future cash flows, the discount rates and terminal growth rates. Fair value less costs of disposal (a) encompasses estimating the expected selling prices of the underlying assets by identifying the comparable assets and determining the current market selling/purchase prices of these assets, and the estimated cash outflows to settle the obligations in respect of the underlying liabilities; or (b) is based on revalued net assets approach.

Input inaccuracies or inappropriate bases used to determine the level of impairment could result in material misstatement in the financial statements.

*Our response and work performed*

We assessed the appropriateness of CGUs identified by management against the requirements of financial reporting standards, taking into account any business changes during the year.

We evaluated whether there had been significant changes in the factors considered by management in assessing whether indications of impairment exist.

**2. Impairment assessment on non-financial assets (Cont'd)**

Our procedures in relation to management's testing of impairment and determination of the recoverable amount of the Group's property, plant and equipment, right-of-use assets and intangible assets and the Company's investments in subsidiaries included:

- Considering the higher of value in use and fair value less costs of disposal;
- Assessing the methodologies and appropriateness of the key assumptions used by the management's experts;
- Understanding and reviewing the assumptions in the input data from management and the management's experts through discussions, comparisons to industry peers and independent external data sources, and agreeing to supporting documentation and historical trends; and
- Evaluating the competence, capabilities and objectivity of the management's experts.

We involved auditor's experts to assist us in the above. We evaluated the competence, capabilities and objectivity of the auditor's experts, and the adequacy of the work performed by the experts.

We also considered the adequacy of disclosures in the financial statements, describing the methodologies used, degree of subjectivity and key assumptions used in the estimates. The valuation techniques and inputs to the impairment tests are disclosed in Notes 4, 5, 6 and 8 to the financial statements.

# INDEPENDENT AUDITOR'S REPORT

YEAR ENDED 31 MARCH 2023

### 3. Acquisition of equity interest in Gashubunited Utility Private Limited

*Refer to Note 8 – Subsidiaries and Note 14(b) – Other reserves – merger reserve deficit of $9,233.309*

During the financial year, the Company entered into a Sale & Purchase Agreement with the vendor of Gashubunited Utility Private Limited ("GUPL") to acquire approximately 51% of the total shares in the capital of GUPL. The acquisition was completed on 28 June 2022.

Prior to the acquisition, GUPL was a wholly-owned subsidiary of the vendor. Mr Lim Shao-Lin is a director and a majority shareholder of the vendor and is also the Executive Director and Chief Executive Officer, and a substantial controlling shareholder of the Company.

The Management has assessed and concluded that Mr Lim Shao-Lin is a common controlling shareholder of GUPL and the Company before and after the acquisition and thereby the transaction has been accounted for as a merger accounting. Under merger accounting, net assets injected would be "pooled" with the Group's assets at their book carrying value. The difference between the purchase consideration (at fair value) and the net assets injected (at book carrying value) would be recorded as a merger reserve (surplus or deficit).

The above represents a significant judgment.

*Our response and work performed*

We have reviewed Mr Lim Shao-Lin's shareholdings in the vendor as well as the Company.

We have assessed his positions held and have determined whether Mr Lim Shao-Lin is a common controlling shareholder before and after the acquisition respectively.

We have assessed the appropriateness of the accounting treatment.

We have checked for accuracy of the merger reserve deficit by recalculating the purchase consideration and the net assets recorded at the book carrying value.

We also considered the adequacy of disclosures in the financial statements, as disclosed in Notes 8 and 14(b) to the financial statements.

**4. Dilution of equity interest to 50.18% in Green Energy Investment Holding Private Limited**

*Refer to Note 8 – Subsidiaries and Note 14(b) – Other reserves – capital reserve of $3,635,153*

Green Energy investment Holding private Limited ("GEIH") was a wholly-owned subsidiary of the Company. On 23 February 2023, GEIH issued 995 Class A Preference Shares (First Tranche) to an investor for a cash consideration $5,000,000 while another 3 Class A Preference Shares will be issued pending the achievement of the business milestones.

Following the loan capitalization and the completion of the First Tranche, the Company's equity interest was diluted from 100% to 50.18% and potentially to 50.10% based on the total number of shares (including ordinary shares and Class A preference shares) of GEIH on a fully diluted and as-converted basis.

The Group and the Company has assessed that (a) the Company continues to exercise control over GEIH, in accordance with SFRS(I) 10, Consolidated Financial Statements, through the rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee; and (b) the classification of the preference shares as an equity instrument.

The above represents a significant judgment in the followings areas: (a) existence of control and consequent consolidation of GEIH, (b) classification of the preference shares as equity or debt instrument, (c) existence of any embedded option, if any, and; (d) accounting for the dilution of the equity interest without loss of control as an equity transaction.

*Our response and work performed*

We have assessed that notwithstanding the significant divestment of interest to an investor, the Group and the Company has control over GEIH (i) through its executive control over the running of the daily operations, (ii) through Board Control as the Chairman is appointed from the Group with a casting vote; and (iii) through it voting rights of 50.10% (50.18% as at 31 March 2023) at the shareholders' meeting.

We have reviewed the terms of the shares purchase agreement in particular terms of redemption and conversion of the preference shares and dividends payment and concluded that the preference shares are appropriately classified as equity instrument.

We have reviewed the changes in ownership interests in GEIH without loss of control, and ascertained that the transaction is accounted for as an equity transaction.

We have ensured that the accounting difference between the fair value of the consideration paid and the amount by which the non-controlling interests is adjusted, and is recognized directly in equity and attributable to equity owners of the Company.

We also considered the adequacy of disclosures in the financial statements, as disclosed in Notes 8 and 14(b) to the financial statements.

# INDEPENDENT AUDITOR'S REPORT

YEAR ENDED 31 MARCH 2023

*Other matter*

The financial statements of H2G Green Limited (formerly known as P5 Capital Holdings Ltd) for the financial year ended 31 March 2022, were audited by another auditor who expressed an unmodified opinion on those statements on 13 July 2022.

*Other information*

Management is responsible for the other information contained in the annual report. The other information comprises corporate information, financial highlights, Chairman and CEO's joint statement, corporate structure and operations review included in the annual report other than the financial statements and our auditors' report thereon.

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

In connection with our audit of the financial statements, our responsibility is to read the other information identified above 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 on the other information listed above that we obtained prior to the date of this auditors' report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

*Responsibilities of management and directors for the financial statements*

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

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

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

*Auditors' responsibilities for the audit of the financial statements*

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

# INDEPENDENT AUDITOR'S REPORT

YEAR ENDED 31 MARCH 2023

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

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

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

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

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

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

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

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.

# INDEPENDENT AUDITOR’S REPORT

YEAR ENDED 31 MARCH 2023

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 auditors’ report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

**Report on other legal and regulatory requirements**

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

The engagement partner on the audit resulting in this independent auditor’s report is Ho Teik Tiong.

**Foo Kon Tan LLP**
*Public Accountants and*
*Chartered Accountants*

**Singapore**
12 July 2023

# STATEMENTS OF FINANCIAL POSITION

AS AT 31 MARCH 2023

| | | Group | | Company | | |
|---|---|---|---|---|---|---|
| | Note | 31 March 2023 | 31 March 2022 | 31 March 2023 | 31 March 2022 (restated) | 1 April 2021 |
| | | $ | $ | $ | $ | $ |
| **Assets** | | | | | | |
| Property, plant and equipment | 4 | **7,567,611** | 3,705,448 | **168,891** | 205,614 | 14,251 |
| Right-of-use assets | 5 | **6,963,461** | 6,040,013 | **2,714** | 4,751 | - |
| Intangible assets | 6 | **846,767** | 823,927 | **132,200** | 158,640 | - |
| Investment property | 7 | - | - | **4,177,177** | 4,307,375 | - |
| Subsidiaries | 8 | - | - | **21,081,301** | 2,039,498 | 2,039,498 |
| Other investments | 9 | **161,905** | - | - | - | 500,000 |
| Trade and other receivables | 10 | - | - | **2,872,502** | 6,241,072 | 3,650,029 |
| **Non-current assets** | | **15,539,744** | 10,569,388 | **28,434,785** | 12,956,950 | 6,203,778 |
| Inventories | 11 | **4,244,276** | 4,024,837 | - | - | - |
| Contract assets | 20 | **848** | 79,401 | - | - | - |
| Other investments | 9 | - | 542,576 | - | 542,576 | - |
| Trade and other receivables | 10 | **3,007,056** | 2,379,972 | **631,311** | 470,659 | 661,817 |
| Cash and cash held with financial institutions | 12 | **9,626,254** | 5,552,372 | **647,370** | 2,768,856 | 7,892,100 |
| **Current assets** | | **16,878,434** | 12,579,158 | **1,278,681** | 3,782,091 | 8,553,917 |
| **Total assets** | | **32,418,178** | 23,148,546 | **29,713,466** | 16,739,041 | 14,757,695 |
| **Equity** | | | | | | |
| Share capital | 13 | **36,980,796** | 22,798,553 | **36,980,796** | 22,798,553 | 22,798,553 |
| Currency translation reserve | 14(a) | **158,007** | 23,733 | - | - | - |
| Other reserves | 14(b) | **(6,335,230)** | - | - | - | - |
| Accumulated losses | | **(15,255,484)** | (11,938,895) | **(11,429,785)** | (9,694,816) | (8,399,419) |
| **Equity attributable to owners of the Company** | | **15,548,089** | 10,883,391 | **25,551,011** | 13,103,737 | 14,399,134 |
| **Non-controlling interests** | | **3,697,052** | - | - | - | - |
| **Total equity** | | **19,245,141** | 10,883,391 | **25,551,011** | 13,103,737 | 14,399,134 |
| **Liabilities** | | | | | | |
| Deferred tax liabilities | 15 | **99,946** | 99,946 | - | - | - |
| Provision for reinstatement cost | 19 | **236,500** | - | - | - | - |
| Loans and borrowings | 18 | **4,211,899** | 3,756,188 | **3,153,176** | 3,220,849 | - |
| Lease liabilities | 16 | **1,235,421** | 908,496 | **698** | 2,757 | - |
| **Non-current liabilities** | | **5,783,766** | 4,764,630 | **3,153,874** | 3,223,606 | - |
| Trade and other payables | 17 | **2,266,454** | 1,148,495 | **923,131** | 293,111 | 358,561 |
| Contract liabilities | 20 | **2,785,926** | 5,127,528 | - | - | - |
| Loans and borrowings | 18 | **667,093** | 312,941 | **83,391** | 116,579 | - |
| Lease liabilities | 16 | **1,669,798** | 911,561 | **2,059** | 2,008 | - |
| **Current liabilities** | | **7,389,271** | 7,500,525 | **1,008,581** | 411,698 | 358,561 |
| **Total liabilities** | | **13,173,037** | 12,265,155 | **4,162,455** | 3,635,304 | 358,561 |
| **Total equity and liabilities** | | **32,418,178** | 23,148,546 | **29,713,466** | 16,739,041 | 14,757,695 |

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

# CONSOLIDATED STATEMENT OF PROFIT OR LOSS

YEAR ENDED 31 MARCH 2023

| | Note | 2023 $ | 2022 $ |
|---|---|---|---|
| Revenue | 20 | **13,654,614** | 7,190,826 |
| Cost of sales | | **(7,942,722)** | (4,191,456) |
| **Gross profit** | | **5,711,892** | 2,999,370 |
| Other operating income | 21 | **551,180** | 583,209 |
| Distribution expenses | | **(2,747,665)** | (1,440,492) |
| Administrative expenses | | **(6,998,447)** | (4,681,476) |
| Other operating expenses | | **-** | (71,114) |
| Impairment loss on non-financial assets | 23 | **(503,437)** | - |
| Impairment loss on trade receivables and contract assets | 20 | **(41,021)** | - |
| **Results from operating activities** | | **(4,027,098)** | (2,610,503) |
| | | | |
| Finance income | 22 | **11,938** | 48,360 |
| Finance costs | 22 | **(584,054)** | (202,413) |
| **Net finance costs** | | **(572,116)** | (154,053) |
| | | | |
| **Loss before tax** | 23 | **(4,599,614)** | (2,764,556) |
| Tax expense | 24 | **-** | - |
| **Loss for the year** | | **(4,599,614)** | (2,764,556) |
| | | | |
| **Attributable to:** | | | |
| Owners of the Company | | **(3,316,589)** | (2,764,556) |
| Non-controlling interests | | **(1,283,025)** | - |
| | | **(4,599,614)** | (2,764,556) |
| | | | |
| **Loss per share (cents)** | | | |
| Basic and diluted | 25 | **(0.33)** | (0.40) |

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

# CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

YEAR ENDED 31 MARCH 2023

| | 2023<br>$ | 2022<br>$ |
|---|---|---|
| **Loss for the year** | **(4,599,614)** | (2,764,556) |
| **Other comprehensive income** | | |
| *Items that are or may be reclassified subsequently to profit or loss:* | | |
| Foreign currency translation differences - foreign operations | **134,274** | 9,293 |
| **Other comprehensive loss for the year, net of tax** | **134,274** | 9,293 |
| **Total comprehensive loss for the year** | **(4,465,340)** | (2,755,263) |
| **Total comprehensive loss attributable to:** | | |
| Owners of the Company | **(3,182,315)** | (2,755,263) |
| Non-controlling interests | **(1,283,025)** | - |
| | **(4,465,340)** | (2,755,263) |

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

# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

YEAR ENDED 31 MARCH 2023

| | Share capital (Note 13) $ | Currency translation reserve (Note 14(a)) $ | Accumulated losses $ | Total equity $ |
|---|---|---|---|---|
| **At 1 April 2021** | 22,798,553 | 14,440 | (9,174,339) | 13,638,654 |
| **Total comprehensive income for the year** | | | | |
| Loss for the year | – | – | (2,764,556) | (2,764,556) |
| **Other comprehensive income** | | | | |
| Foreign currency translation differences – foreign operations | – | 9,293 | – | 9,293 |
| **Total comprehensive income for the year** | – | 9,293 | (2,764,556) | (2,755,263) |
| **At 31 March 2022** | 22,798,553 | 23,733 | (11,938,895) | 10,883,391 |

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

# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

YEAR ENDED 31 MARCH 2023

| | Share capital (Note 13) $ | Currency translation reserve (Note 14(a)) $ | Other reserves (Note 14(b)) $ | Accumulated losses $ | Attributable to owners of the Company $ | Non-controlling interests $ | Total $ |
|---|---|---|---|---|---|---|---|
| **At 1 April 2022** | **22,798,553** | **23,733** | **-** | **(11,938,895)** | **10,883,391** | **-** | **10,883,391** |
| **Total comprehensive income for the year** | | | | | | | |
| Loss for the year | - | - | - | (3,316,589) | (3,316,589) | (1,283,025) | (4,599,614) |
| **Other comprehensive income** | | | | | | | |
| Foreign currency translation differences - foreign operations | - | 134,274 | - | - | 134,274 | - | 134,274 |
| **Total comprehensive income for the year** | - | 134,274 | - | (3,316,589) | (3,182,315) | (1,283,025) | (4,465,340) |
| **Transactions with owners, recorded directly in equity** | | | | | | | |
| **Change in ownership interests in subsidiaries** | | | | | | | |
| Acquisition of GUPL (Note 8) | - | - | (9,233,309) | - | (9,233,309) | 968,945 | (8,264,364) |
| Acquisition of and additional capital contribution by non-controlling interests – GUPL (Note 8) | - | - | (737,074) | - | (737,074) | 2,737,074 | 2,000,000 |
| Dilution of interests – GEIH (Note 8) | - | - | 3,635,153 | - | 3,635,153 | 1,274,058 | 4,909,211 |
| **Total changes in ownership interests in subsidiaries** | - | - | (6,335,230) | - | (6,335,230) | 4,980,077 | (1,355,153) |
| **Contribution by and distribution to owners** | | | | | | | |
| Issuance of ordinary related to common control transaction | 10,241,803 | - | - | - | 10,241,803 | - | 10,241,803 |
| Issuance of ordinary shares | 3,940,440 | - | - | - | 3,940,440 | - | 3,940,440 |
| **Total transactions with owners** | 14,182,243 | - | - | - | 14,182,243 | - | 14,182,243 |
| **At 31 March 2023** | **36,980,796** | **158,007** | **(6,335,230)** | **(15,255,484)** | **15,548,089** | **3,697,052** | **19,245,141** |

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

# CONSOLIDATED STATEMENT OF CASH FLOWS

YEAR ENDED 31 MARCH 2023

| | Note | 2023<br>$ | 2022<br>(restated)<br>$ |
|---|---|---|---|
| **Cash flows from operating activities** | | | |
| Loss for the year | | **(4,599,614)** | (2,764,556) |
| Adjustments for: | | | |
| Depreciation of property, plant and equipment | 4 | **546,026** | 122,742 |
| Depreciation of right-of-use assets | 5 | **1,605,771** | 1,144,460 |
| Impairment loss on property, plant and equipment | 4 | **446,988** | - |
| Impairment loss on right-of-use assets | 5 | **56,449** | - |
| Impairment loss on trade receivables and contract assets | 20 | **41,021** | - |
| Amortisation of intangible assets | 6 | **26,440** | 26,440 |
| Gain on disposal of property, plant and equipment | 21 | **(2,824)** | - |
| Interest expense | 22 | **238,411** | 139,244 |
| Interest income | 22 | **(2,014)** | (5,784) |
| Net fair value loss/(gain) on other investments | | **33,901** | (42,576) |
| Written back allowance for inventories obsolescence | 11 | **(49,516)** | - |
| Amortisation of deferred grant income | | **-** | (11,564) |
| | | **(1,658,961)** | (1,391,594) |
| Changes in: | | | |
| - Inventories | | **(166,254)** | (1,761,185) |
| - Contract assets | | **37,532** | 21,296 |
| - Trade and other receivables | | **173,461** | (489,667) |
| - Contract liabilities | | **(2,341,602)** | 3,083,807 |
| - Trade and other payables | | **178,044** | (257,563) |
| **Net cash used in operating activities** | | **(3,777,780)** | (794,906) |
| **Cash flows from investing activities** | | | |
| Acquisition of property, plant and equipment | 4 | **(845,586)** | (708,998) |
| Acquisition of right-of-use assets | | **-** | (655,108) |
| Acquisition of a subsidiary | 8 | **560,570** | - |
| Acquisition of patent | | **(49,280)** | - |
| Other investments | | **(205,730)** | - |
| Proceeds from disposal of property, plant and equipment | | **4,923** | - |
| Interest received | | **2,014** | 5,784 |
| **Net cash used in investing activities** | | **(533,089)** | (1,358,322) |

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

# CONSOLIDATED STATEMENT OF CASH FLOWS

YEAR ENDED 31 MARCH 2023

| | Note | 2023<br>$ | 2022<br>(restated)<br>$ |
|---|---|---|---|
| **Cash flows from financing activities** | | | |
| Fixed deposit pledged with financial institution | 12 | **-** | (200,000) |
| Interest paid | 16 | **(152,979)** | (61,371) |
| Payment of interest on lease liabilities | 16 | **(85,432)** | (61,970) |
| Repayment of amounts due to affiliated companies | 16 | **(797,785)** | (341,236) |
| Repayment of loan from a director | 16 | **(451,097)** | (458,339) |
| Repayment of lease liabilities | 16 | **(1,449,916)** | (1,003,613) |
| Repayment of bank loans | 16 | **(487,476)** | (293,138) |
| Repayment of bridging loan from a 3rd party | 16 | **(550,000)** | - |
| Capital contributions from non-controlling interests | 8 | **4,909,211** | - |
| Proceeds from share issuance | | **3,940,440** | - |
| Proceeds from affiliated companies | 16 | **895,729** | - |
| Proceeds from loan from a director | 16 | **546,000** | - |
| Proceeds from bank loan | 16 | **1,300,421** | - |
| Proceeds from bridging loan from a 3rd party | 16 | **550,000** | - |
| **Net cash from/(used in) financing activities** | | **8,167,116** | (2,419,667) |
| | | | |
| **Net increase/(decrease) in cash and cash equivalents** | | **3,856,247** | (4,572,895) |
| Effect of currency translation cash and cash equivalents | | **217,635** | (4,751) |
| Cash and cash equivalents at beginning of the year | | **5,352,372** | 9,930,018 |
| **Cash and cash equivalents at end of the year** | 12 | **9,426,254** | 5,352,372 |

**Significant non-cash transactions**

During the previous financial year, the Group and Company acquired a leasehold building, classified as right-of-use assets (Note 5). Details as follows:

| | **2022**<br>**$** |
|---|---|
| Cost of leasehold building | 4,426,722 |
| Proceed from bank loan | (3,440,000) |
| Advance payment in prior year | (341,100) |
| Net cash outflow | 645,622 |

During the previous financial year, the Group and Company acquired software, classified as intangible assets (Note 6), with an aggregate cost of $185,080. The software was paid in advance in the preceding year before the previous year.

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

# NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2023

These notes form an integral part of the financial statements.

The financial statements were authorised for issue by the Board of Directors on 12 July 2023.

## 1 Domicile and activities

H2G Green Limited (formerly known as P5 Capital Holdings Ltd.) (the "Company") is incorporated in the Republic of Singapore and has its registered office and principal place of business at 39 Kaki Bukit Place Eunos Techpark Singapore 416217.

The consolidated financial statements of the Group as at and for the year ended 31 March 2023 comprise the Company and its subsidiaries (together referred to as the "Group" and individually as "Group entities").

The principal activities of the Company are those of investment holding and the provision of management services to its subsidiaries. The principal activities of the subsidiaries are set out in Note 8 to the financial statements.

## 2 Basis of preparation

### 2.1 Statement of compliance

The financial statements have been prepared in accordance with Singapore Financial Reporting Standards (International) ("SFRS(I)"). The changes to significant accounting policies are described in Note 2.5.

### 2.2 Basis of measurement

The financial statements have been prepared on the historical cost basis except as otherwise stated in the notes below.

### 2.3 Functional and presentation currency

These financial statements are presented in Singapore Dollar, which is the Company's functional currency.

### 2.4 Use of estimates and judgements

The preparation of the financial statements in conformity with SFRS(I)s requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

In particular, the information about significant judgment and areas of estimation uncertainty in applying accounting policies that have the most significant effect on the amount recognised in the financial statements and that have a significant risk of resulting in a material adjustment within the next financial year are described in the following notes:

# NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2023

***Significant judgement***

| | | |
|---|---|---|
| Notes 4, 5, 6 and 8 | - | determination of cash-generating units ("CGU") |
| Notes 4, 5, 6 and 8 | - | determination of indications of impairment of non-financial assets |
| Note 7 | - | classification of investment property |
| Note 8 | - | determination of common control by Mr Lim Shao-Lin |
| Note 8 | - | determination of control over dilution of a subsidiary, GEIH |
| Notes 15 and 24 | - | determination of income taxes |

***Sources of estimation uncertainty***

| | | |
|---|---|---|
| Notes 4, 5 and 6 | - | assessment of impairment of non-financial assets. |
| Note 7 | - | fair value measurement of investment property |
| Note 10 | - | assessment of ECL of trade and other receivables |
| Note 11 | - | assessment of the allowance for inventory obsolescence or slow-moving inventories or for any shortfall in net realisable value of inventories. |

**Measurement of fair values**

A number of the Group's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities.

When measuring the fair value of an asset or a liability, the Group uses observable market data as far as possible. Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

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

If the inputs used to measure the fair value of an asset or a liability might be categorised in different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement (with Level 3 being the lowest).

Further information about the assumptions made in measuring fair values is included in Note 27 – Financial instruments.

# NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2023

### 2.5 Changes in accounting policies

**Adoption of new and revised FRS effective in 2022/2023**

The adoption of the FRSs did not have a material impact on the financial statements of the Group and the Company in the period of their initial adoption on 1 April 2022, for the following new or amended FRS and INT FRS issued and effective in 2022/2023, which are relevant.

| Reference | Description | Effective date (Annual periods beginning on or after) |
|---|---|---|
| Amendments to SFRS(I) 1-37 | Onerous Contracts - Cost of Fulfilling a Contract | 1 January 2022 |
| Amendments to SFRS(I) 1-16 | Property, Plant and Equipment – Proceeds before Intended Use | 1 January 2022 |
| Amendments to SFRS(I) 3 | Reference to the Conceptual Framework | 1 January 2022 |
| Amendment to SFRS(I) 9 | Fees in the '10 per cent' Test for Derecognition of Financial Liabilities | 1 January 2022 |
| Amendment to SFRS(I) 1-41 | Taxation in Fair Value Measurements | 1 January 2022 |

**FRS issued but not yet effective**

The Group and the Company have not adopted the following standards (which may be early adopted) applicable that have been issued but not yet effective:

| Reference | Description | Effective date (Annual periods beginning on or after) |
|---|---|---|
| Amendments to SFRS(I) 1-1 and SFRS(I) Practice Statement 2 | Disclosure of Accounting Policies | 1 January 2023 |
| Amendments to SFRS(I) 1-8 | Definition of Accounting Estimates | 1 January 2023 |
| Amendments to SFRS(I) 1-12 | Deferred Tax related to Assets and Liabilities arising from a Single Transaction | 1 January 2023 |
| Amendments to SFRS(I) 1-1 | Classification of Liabilities as Current or Non-current | 1 January 2024 |
| Amendments to SFRS(I) 16 | Lease Liability in a Sale and Leaseback | 1 January 2024 |
| Amendments to SFRS(I) 1-1 | Non-current Liabilities with Covenants | 1 January 2024 |
| Amendments to SFRS(I) 1-7 and SFRS(I) 7 | Supplier Finance Arrangements | 1 January 2024 |

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

# NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2023

## 3 Significant accounting policies

The accounting policies set out below have been applied consistently to all periods presented in these financial statements, except as explained in Note 2.5, which addresses changes in accounting policies.

### 3.1 Basis of consolidation

***Business combinations***

The Group accounts for business combinations using the acquisition method when the acquired set of activities and assets meets the definition of a business and control is transferred to the Group. In determining whether a particular set of activities and assets is a business, the Group assesses whether the set of assets and activities acquired includes, at a minimum, an input and substantive process and whether the acquired set has the ability to produce outputs.

The Group has an option to apply a 'concentration test' that permits a simplified assessment of whether an acquired set of activities and assets is not a business. The optional concentration test is met if substantially all of the fair value of the gross assets acquired is concentrated in a single identifiable asset or group of similar identifiable assets.

The Group measures goodwill at the acquisition date as:

- the fair value of the consideration transferred; plus
- the recognised amount of any non-controlling interests (NCI) in the acquiree; plus
- if the business combination is achieved in stages, the fair value of the pre-existing equity interest in the acquiree,

over the net recognised amount (generally fair value) of the identifiable assets acquired and liabilities assumed. Any goodwill that arises is tested annually for impairment.

When the excess is negative, a bargain purchase gain is recognised immediately in profit or loss.

The consideration transferred does not include amounts related to the settlement of pre-existing relationships. Such amounts are generally recognised in profit or loss.

NCI that are present ownership interests and entitle their holders to a proportionate share of the acquiree's net assets in the event of liquidation are measured either at fair value or at the NCI's proportionate share of the recognised amounts of the acquiree's identifiable net assets at the date of acquisition. The measurement basis taken is elected on a transaction-by-transaction basis. All other NCI are measured at acquisition-date fair value, unless another measurement basis is required by SFRS(I)s.

Costs related to the acquisition, other than those associated with the issue of debt or equity investments, that the Group incurs in connection with a business combination are expensed as incurred.

Changes in the Group's interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions.

# NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2023

***Subsidiaries***

Subsidiaries are entities controlled by the Group. The Group controls an entity when it 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. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

The accounting policies of the subsidiaries have been changed when necessary to align them with the policies adopted by the Group. Losses applicable to the NCI in a subsidiary are allocated to the NCI even if doing so causes the NCI to have a deficit balance.

***(i) Acquisitions from entities under common control***

Business combinations arising from transfers of interests in entities that are under the control of the shareholder that controls the Group are accounted for as a merger accounting. The assets and liabilities acquired are recognised at the carrying amounts recognised previously in the consolidated financial statements of the Group's controlling shareholder. The components of equity of the acquired entities are added to the same components within Group entity and any gain/loss arising is recognised directly in equity.

***(ii) Loss of control***

When the Group loses control over a subsidiary, it derecognises the assets and liabilities of the subsidiary, any related NCI and the other components of equity related to the subsidiary. Any resulting gain or loss is recognised in profit or loss. Any interest retained in the former subsidiary is measured at fair value when control is lost.

***(iii) Transactions eliminated on consolidation***

Intra-group balances and transactions, and any unrealised income or expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements. Unrealised gains arising from transactions with equity-accounted investees are eliminated against the investment to the extent of the Group's interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

***(iv) Accounting for subsidiaries in the separate financial statements***

Investments in subsidiaries are stated in the Company's statement of financial position at cost less accumulated impairment losses.

## 3.2 Foreign currency

***(i) Foreign currency transactions***

Transactions in foreign currencies are translated to the respective functional currencies of Group entities at the exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated to the functional currency at the exchange rate at that date. The foreign currency gain or loss on monetary items is the difference between amortised cost in the functional currency at the beginning of the year, adjusted for effective interest and payments during the year, and the amortised cost in foreign currency translated at the exchange rate at the end of the year.

Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are translated to the functional currency at the exchange rate at the date that the fair value was determined. Non-monetary items in a foreign currency that are measured in terms of historical cost are translated using the exchange rate at the date of the transaction. Foreign currency differences arising on translation are recognised in profit or loss.

***(ii) Foreign operations***

The assets and liabilities of foreign operations, including goodwill and fair value adjustments, are translated to Singapore Dollar at exchange rates at the reporting date. The income and expenses of foreign operations are translated to Singapore Dollar at exchange rates at the dates of the transactions.

Foreign currency differences are recognised in other comprehensive income ("OCI"). However, if the foreign operation is a non-wholly-owned subsidiary, then the relevant proportionate share of the translation difference is allocated to the non-controlling interest ("NCI"). When a foreign operation is disposed of such that control, significant influence or joint control is lost, the cumulative amount in the translation reserve related to that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal. When the Group disposes of only part of its interest in a subsidiary that includes a foreign operation while retaining control, the relevant proportion of the cumulative amount is reattributed to NCI. When the Group disposes of only part of its investment in an associate or joint venture that includes a foreign operation while retaining significant influence or joint control, the relevant proportion of the cumulative amount is reclassified to profit or loss.

## 3.3 Financial instruments

**(i) Recognition and initial measurement**

***Non-derivative financial assets and financial liabilities***

Trade receivables and debt investments issued are initially recognised when they are originated. All other financial assets and financial liabilities are initially recognised when the Group becomes a party to the contractual provisions of the instrument.

A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at fair value through profit or loss (FVTPL), transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

# NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2023

**(ii) Classification and subsequent measurement**

***Non-derivative financial assets***

On initial recognition, a financial asset is classified as measured at amortised cost or FVTPL.

Financial assets are not reclassified subsequent to their initial recognition unless the Group changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

*Financial assets at amortised cost*

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

*Financial assets at FVTPL*

All financial assets not classified as measured at amortised cost are measured at FVTPL. On initial recognition, the Group may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Financial assets at FVTPL include other investment – keyman insurance.

***Financial assets: Business model assessment***

The Group makes an assessment of the objective of the business model in which a financial asset is held at a portfolio level because this best reflects the way the business is managed and information is provided to management. The information considered includes:

- the stated policies and objectives for the portfolio and the operation of those policies in practice. These include whether management's strategy focuses on earning contractual interest income, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of any related liabilities or expected cash outflows or realising cash flows through the sale of the assets;
- how the performance of the portfolio is evaluated and reported to the Group's management;
- the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;
- how managers of the business are compensated – e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected; and
- the frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales and expectations about future sales activity.

Transfers of financial assets to third parties in transactions that do not qualify for derecognition are not considered sales for this purpose, consistent with the Group's continuing recognition of the assets.

Financial assets that are held-for-trading or are managed and whose performance is evaluated on a fair value basis are measured at FVTPL.

***Non-derivative financial assets: Assessment whether contractual cash flows are solely payments of principal and interest***

For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as a profit margin.

In assessing whether the contractual cash flows are solely payments of principal and interest, the Group considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making this assessment, the Group considers:

- contingent events that would change the amount or timing of cash flows;
- terms that may adjust the contractual coupon rate, including variable rate features;
- prepayment and extension features; and
- terms that limit the Group's claim to cash flows from specified assets (e.g. non-recourse features).

A prepayment feature is consistent with the solely payments of principal and interest criterion if the prepayment amount substantially represents unpaid amounts of principal and interest on the principal amount outstanding, which may include reasonable compensation for early termination of the contract. Additionally, for a financial asset acquired at a discount or premium to its contractual par amount, a feature that permits or requires prepayment at an amount that substantially represents the contractual par amount plus accrued (but unpaid) contractual interest (which may also include reasonable compensation for early termination) is treated as consistent with this criterion if the fair value of the prepayment feature is insignificant at initial recognition.

***Non-derivative financial assets: Subsequent measurement and gains and losses***

*Financial assets at FVTPL*

These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in profit or loss.

*Financial assets at amortised cost*

These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.

# NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2023

***Non-derivative financial liabilities: Classification, subsequent measurement and gains and losses***

Financial liabilities are classified as measured at amortised cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognised in profit or loss. Directly attributable transaction costs are recognised in profit or loss as incurred.

Other financial liabilities are initially measured at fair value less directly attributable transaction costs. They are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in profit or loss.

**(iii) Derecognition**

**Financial assets**

The Group derecognises a financial asset when:

- the contractual rights to the cash flows from the financial asset expire, or
- it transfers the rights to receive the contractual cash flows in a transaction in which either:
  - substantially all of the risks and rewards of ownership of the financial asset are transferred or
  - the Group neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

Transferred assets are not derecognised when the Group enters into transactions whereby it transfers assets recognised in its statement of financial position, but retains either all or substantially all of the risks and rewards of the transferred assets.

**Financial liabilities**

The Group derecognises a financial liability when its contractual obligations are discharged or cancelled, or expire. The Group also derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognised at fair value.

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

**(iv) Offsetting**

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

**(v) Cash and cash equivalents**

Cash and cash equivalents comprise cash balances and short-term deposits with maturities of three months or less from the acquisition date that are subject to an insignificant risk of changes in their fair value, and are used by the Group in the management of its short-term commitments.

**(vi) Share capital**

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares are recognised as a deduction from equity. Income tax relating to transaction costs of an equity transaction is accounted for in accordance with SFRS(I) 1-12.

### 3.4 Property, plant and equipment

***(i) Recognition and measurement***

Items of property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses.

Cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of self-constructed assets includes:

- the cost of materials and direct labour;
- any other costs directly attributable to bringing the assets to a working condition for their intended use;
- when the Group has an obligation to remove the asset or restore the site, an estimate of the costs of dismantling and removing the items and restoring the site on which they are located; and
- capitalised borrowing costs.

If significant parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

The gain or loss on disposal of an item of property, plant and equipment is recognised in profit or loss.

***(ii) Subsequent costs***

The cost of replacing a component of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the component will flow to the Group, and its cost can be measured reliably. The carrying amount of the replaced component is derecognised. The costs of the day-to-day servicing of property, plant and equipment are recognised in profit or loss as incurred.

***(iii) Depreciation***

Depreciation is based on the cost of an asset less its residual value. Significant components of individual assets are assessed and if a component has a useful life that is different from the remainder of that asset, that component is depreciated separately.

Depreciation is recognised as an expense in profit or loss on a straight-line basis over the estimated useful lives of each component of an item of property, plant and equipment, unless it is included in the carrying amount of another asset. Construction-in-progress is not depreciated.

# NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2023

Depreciation is recognised from the date that the property, plant and equipment are installed and are ready for use, or in respect of internally constructed assets, from the date that the asset is completed and ready for use.

The estimated useful lives are as follows:

| | |
|---|---|
| Plant and machinery | 5 to 15 years |
| Storage equipment | 3 to 10 years |
| Renovation, furniture and fittings | 4 to 8 years |
| Office equipment | 1 to 10 years |
| Motor vehicles | 3 to 10 years |

Depreciation methods, useful lives and residual values are reviewed at the end of each reporting period and adjusted if appropriate.

## 3.5 Intangible assets

***(i) Goodwill***

Goodwill that arises upon the acquisition of subsidiaries is included in intangible assets. For the measurement of goodwill at initial recognition, see Note 3.1.

*Subsequent measurement*

Goodwill is measured at cost less accumulated impairment losses (Note 3.7(ii)).

***(ii) Other intangible assets***

Other intangible assets that are acquired by the Group and have finite useful lives are measured at cost less accumulated amortisation and accumulated impairment losses.

***(iii) Subsequent expenditure***

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is recognised in profit or loss as incurred.

***(iv) Amortisation***

Amortisation is calculated based on the cost of the asset, less its residual value.

Amortisation is recognised in profit or loss on a straight-line basis over the estimated useful lives of intangible assets, other than goodwill, from the date that they are available for use. The estimated useful lives for the current year are as follows:

| | |
|---|---|
| Patented technology | 15 years |
| Unpatented technology | 15 years |
| Software | 7 years |

Amortisation methods, useful lives and residual values are reviewed at the end of each reporting period and adjusted if appropriate.

## 3.6 Inventories

Inventories are measured at the lower of cost and net realisable value. The cost of inventories is based on the first-in first-out principle, and includes expenditure incurred in acquiring the inventories, production or conversion costs and other costs incurred in bringing them to their existing location and condition.

Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs to make the sale.

## 3.7 Impairment

***(i) Non-derivative financial assets and contract assets***

The Group recognises loss allowances for expected credit losses ("ECLs") on financial assets measured at amortised costs and contract assets.

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

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

***Simplified approach***

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

***General approach***

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

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

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

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

# NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2023

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

- the debtor is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as realising security (if any is held); or
- the financial asset remains outstanding for more than the reasonable range of past due days, taking into consideration historical payment track records, current macroeconomics situation as well as the general industry trend.

The Group considers a contract asset to be in default when the customer is unlikely to pay its contractual obligations to the Group in full, without recourse by the Group to actions such as realising security (if any is held).

The maximum period considered when estimating ECLs is the maximum contractual period over which the Group is exposed to credit risk.

***Measurement of ECLs***

ECLs are probability-weighted estimates of credit losses. Credit losses are measured at the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Group expects to receive). ECLs are discounted at the effective interest rate of the financial asset.

***Credit-impaired financial assets***

At each reporting date, the Group assesses whether financial assets carried at amortised cost are credit-impaired. A financial asset is ‘credit-impaired’ when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

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

- significant financial difficulty of the debtor;
- a breach of contract such as a default or being outstanding for more than the reasonable range of past due days;
- the restructuring of a loan or advance by the Group on terms that the Group would not consider otherwise; or
- it is probable that the debtor will enter bankruptcy or other financial reorganisation.

***Presentation of allowance for ECLs in the statement of financial position***

Loss allowances for financial assets measured at amortised cost and contract assets are deducted from the gross carrying amount of these assets.

# NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2023

***Write-off***

The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Group determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's procedures for recovery of amounts due.

**(ii) Non-financial assets**

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

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs of disposal. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGUs. Goodwill acquired in a business combination is allocated to groups of CGUs that are expected to benefit from the synergies of the combination.

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

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

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

# NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2023

## 3.8 Leases

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

**As a lessee**

At commencement or on modification of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease component on the basis of its relative stand-alone prices. However, for the leases of property, the Group has elected not to separate non-lease components and account for the lease and non-lease components as a single lease component.

The Group recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received. The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term, unless the lease transfers ownership of the underlying asset to the Group by the end of the lease term or the cost of the right-of-use asset reflects that the Group will exercise a purchase option. In that case the right-of-use asset will be depreciated over the useful life of the underlying asset, which is determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the lessee's incremental borrowing rate. Generally, the Group uses the lessee's incremental borrowing rate as the discount rate.

The Group determines the lessee's incremental borrowing rate by obtaining interest rates from various external financing sources and makes certain adjustments to reflect the terms of the lease and type of the asset leased.

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

- fixed payments, including in-substance fixed payments;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee; and
- the exercise price under a purchase option that the Group is reasonably certain to exercise, lease payments in an optional renewal period if the Group is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Group is reasonably certain not to terminate early.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, if the Group changes its assessment of whether it will exercise a purchase, extension or termination option or if there is a revised in-substance fixed lease payment.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The Group has elected not to assess whether rent concessions, occurring as a direct consequence of the Covid-19 pandemic, is a lease modification. Rent concessions are recognised as "other operating income".

The Group presents right-of-use assets and lease liabilities separately in the statement of financial position.

## 3.9 Employee benefits

***Defined contribution plans***

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognised as an employee benefit expense in profit or loss in the periods during which services are rendered by employees.

***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 under short-term cash bonus or profit-sharing plans 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.

## 3.10 Provisions

A provision is recognised if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as finance cost.

## 3.11 Revenue

Revenue is measured based on the consideration specified in a contract with a customer. The Group recognises revenue when it transfers control over a good or service to a customer.

The following provides information about the nature and timing of the satisfaction of performance obligations in contracts with customers, including significant payment terms, and the related revenue recognition policies.

***Sale of goods (i.e. furniture and lightings)***

Revenue is recognised when goods are delivered to the customer and all criteria for acceptance have been satisfied. Generally, invoices are generated prior to revenue recognition. For protective reasons, a portion of the contract consideration may be received upfront. As the payment terms are for reasons other than financing, no financing component has been recognised. Invoices are payable ranging from before delivery to three months.

Products usually come with a standard warranty term of 1 year under which the customers are able to replace any defective products.

# NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2023

***Bespoke carpentry services***

Revenue from bespoke carpentry services are recognised over time as performance obligations are satisfied as work progresses. Invoices are generated based on the agreed billing milestone stipulated in the contracts. Invoices are usually payable within 30 days.

Revenue is recognised progressively based on the percentage of completion method. The stage of completion is typically assessed by reference to the cost incurred relative to total estimated costs (input method), which is commensurate with the pattern of transfer of control to the customer. The related costs are recognised in profit or loss when they are incurred, unless they relate to future performance obligations.

If the value of services rendered exceeds payments received from the customer, a contract asset is recognised and presented separately on the balance sheet. The contract asset is transferred to receivables when the entitlement to payment becomes unconditional. If the amounts invoiced to the customer exceeds the value of services rendered, a contract liability is recognised and separately presented on the statements of financial position.

***Trading of goods (i.e. liquefied natural gas)***

Revenue is recognised when the goods are delivered to customers (based on usage/consumption by the customers). Revenue from these sales is recognised based on the price specified in the contract. An observable price has been uses to determine the transaction price in exchange for transferring the promised goods.

No element of financing is deemed present as the sales are made with a credit term of 30 days, which is consistent with market practice. A receivable is recognised when the goods are delivered as this is the point in time that the consideration is unconditional because only the passage of time is required before payment is due.

***Management fee income***

Income from management services rendered is recognised in the profit or loss over the course of services rendered.

### 3.12 Deferred income

Deferred income comprises government grants related to assets.

Government grants related to assets are initially recognised as deferred income at fair value when there is reasonable assurance that they will be received and the Group will comply with the conditions associated with the grant. Grants related to the acquisition of assets are then recognised in profit or loss as ‘other operating income’ on a systematic basis over the useful life of the asset.

Grants that compensate the Group for expenses incurred are recognised in profit or loss as ‘other operating income’ on a systematic basis in the periods in which the expenses are recognised, unless the conditions for receiving the grant are met after the related expenses have been recognised. In this case, the grant is recognised when it becomes receivable.

### 3.13 Finance income and finance costs

The Group's finance income and finance costs include:

- Net fair value gain on other investments;
- interest income;
- interest expense; and
- the foreign currency gain or loss on financial assets and financial liabilities.

Interest income or expense is recognised, using the effective interest method.

The 'effective interest rate' is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument to:

- the gross carrying amount of the financial asset; or
- the amortised cost of the financial liability.

In calculating interest income and expense, the effective interest rate is applied to the gross carrying amount of the asset (when the asset is not credit-impaired) or to the amortised cost of the liability. However, for financial assets that have become credit-impaired subsequent to initial recognition, interest income is calculated by applying the effective interest rate to the amortised cost of the financial asset. If the asset is no longer credit-impaired, then the calculation of interest income reverts to the gross basis.

Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognised in profit or loss using the effective interest method.

### 3.14 Tax

Tax expense comprises current and deferred tax. Current tax and deferred tax are recognised in profit or loss except to the extent that they relate to a business combination, or items recognised directly in equity or in other comprehensive income.

The Group has determined that interest and penalties related to income taxes, including uncertain tax treatments, do not meet the definition of income taxes, and therefore accounted for them under SFRS(I) 1-37 *Provisions, Contingent Liabilities and Contingent Assets*.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years. The amount of current tax payable or receivable is the best estimate of the tax amount expected to be paid or received that reflects uncertainty related to income taxes, if any.

Current tax assets and liabilities are offset only if certain criteria are met.

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

# NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2023

Deferred tax is not recognised for:

- temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss;
- temporary differences related to investments in subsidiaries to the extent that the Group is able to control the timing of the reversal of the temporary difference and it is probable that they will not reverse in the foreseeable future; and
- taxable temporary differences arising on the initial recognition of goodwill.

The measurement of deferred taxes reflects the tax consequences that would follow the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities. Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the tax rates and tax laws that have been enacted or substantively enacted by the reporting date, and reflects uncertainty related to income taxes, if any.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

Deferred tax assets are recognised for unused tax losses, unused tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be used. Future taxable profits are determined based on the reversal of relevant taxable temporary differences. If the amount of taxable temporary differences is insufficient to recognise a deferred tax asset in full, then future taxable profits, adjusted for reversals of existing temporary differences, are considered, based on the business plans for individual subsidiaries in the Group. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised; such reductions are reversed when the probability of future taxable profits improves.

Unrecognised deferred tax assets are reassessed at each reporting date and recognised to the extent that it has become probable that future taxable profits will be available against which they can be used.

### 3.15 Earnings per share

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

### 3.16 Segment reporting

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. All operating segments' operating results are reviewed regularly by the Group's Chief Executive Officer ("CEO") to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

Segment results that are reported to the Group's CEO include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise mainly corporate assets (primarily the Company's headquarters), head office expenses, and tax assets and liabilities.

Segment capital expenditure is the total cost incurred during the year to acquire property, plant and equipment, and intangible assets other than goodwill.

### 3.17 Investment property

Investment property is initially recognised at cost and subsequently carried at cost less accumulated depreciation and accumulated impairment losses. Depreciation is calculated using a straight-line method to allocate the depreciable amounts over the estimated useful lives of 34 years. The residual values, useful lives and depreciation method of investment properties are reviewed, and adjusted as appropriate, at each reporting date. The effects of any revision are included in profit or loss when the changes arise.

Investment property is derecognised upon disposal or when they are permanently withdrawn from use and no future economic benefit is expected from their disposal. Any gain or loss on derecognition of the property (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the period in which the property is derecognised.

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

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

# NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2023

## 4 Property, plant and equipment

| Group | Construction in progress $ | Plant and machinery $ | Storage equipment $ | Renovation, furniture and fittings $ | Office equipment $ | Motor vehicles $ | Total $ |
|---|---|---|---|---|---|---|---|
| **Cost** | | | | | | | |
| At 1 April 2021 | 2,966,379 | - | - | 588,246 | 271,593 | - | 3,826,218 |
| Additions | 293,499 | 28,470 | - | 292,675 | 94,354 | - | 708,998 |
| Disposals | - | - | - | - | (25,250) | - | (25,250) |
| Effect of movements in exchange rates | 12,118 | - | - | 71 | 24 | - | 12,213 |
| At 31 March 2022 | **3,271,996** | **28,470** | **-** | **880,992** | **340,721** | **-** | **4,522,179** |
| Additions – arising from acquisition of a subsidiary | **-** | **4,482,172** | **171,907** | **-** | **18,260** | **-** | **4,672,339** |
| Additions | **426,268** | **-** | **75,146** | **246,036** | **40,370** | **57,766** | **845,586** |
| Disposals | **-** | **-** | **-** | **(3,831)** | **-** | **-** | **(3,831)** |
| Effect of movements in exchange rates | **(80,134)** | **-** | **-** | **(724)** | **(595)** | **(1,919)** | **(83,372)** |
| At 31 March 2023 | **3,618,130** | **4,510,642** | **247,053** | **1,122,473** | **398,756** | **55,847** | **9,952,901** |
| **Accumulated depreciation and impairment loss** | | | | | | | |
| At 1 April 2021 | - | - | - | 496,620 | 222,590 | - | 719,210 |
| Depreciation for the year | - | 514 | - | 70,642 | 51,586 | - | 122,742 |
| Disposals | - | - | - | - | (25,250) | - | (25,250) |
| Effect of movement in exchange rates | - | - | - | 13 | 16 | - | 29 |
| At 31 March 2022 | **-** | **514** | **-** | **567,275** | **248,942** | **-** | **816,731** |
| Depreciation – arising from acquisition of a subsidiary | **-** | **568,933** | **2,225** | **-** | **6,599** | **-** | **577,757** |
| Depreciation for the year | **-** | **350,763** | **42,273** | **95,171** | **57,254** | **565** | **546,026** |
| Impairment loss | **-** | **436,006** | **10,982** | **-** | **-** | **-** | **446,988** |
| Disposals | **-** | **-** | **-** | **(1,732)** | **-** | **-** | **(1,732)** |
| Effect of movement in exchange rates | **-** | **-** | **-** | **(262)** | **(199)** | **(19)** | **(480)** |
| At 31 March 2023 | **-** | **1,356,216** | **55,480** | **660,452** | **312,596** | **546** | **2,385,290** |
| **Carrying amounts** | | | | | | | |
| At 31 March 2023 | **3,618,130** | **3,154,426** | **191,573** | **462,021** | **86,160** | **55,301** | **7,567,611** |
| At 31 March 2022 | 3,271,996 | 27,956 | - | 313,717 | 91,779 | - | 3,705,448 |

# NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2023

| Company | Renovation, furniture and fittings $ | Office equipment $ | Total $ |
|---|---|---|---|
| **Cost** | | | |
| At 1 April 2021 | - | 19,002 | 19,002 |
| Additions | 162,846 | 81,795 | 244,641 |
| At 31 March 2022 | **162,846** | **100,797** | **263,643** |
| Additions | **11,384** | **11,600** | **22,984** |
| At 31 March 2023 | **174,230** | **112,397** | **286,627** |
| **Accumulated depreciation** | | | |
| At 1 April 2021 | - | 4,751 | 4,751 |
| Depreciation for the year | 24,044 | 29,234 | 53,278 |
| At 31 March 2022 | **24,044** | **33,985** | **58,029** |
| Depreciation for the year | **33,613** | **26,094** | **59,707** |
| At 31 March 2023 | **57,657** | **60,079** | **117,736** |
| **Carrying amounts** | | | |
| At 31 March 2023 | **116,573** | **52,318** | **168,891** |
| At 31 March 2022 | 138,802 | 66,812 | 205,614 |

***Significant judgement in determination of cash-generating units ("CGU") (Notes 4, 5, 6 and 8)***

A CGU is defined as the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets. Significant judgement is required by management to determine whether multiple assets should be grouped to form a CGU.

***Significant judgement in determination of indications of impairment of non-financial assets (Notes 4, 5, 6 and 8)***

Management assesses whether there are any indications of impairment of non-financial assets by reviewing internal and external factors/sources of information like economic, financial, industry, business etc affecting the assets. Where there are mixed indicators, management will exercise their judgement to determine, whether these events or circumstances indicate that the carrying amount may not be recoverable and accordingly the assets will be tested for impairment.

# NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2023

***Sources of estimation uncertainty (Notes 4, 5 and 6)***

Estimation uncertainty exists in key assumptions used by management in preparing the value-in-use calculations or fair value less costs of disposal.

Value-in-use calculations include their assessment of future market conditions which impacts future cash flows, the discount rates and terminal growth rates. Fair value less costs of disposal (a) encompasses estimating the expected selling prices of the underlying assets by identifying the comparable assets and determining the current market selling/purchase prices of these assets, and the estimated cash outflows to settle the obligations in respect of the underlying liabilities; or (b) is based on revalued net assets approach.

***Impairment testing (Notes 4 and 5)***

In view of losses incurred by certain subsidiaries, management has assessed that there are indications that impairment loss exists. Accordingly, the assets are tested for impairment. Management has identified the “cash generating unit” (“CGU”) to be the smallest asset or group of assets that can generate independent cash flows. The recoverable amount is determined based on the higher of value in use and fair value less costs of disposal.

For the financial year ended 31 March 2023, the recoverable amount is the fair value less costs of disposal. Management had engaged independent professional valuers to carry out valuations on the property, plant and equipment and rights-of use assets having considered the appropriate professional qualifications and recent experience of the valuers in the location and category of the property, plant and equipment and rights-of-use assets being valued. In determining the fair value of the property, plant and equipment and rights-of-use assets, the valuers used either the income approach, the market/comparison approach or the cost approach, which is a fair value hierarchy Level 3 measurement.

The Group made an impairment loss of $446,988 for property, plant and equipment and $56,449 for rights-of-use assets for the financial year ended 31 March 2023. No impairment loss was required for the financial year ended 31 March 2022.

**Property, plant and equipment under construction**

Construction in progress relates to a synthetic diesel production equipment acquired by the Group with the intention of producing renewable diesel and biochar of $3,456,109 (2022: $3,271,996) and storage equipment for LNG business $162,021 (2022: $Nil)

# NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2023

## 5 Right-of-use assets

| Group | Leasehold building $ | Leasehold land $ | Office equipment $ | Motor vehicles $ | Total $ |
|---|---|---|---|---|---|
| **Cost** | | | | | |
| At 1 April 2021 | 4,028,530 | 131,955 | 29,154 | 173,519 | 4,363,158 |
| Additions | 4,426,722 | - | 9,486 | - | 4,436,208 |
| Disposals | - | - | (5,217) | - | (5,217) |
| Write-off | (10,832) | - | - | - | (10,832) |
| Effect of movement in exchange rates | - | 2,523 | - | - | 2,523 |
| At 31 March 2022 | **8,444,420** | **134,478** | **33,423** | **173,519** | **8,785,840** |
| Additions - acquisition of a subsidiary | **-** | **1,565,753** | **-** | **258,478** | **1,824,231** |
| Additions | **796,439** | **1,448,125** | **7,685** | **-** | **2,252,249** |
| Disposals | **-** | **-** | **-** | **-** | **-** |
| Write-off | **-** | **-** | **-** | **-** | **-** |
| Effect of movement in exchange rates | **-** | **(7,975)** | **-** | **-** | **(7,975)** |
| At 31 March 2023 | **9,240,859** | **3,140,381** | **41,108** | **431,997** | **12,854,345** |
| | | | | | |
| **Accumulated depreciation** | | | | | |
| At 1 April 2021 | 1,450,508 | 30,787 | 15,296 | 109,137 | 1,605,728 |
| Depreciation for the year | 1,075,244 | 26,822 | 7,643 | 34,751 | 1,144,460 |
| Disposals | - | - | (5,024) | - | (5,024) |
| Effect of movement in exchange rates | - | 663 | - | - | 663 |
| At 31 March 2022 | **2,525,752** | **58,272** | **17,915** | **143,888** | **2,745,827** |
| Depreciation - acquisition of a subsidiary | **-** | **1,435,274** | **-** | **51,695** | **1,486,969** |
| Depreciation for the year | **1,133,540** | **397,811** | **7,569** | **66,851** | **1,605,771** |
| Impairment loss | **-** | **-** | **-** | **56,449** | **56,449** |
| Disposals | **-** | **-** | **-** | **-** | **-** |
| Effect of movement in exchange rates | **-** | **(4,132)** | **-** | **-** | **(4,132)** |
| At 31 March 2023 | **3,659,292** | **1,887,225** | **25,484** | **318,883** | **5,890,884** |
| | | | | | |
| **Carrying amounts** | | | | | |
| At 31 March 2023 | **5,581,567** | **1,253,156** | **15,624** | **113,114** | **6,963,461** |
| | | | | | |
| At 31 March 2022 | 5,918,668 | 76,206 | 15,508 | 29,631 | 6,040,013 |

# NOTES TO THE
# FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2023

| **Company** | **Leasehold building** **$** | **Office equipment** **$** | **Total** **$** |
|---|---|---|---|
| **Cost** | | | |
| At 1 April 2020 and 31 March 2021 | - | - | - |
| Additions | 4,426,722 | 5,259 | 4,431,981 |
| Reclassification to Investment property | (4,426,722) | - | (4,426,722) |
| At 31 March 2022 (as restated) | - | 5,259 | 5,259 |
| Additions | - | - | - |
| At 31 March 2023 | **-** | **5,259** | **5,259** |
| **Accumulated depreciation** | | | |
| At 1 April 2020 and 31 March 2021 | - | - | - |
| Depreciation for the year | 119,347 | 508 | 119,855 |
| Reclassification to Investment property | (119,347) | - | (119.347) |
| At 31 March 2022 (as restated) | - | **508** | **508** |
| Depreciation for the year | **-** | **2,037** | **2,037** |
| At 31 March 2023 | **-** | **2,545** | **2,545** |
| **Carrying amounts** | | | |
| At 31 March 2023 | **-** | **2,714** | **2,714** |
| At 31 March 2022 (as restated) | - | 4,751 | 4,751 |

## 6 Intangible assets

| Group | Goodwill<br>$ | Patented and Unpatented Technology<br>$ | Software<br>$ | Total<br>$ |
|---|---|---|---|---|
| **Cost** | | | | |
| At 1 April 2021 | 77,367 | 587,920 | - | 665,287 |
| Additions | - | - | 185,080 | 185,080 |
| At 31 March 2022 | **77,367** | **587,920** | **185,080** | **850,367** |
| Additions | **-** | **49,280** | **-** | **49,280** |
| At 31 March 2023 | **77,367** | **637,200** | **185,080** | **899,647** |
| | | | | |
| **Accumulated amortisation** | | | | |
| At 1 April 2021 | - | - | - | - |
| Amortisation for the year | - | - | 26,440 | 26,440 |
| At 31 March 2022 | **-** | **-** | **26,440** | **26,440** |
| Amortisation for the year | **-** | **-** | **26,440** | **26,440** |
| At 31 March 2023 | **-** | **-** | **52,880** | **52,880** |
| | | | | |
| **Carrying amounts** | | | | |
| At 31 March 2023 | **77,367** | **587,920** | **132,200** | **846,767** |
| | | | | |
| At 31 March 2022 | 77,367 | 587,920 | 158,640 | 823,927 |

| Company | Software<br>$ |
|---|---|
| **Cost** | |
| At 1 April 2021 | - |
| Additions | 185,080 |
| At 31 March 2022 | **185,080** |
| Additions | **-** |
| At 31 March 2023 | **185,080** |
| | |
| **Accumulated amortisation** | |
| At 1 April 2021 | - |
| Amortisation for the year | 26,440 |
| At 31 March 2022 | **26,440** |
| Amortisation for the year | **26,440** |
| At 31 March 2023 | **52,880** |
| | |
| **Carrying amounts** | |
| At 31 March 2023 | **132,200** |
| | |
| At 31 March 2022 | 158,640 |

***Patented and unpatented technology***

The amortisation of patented and unpatented technology has not commenced as it is not yet available for use as at 31 March 2023.

***Software***

The remaining amortisation period of software is 5 years (2022: 6 years).

# NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2023

***Impairment testing***

In view of losses incurred by certain subsidiaries, management has assessed that there are indications that impairment loss exists. Accordingly, the assets are tested for impairment. Management has identified the "cash generating unit" ("CGU") to be the smallest asset or group of assets that can generate independent cash flows. The recoverable amount is determined based on the higher of value in use and fair value less costs of disposal.

For the financial year ended 31 March 2023, the recoverable amount is the fair value less costs of disposal. Management had engaged independent professional valuers to carry out valuations on the intangible assets having considered the appropriate professional qualifications and recent experience of the valuers in the category of the intangible assets being valued. In determining the fair value of the intangible assets, the valuers used the cost approach, which is a fair value hierarchy Level 3 measurement.

No impairment loss was required for intangible assets for the financial years ended 31 March 2023 and 31 March 2022.

## 7 Investment property

| **Company** | **$** |
|---|---|
| **Cost** | |
| At 1 April 2021 and 31 March 2022 | - |
| Additions | 4,426,722 |
| At 31 March 2022 (as restated) | **4,426,722** |
| Additions | **-** |
| At 31 March 2023 | **4,426,722** |
| | |
| **Accumulated amortisation** | |
| At 1 April 2020 and 31 March 2021 | - |
| Depreciation for the year | 119,347 |
| At 31 March 2022 (as restated) | **119,347** |
| Depreciation for the year | **130,198** |
| At 31 March 2023 | **249,545** |
| | |
| **Carrying amounts** | |
| At 31 March 2023 | **4,177,177** |
| | |
| At 31 March 2022 (as restated) | 4,307,375 |

**Security**

As at 31 March 2023, the investment property of the Group with carrying amount of $4,177,177 (2022: $4,307,375) is pledged as security to secure a bank loan (see Note 18).

**Measurement of fair value**

The fair value of investment property was determined by external independent professional valuer having appropriate recognised professional qualifications and dependent on the recent market transactions property being valued.

Fair value measurement of investment property based on direct comparison method is subject to observable market data such as the use of recent market transactions of similar property. As no one property is similar, specific factors adjustment is incorporated within the valuation and such adjustments may be subjective in nature.

The fair value measurement for the investment property of $4,800,000 (2022: $4,300,000) has been categorised as a level 3 fair value based on the inputs to the valuation technique used. The following table shows the valuation technique used in measuring the fair value of investment property.

| Valuation technique | Significant unobservable inputs | Inter-relationship between key unobservable inputs and fair value measurement |
|---|---|---|
| Direct comparison method | Transacted price per square feet of comparable properties closed proximity on recent market transaction with adjustments to reflect the investment property | The estimate fair value would increase/(decrease) with different adjustment factors used |

***Significant judgement in classification of investment property***

Investment property is property (land or a building—or part of a building—or both) held (by the owner or by the lessee as a right-of-use asset) to earn rentals or for capital appreciation or both, rather than for its own use in the production or supply of goods or services or for administrative purposes; or sale in the ordinary course of business. Management has assessed that insignificant portion of the leasehold building is for the Company's own use, because only a small area of one floor out of the five-storey building is occupied and used by the Company. However, at the Group level, the leasehold building remains as right-of-use assets because significant portion of the building was for the Group's own use.

Investment property is reclassified as right-of-use assets at the Group level because significant portion of the leasehold building is used by the Group (Note 30(a)).

# NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2023

## 8 Subsidiaries

| Company | 2023<br>$ | 2022<br>$ |
|---|---|---|
| Investments in subsidiaries, at cost | **24,736,334** | 5,694,531 |
| Impairment losses | **(3,655,033)** | (3,655,033) |
| | **21,081,301** | 2,039,498 |

Details of the subsidiaries are as follows:

| Name of subsidiaries | Principal activities | Country of incorporation | Effective equity held by the Group | |
|---|---|---|---|---|
| | | | **2023**<br>**%** | **2022**<br>**%** |
| P5 Design Ventures Pte. Ltd.("P5DV")[1] | Investment holding company and provision of management services | Singapore | **100** | 100 |
| Green Energy Investment Holding Private Limited[1] | Recycling of non-metal waste | Singapore | **50.18** [3] | 100 |
| Gashubunited Utility Private Limited ("GUPL")[1] | Transmission, distribution and sales of liquefied natural gas. | Singapore | **53.76** | - |
| ***Subsidiaries of P5 Design Ventures Pte. Ltd.*** | | | | |
| P5 Pte. Ltd. ("P5PL")[1] | Sale and distribution of furniture,<br>kitchen and wardrobe systems and decorative lighting | Singapore | **100** | 100 |
| P5 Luminaire Pte. Ltd. ("PLPL")[1] | Sale and distribution of lightings | Singapore | **100** | 100 |
| P5 Studio Pte. Ltd. ("PSPL") [1] | Supply of mid-range furniture | Singapore | **100** | 100 |
| ***Subsidiaries of Green Energy Investment Holding Private Limited*** | | | | |
| PT. Gold Fifty One[2] | Sale of advanced biodiesel and activated carbon | Indonesia | **100** | 100 |
| Green Waste Recycling Company Private Limited[1] | Recycling of non-metal waste<br>Sale of advanced biodiesel and activated carbon | Singapore | **100** | 100 |

[1] Audited by Foo Kon Tan LLP.
[2] No statutory audit requirement.
[3] Represent 1002 ordinary shares owned by the Company and 995 Class A Preference Shares owned by non-controlling interest.

***Sources of estimation uncertainty***

Significant judgements are applied in key assumptions used by management in preparing the value-in-use calculations or fair value less costs of disposal.

Value-in-use calculations include their assessment of future market conditions which impacts future cash flows, the discount rates and terminal growth rates. Fair value less costs of disposal (a) encompasses estimating the expected selling prices of the underlying assets by identifying the comparable assets and determining the current market selling/purchase prices of these assets, and the estimated cash outflows to settle the obligations in respect of the underlying liabilities; or (b) is based on revalued net assets approach.

Input inaccuracies or inappropriate bases used to determine the level of impairment could result in material misstatement in the financial statements.

***Impairment testing***

In view of losses incurred by certain subsidiaries, management has assessed that there are indications that impairment loss exists. Accordingly, the subsidiaries are tested for impairment. Management has identified the CGU, being the smallest independent cash generating unit, to be either the subsidiary or the sub-grouping which the subsidiary belongs. The recoverable amount is determined based on the higher of value in use and fair value less costs of disposal.

For the financial year ended 31 March 2023, the recoverable amount is the fair value less costs of disposal which is determined based on either the revalued net assets or the last transacted price of the shares of the subsidiaries, which is a fair value hierarchy Level 3 measurement. No impairment loss was required for the financial years ended 31 March 2023 and 31 March 2022.

***Acquisition of a subsidiary, Gashubunited Utility Private Limited***

On 28 June 2022, the Company completed its acquisition of approximately 51% equity interest in Gashubunited Utility Private Limited ("GUPL") for a purchase consideration of $10,241,803 via issuance of new ordinary shares of the Company (Note 13) at a fair value of $0.025 per share.

The acquisition represents an opportunity for the Group and the Company to further grow and venture into the energy and natural gas-related business.

# NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2023

***Significant judgment in determining common control by Mr Lim Shao-Lin***

Prior to the acquisition, GUPL was a wholly-owned subsidiary of the vendor. As Mr Lim Shao-Lin is a director and a majority shareholder of the vendor and is also the Executive Director and Chief Executive Officer, and a substantial controlling shareholder of the Company, management has assessed and determined that Mr Lim-Shao-Lin is a common controlling shareholder of GUPL and the Company before and after the corporate exercise.

Accordingly, the transaction has been accounted for under the merger accounting (pooling of interests) method. Under merger accounting, net assets injected would be "pooled" with the Group's assets at their book carrying value. The difference between the purchase consideration (at fair value) and the net assets injected (at book carrying value) would be recorded as a merger reserve (surplus or deficit).

The merger reserve deficit and net assets acquired and liabilities assumed are tabulated as follows:

| **28 June 2022** | **$** |
|---|---|
| 409,672,131 new shares measured at fair value on acquisition date at $0.025 per share | **10,241,803** |
| Share of net assets value acquired at 51% | **(1,008,494)** |
| Merger reserve deficit recognised (Note 14(b)) | **9,233,309** |
| | |
| **Assets acquired and liabilities assumed** | |
| Cash and cash equivalents | **560,570** |
| Property, plant and equipment, at net book value | **4,094,582** |
| Right-of-use assets | **337,262** |
| Inventories | **3,670** |
| Trade and other receivables | **513,253** |
| Trade and other payable | **(3,245,446)** |
| Lease liabilities | **(286,452)** |
| | **1,977,439** |
| | |
| **Effects on cash flows of the Group** | |
| Cash consideration paid | **-** |
| Less: Cash and cash equivalents of subsidiary acquired | **560,570** |
| Net cash inflows on acquisition | **560,570** |

On 21 March 2023, the Company acquired additional 2.76% equity interest (Note 14(b)) in GUPL for a cash consideration of $3,800,000 from the additional share placement by GUPL.

# NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2023

***Dilution in equity interest in a subsidiary, Green Energy Investment Holding Private Limited ("GEIH")***

On 13 January 2023, the Company subscribed for 2 new ordinary shares of Green Energy Investment Holding Private Limited ("GEIH") by capitalizing the loan amount of $5,000,000.

On 23 February 2023, GEIH issued 995 Class A Preference Shares (First Tranche) to an investor for a cash consideration $5,000,000 while another 3 Class A Preference Shares will be issued pending the achievement of the business milestones.

Following the loan capitalization and the completion of the First Tranche, the Company's equity interest was diluted from 100% as at 31 March 2022 to 50.18% as at 31 March 2023 and potentially to 50.10% based on the total number of shares (including ordinary shares and Class A preference shares) of GEIH on a fully diluted and as-converted basis.

| | $ |
|---|---|
| Net assets value disposed by issuing 995 preference shares, being share of non-controlling interest at 49.8% | **1,274,058** |
| Capital contribution from non-controlling interests, net of issuance cost | **(4,909,211)** |
| Difference recognised in capital reserve (Note 14(b)) | **(3,635,153)** |

***Significant judgment in determining control by the Company over GEIH notwithstanding the divestment of 49.8% to an investor***

The Company has assessed whether the Company continues to exercise control over GEIH, in accordance with SFRS(I) 10, Consolidated Financial Statements, through the rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

Notwithstanding the significant divestment of interest to an investor, the Company has determined that the Company has control over GEIH (i) through its executive control over the running of the daily operations, (ii) through Board Control and the Chairman is appointed from the Group with a casting vote; and (iii) through it voting rights of 50.18% at the shareholders' meeting.

# NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2023

Details of non-wholly owned subsidiaries that have material non-controlling interests ("NCI") to the Group are set out below:

| Name of subsidiary | Principal place of business/ Country of incorporation | Proportion of ownership interest and voting rights held by NCI | | Profit/(loss) for the year allocated to NCI | | Total comprehensive income for the year allocated to NCI | | NCI accumulated at the reporting date | |
|---|---|---|---|---|---|---|---|---|---|
| | | **2023** | 2022 | **2023** | 2022 | **2023** | 2022 | **2023** | 2022 |
| | | **$** | $ | **$** | $ | **$** | $ | **$** | $ |
| Gashubunited Utility Private Limited ("GUPL") | Singapore | **46.24%** | - | **(1,185,945)** | - | **(1,185,945)** | - | **2,520,073** | - |
| Green Energy Investment Holding (Sub-Group) | Singapore | **49.82%** | - | **(97,080)** | - | **(97,080)** | - | **1,176,979** | - |
| | | | | **(1,283,025)** | - | **(1,283,025)** | - | **3,697,052** | - |

# NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2023

Summarised financial information in respect of each of the Group's subsidiaries that has material non-controlling interests are set out below:

| | **Gashubunited Utility Private Limited** | | **Green Energy Investment Holding** | |
|---|---|---|---|---|
| | **2023** | 2022 | **2023** | 2022 |
| | **$** | $ | **$** | $ |
| Non-current assets | **4,833,836** | - | **4,221,379** | - |
| Current assets | **4,356,653** | - | **4,964,321** | - |
| Non-current liabilities | **(1,799,042)** | - | **(124,017)** | - |
| Current liabilities | **(2,048,765)** | - | **(1,638,785)** | - |
| Net assets/(liabilities) | **5,342,682** | - | **7,422,898** | - |
| Revenue | **1,069,696** | - | **373,509** | - |
| Expenses | **(4,926,136)** | - | **(1,858,027)** | - |
| Profit for the year | **(3,856,440)** | - | **(1,484,518)** | - |

| | **Gashubunited Utility Private Limited** | | **Green Energy Investment Holding** | |
|---|---|---|---|---|
| | **2023** | 2022 | **2023** | 2022 |
| | **$** | $ | **$** | $ |
| Net cash inflows from operating activities | **(3,555,157)** | - | **(69,469)** | - |
| Net cash outflows from investing activities | **(2,363,555)** | - | **(360,639)** | - |
| Net cash outflows from financing activities | **7,499,977** | - | **4,749,907** | - |
| Net increase in cash and bank balances | **1,581,265** | - | **4,319,799** | - |

# NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2023

## 9 Other investments

| | Group | | Company | |
|---|---|---|---|---|
| | **2023** | 2022 | **2023** | 2022 |
| | **$** | $ | **$** | $ |
| Debt investment - mandatorily at FVTPL[(a)] | | | | |
| - Non-current | **-** | - | **-** | - |
| - Current | **-** | 542,576 | **-** | 542,576 |
| Keyman insurance – mandatorily at FVTPL [(b)] | | | | |
| - Non-current | **161,905** | - | **-** | - |
| | **161,905** | 542,576 | **-** | 542,576 |
| Non-current | **161,905** | - | **-** | - |
| Current | **-** | 542,576 | **-** | 542,576 |
| | **161,905** | 542,576 | **-** | 542,576 |

(a) In the previous year, the Group and Company performed a fair value assessment of the debt investment. Based on assessment, the fair value of the investment as at 31 March 2022 was $542,576. This debt instrument relates to a loan receivable by the Company and the Group from GUPL. Following the acquisition of GUPL as a subsidiary of the Group, the debt investment was eliminated within the Group. On 22 December 2022, the subsidiary fully repaid the Investment Amount and accrued Investment Yield, being the aggregate amount of $570,000, to the Company in accordance with the Agreement.

(b) The Group acquired a keyman insurance contract, which was used to guarantee the banking facilities of GUPL. The insurance contract was initially recognized at the amount of the premium paid and subsequently carried at fair value at the end of each reporting period. The keyman insurance contract relates to an insurance policy insured for Mr Lim Shao-Lin, a director of the Company, guaranteeing businesses loans or banking facilities.

## 10 Trade and other receivables

| | Group | | Company | |
|---|---|---|---|---|
| | **2023** | 2022 | **2023** | 2022 |
| | **$** | $ | **$** | $ |
| Trade receivables: | | | | |
| - External parties | **1,105,802** | 571,357 | **-** | - |
| - Affiliated company | **227,005** | 371,204 | **227,005** | 371,204 |
| - Subsidiaries companies | **-** | - | **371,204** | - |
| | **1,332,807** | 942,561 | **598,209** | 371,204 |
| Impairment losses | **(97,801)** | (97,801) | **-** | - |
| | **1,235,006** | 844,760 | **598,209** | 371,204 |
| Loans to subsidiaries | **-** | - | **2,872,502** | 6,241,072 |
| Grant receivables | **-** | 80,945 | **-** | 80,945 |
| Other receivables | | | | |
| - External parties | **52,813** | 9,838 | **181** | 648 |
| - Affiliated companies | **59,879** | - | **6,480** | - |
| Deposits | **498,462** | 358,818 | **3,688** | 2,568 |
| Financial assets measured at amortised costs | **1,846,160** | 1,294,361 | **3,481,060** | 6,696,437 |
| Prepayments | **966,921** | 1,085,611 | **10,415** | 12,848 |
| GST receivables | **193,975** | - | **12,338** | 2,446 |
| | **3,007,056** | 2,379,972 | **3,503,813** | 6,711,731 |
| Non-current | **-** | - | **2,872,502** | 6,241,072 |
| Current | **3,007,056** | 2,379,972 | **631,311** | 470,659 |
| | **3,007,056** | 2,379,972 | **3,503,813** | 6,711,731 |

The loans to subsidiaries are unsecured, interest-free and are repayable on demand. The amounts are classified as non-current as the Company does not expect to receive the payment within the next 12 months. There is no allowance for doubtful debts arising from these outstanding balances as the ECL is not material.

Affiliated companies are corporate entities that are subject to common control by a shareholder and Director of the Company.

The Group and the Company's exposure to credit and foreign currency risks, impairment losses for trade and other receivables, and the sensitivity analysis for trade and other receivables is disclosed in Note 27.

***Sources of estimation uncertainty***

Allowance for expected credit losses ("ECL") of trade and other receivables are based on assumptions about risk of default and expected loss rates. The Group and the Company uses judgement in making these assumptions and selecting the inputs to the ECL calculation, based on the Group's and the Company's past collection history, existing market conditions as well as forward looking estimates at each reporting date. Probability of default constitutes a key input in measuring ECL. Probability of default is an estimate of the likelihood of default over a given time horizon, the calculation of which includes historical data, assumptions and expectations of future conditions.

The Group and the Company uses a provision matrix to calculate ECL for trade receivables. The provision rates are based on days past due for groupings of various customer segments that have similar loss patterns. The provision matrix is initially based on the Group's and the Company's historical observed default rates. The Group and the Company will calibrate the matrix to adjust historical credit loss experience with forward-looking information. The assessment of the correlation between historical observed default rates, forecast economic conditions and ECL is a significant estimate. The amount of ECL is sensitive to changes in circumstances and forecast economic conditions.

# NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2023

## 11 Inventories

| | Group | |
|---|---|---|
| | **2023** | 2022 |
| | **$** | $ |
| Finished goods | **4,203,349** | 3,716,997 |
| Goods-in-transit | **40,927** | 307,840 |
| | **4,244,276** | 4,024,837 |

The cost of inventories included in the Group's 'cost of sales' amounted to $7,308,598 (2022: $3,708,146).

Inventories amounting to $Nil (2022: $29,147) were reclassified to property, plant and equipment as these inventories were repurposed for use in the showroom.

Write back of allowance for stock obsolescence of $49,516 (2022: allowance of $71,114) was made based on management's assessment of future demand of certain aged products of saleability of these products.

***Source of estimation uncertainty***

The Group has assessed the net realisable value of its inventories on a yearly basis. Inventories have been written down to net realisable value to be consistent with the view that assets should not be carried in excess of amounts expected to be realised from their sale or use. Estimates of net realisable value are based on the most reliable evidence available at the balance sheet date. These estimates take into consideration market demand, competition, selling price and cost directly relating to events occurring after the end of the financial year, to the extent that such events confirm conditions existing at the end of the financial year.

## 12 Cash and cash held with financial institutions

| | Group | | Company | |
|---|---|---|---|---|
| | **2023** | 2022 | **2023** | 2022 |
| | **$** | $ | **$** | $ |
| Cash at bank and in hand | **9,406,254** | 3,260,503 | **447,370** | 496,987 |
| Fixed deposits with banks | **220,000** | 2,291,869 | **200,000** | 2,271,869 |
| | **9,626,254** | 5,552,372 | **647,370** | 2,768,856 |
| Fixed deposits pledged | **(200,000)** | (200,000) | **(200,000)** | (200,000) |
| Cash and cash equivalents per statement of cash-flows | **9,426,254** | 5,352,372 | **447,370** | 2,568,856 |

The weighted average effective interest rate per annum relating to fixed deposits with banks at the reporting date for the Group and the Company are 0.36% (2022: 0.17%) per annum and 0.36% (2022: 0.17%) per annum, respectively. Interest rates reprice at intervals of one to twelve months.

Fixed deposits amounting to $200,000 was pledged to the bank to secure a bank loan (Notes 18 and 30(a)).

The Group and the Company's exposure to foreign currency risk for cash and cash held with financial institutions are disclosed in Note 27.

## 13 Share capital

| Company | 2023 | | 2022 | |
|---|---|---|---|---|
| | No. of ordinary shares | $ | No. of ordinary shares | $ |
| At 1 April | **689,524,443** | **22,798,553** | 689,524,443 | 22,798,553 |
| Issuance during the year | **599,252,226** | **14,182,243** | - | - |
| At 31 March | **1,288,776,669** | **36,980,796** | 689,524,443 | 22,798,553 |

On 28 June 2022, the Company has allotted and issued 409,672,131 new ordinary shares, in satisfaction of the purchase consideration of $10,241,803 for the acquisition of subsidiary, GUPL (Note 8). The new shares is measured at fair value of $0.025 per share on acquisition date.

Subsequent to 14 March 2023, the Company issued and allotted 142,180,095 and 47,400,000 new ordinary shares for cash of $3,940,440 at an issue price of $0.0211 per share in satisfaction of placement to Hongkong China Treasury Limited and two individuals. Incremental costs directly attributable to the issue of ordinary shares amounting to $59,700 was deducted from share capital.

***Ordinary shares***

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company. All issued shares are fully paid, with no par value. All ordinary shares rank equally with regard to the Company's residual assets.

***Capital management***

The Group defines capital as share capital, translation reserve and accumulated losses.

The Board's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The Board of Directors monitors the return on capital, which the Group defines as net operating income divided by total shareholders' equity.

The Board seeks to maintain a balance between the higher returns that might be possible with higher levels of borrowings and the advantages and security afforded by a sound capital position.

There were no changes on the Group's approach to capital management during the year.

The Company and its subsidiaries are not subject to externally imposed capital requirements.

# NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2023

## 14(a) Currency translation reserve

| | Group | |
|---|---|---|
| | 2023 | 2022 |
| | $ | $ |
| Currency translation reserve | **158,007** | 23,733 |

***Currency translation reserve***

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

## 14(b) Other reserves

| | Group | |
|---|---|---|
| | 2023 | 2022 |
| | $ | $ |
| Merger reserve deficit (Note 8) | **(9,233,309)** | - |
| Capital reserve | **2,898,079** | - |
| | **(6,335,230)** | - |

***Merger reserve***

Merger reserve represents a deficit being the difference between the net book carrying value of the assets and liabilities, and the purchase consideration arising from the acquisition of GUPL, a subsidiary under common control.

***Capital reserve***

Capital reserve represents the differences arising from the changes in the equity of subsidiaries without loss in control, and effects of transactions with non-controlling interests.

As at 31 March 2023, capital reserve comprises:

| | 2023 |
|---|---|
| | $ |
| Acquisition of 2.76% of non-controlling interests in GUPL (Note 8) | **3,501** |
| Additional capital contributions by non-controlling interests of GUPL | **2,000,000** |
| Effects on transactions with non-controlling interests of GUPL | **(2,740,575)** |
| | **(737,074)** |
| Capital contributions by non-controlling interests of GEIH (Note 8) | **3,635,153** |
| | **2,898,079** |

## 15 Deferred tax liabilities

***Significant judgement in determination of income taxes (Notes 15 and 24)***

Significant judgement is involved in determining the provision for income taxes. There are certain transactions and computations for which the ultimate tax determination is uncertain during the ordinary course of business. The Company recognises liabilities for expected tax issues based on estimates of whether additional taxes will be due.
Where the final tax outcome of these matters is different from the amounts that were initially recognised, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

### (a) Recognised deferred tax liabilities

Deferred tax liabilities are attributable to the following:

| | Group | |
|---|---|---|
| | **2023** | **2022** |
| | **$** | **$** |
| Intangible assets | **99,946** | 99,946 |

There was no movement in deferred tax balances during the year.

### (b) Unrecognised deferred tax assets

Deferred tax assets for the Group have not been recognised in respect of the following items, because it is not probable that future taxable profit will be available against which the Group can utilise the benefits therefrom.

| | **2023** | | **2022** | |
|---|---|---|---|---|
| | **Gross amount** | **Tax effect** | **Gross amount** | **Tax effect** |
| | **$** | **$** | **$** | **$** |
| Deductible temporary differences | **412,353** | **70,100** | 426,749 | 72,547 |
| Tax losses | **6,962,965** | **1,183,704** | 4,891,110 | 832,509 |
| | **7,375,318** | **1,253,804** | 5,323,859 | 905,056 |

The deductible temporary differences and tax losses are subject to agreement by the tax authorities and compliance with tax regulations in the respective countries in which the Group operates. The deductible temporary differences and tax losses do not expire under current tax legislation.

# NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2023

## 16 Lease liabilities

| | Group | | Company | |
|---|---|---|---|---|
| | **2023** | 2022 | **2023** | 2022 |
| | **$** | $ | **$** | $ |
| Lease liabilities | **2,905,219** | 1,820,057 | **2,757** | 4,765 |
| Repayable: | | | | |
| Within 1 year | **1,669,798** | 911,561 | **2,059** | 2,008 |
| After 1 year but within 5 years | **1,235,421** | 908,496 | **698** | 2,757 |
| | **2,905,219** | 1,820,057 | **2,757** | 4,765 |

**Leases as lessee**

The Group leases land and building for its office space, warehouse and showroom. The leases typically run for a period of 2 to 5 years. Some leases include an option to renew the lease for an additional period of the same duration after the end of the contract term. For certain leases, the Group is restricted from entering into any sub-lease arrangements**.**

The Group also leases motor vehicles and office equipment with contract terms of 7 years and 5 years respectively.

Information about leases for which the Group is a lessee is presented below.

| | Group | |
|---|---|---|
| | **2023** | **2022** |
| | **$** | **$** |
| **Amounts recognised in profit or loss** | | |
| Interest on lease liabilities | **85,432** | 61,970 |
| **Amounts recognised in statement of cash flows** | | |
| Total cash outflow for leases | **1,535,348** | 1,065,583 |

**Extension options**

Some leases contain extension options exercisable by the Group up to one year before the end of the non-cancellable contract period. Where practicable, the Group seeks to include extension options in new leases to provide operational flexibility. The extension options held are exercisable only by the Group and not by the lessors. The Group assesses at lease commencement whether it is reasonably certain to exercise the extension options. The Group reassesses whether it is reasonably certain to exercise the options if there is a significant event or significant change in circumstances within its control.

The Group has estimated that the potential future lease payments, should it exercise the extension options, would result in an increase in lease liabilities of $476,020 (2022: $923,991).

The Group's exposure to liquidity risk, interest rate risk and foreign currency risk for lease liabilities are disclosed in Note 27.

# NOTES TO THE FINANCIAL STATEMENTS



***Reconciliation of movements of liabilities to cash flows arising from financing activities (excluding equity items)***

| | Amount due to affiliated companies $ | Loan from a director $ | Lease liabilities $ | Loans and borrowings $ | Total $ |
|---|---|---|---|---|---|
| **Balance at 1 April 2021** | 485,300 | 619,887 | 2,834,695 | 922,267 | 4,862,149 |
| **Changes from financing cash flows** | | | | | |
| Repayment of amounts due to affiliated companies | (341,236) | - | - | - | (341,236) |
| Repayment of loan from a director | - | (458,339) | - | - | (458,339) |
| Repayment of bank loan | - | - | - | (293,138) | (293,138) |
| Repayment of lease liabilities | - | - | (1,003,613) | - | (1,003,613) |
| Interest paid | - | - | (61,970) | (61,371) | (123,341) |
| **Total changes from financing cash flows** | (341,236) | (458,339) | (1,065,583) | (354,509) | (2,219,667) |
| **Other changes** | | | | | |
| Bank loan to purchase leasehold land | - | - | - | 3,440,000 | 3,440,000 |
| Leases termination | - | - | (11,025) | - | (11,025) |
| Interest expense | - | 15,903 | 61,970 | 61,371 | 139,244 |
| **Total other changes** | - | 15,903 | 50,945 | 3,501,371 | 3,568,219 |
| **Balance at 31 March 2022** | 144,064 | 177,451 | 1,820,057 | 4,069,129 | 6,210,701 |

# NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2023

***Reconciliation of movements of liabilities to cash flows arising from financing activities (excluding equity items) (Cont'd)***

| | Amount due to affiliated companies | Bridging loan from a 3rd party | Loan from a director | Lease liabilities | Loans and borrowings | Total |
|---|---|---|---|---|---|---|
| | $ | $ | $ | $ | $ | $ |
| **Balance at 1 April 2022** | **144,064** | **-** | **177,451** | **1,820,057** | **4,069,129** | **6,210,701** |
| **Changes from financing cash flows** | | | | | | |
| Proceeds from affiliated companies | **895,729** | **-** | **-** | **-** | **-** | **895,729** |
| Proceeds from loan from a director | **-** | **-** | **546,000** | **-** | **-** | **546,000** |
| Proceeds from bank loan | **-** | **-** | **-** | **-** | **1,300,421** | **1,300,421** |
| Proceeds from bridging loan from a 3rd party | **-** | **550,000** | **-** | **-** | **-** | **550,000** |
| Repayment of amounts due to affiliated companies | **(797,785)** | **-** | **-** | **-** | **-** | **(797,785)** |
| Repayment of loan from a director | **-** | **-** | **(451,097)** | **-** | **-** | **(451,097)** |
| Repayment of bank loan | **-** | **-** | **-** | **-** | **(487,476)** | **(487,476)** |
| Repayment of bridging loan from a 3rd party | **-** | **(550,000)** | **-** | **-** | **-** | **(550,000)** |
| Repayment of lease liabilities | **-** | **-** | **-** | **(1,449,916)** | **-** | **(1,449,916)** |
| Interest paid | **-** | **(4,114)** | **-** | **(85,432)** | **(148,865)** | **(238,411)** |
| **Total changes from financing cash flows** | **97,944** | **(4,114)** | **94,903** | **(1,535,348)** | **664,080** | **(682,535)** |
| **The effect of changes in foreign exchange rates** | **1,905** | **-** | **1,834** | **(4,030)** | **(3,082)** | **(3,373)** |
| **Other changes** | | | | | | |
| Acquisition of a subsidiary | **(345,897)** | **-** | **66,833** | **286,859** | **-** | **7,795** |
| New leases | **-** | **-** | **-** | **2,252,249** | **-** | **2,252,249** |
| Interest expense | **-** | **4,114** | **-** | **85,432** | **148,865** | **238,411** |
| Other payables | **106,513** | **-** | **(11,104)** | **-** | **-** | **95,409** |
| **Total other changes** | **(239,384)** | **4,114** | **55,729** | **2,624,540** | **148,865** | **2,593,864** |
| **Balance at 31 March 2023** | **4,529** | **-** | **329,917** | **2,905,219** | **4,878,992** | **8,118,657** |

## 17 Trade and other payables

| | Group | | Company | |
|---|---|---|---|---|
| | **2023** | 2022 | **2023** | 2022 |
| | **$** | $ | **$** | $ |
| Trade payables and accruals | **1,238,799** | 430,689 | **203,955** | 126,025 |
| Other payables | **376,204** | 196,292 | **204,225** | 27,231 |
| Accruals for employee benefits | **187,714** | 98,914 | **33,213** | 33,484 |
| Amounts due to subsidiaries | **-** | - | **418,528** | 27,321 |
| Loan from a director | **329,917** | 177,451 | **1,071** | 426 |
| Amounts due to affiliated companies | **4,529** | 144,064 | **4,315** | 9,243 |
| Financial liabilities measured at amortised cost | **2,137,163** | 1,047,410 | **865,307** | 223,730 |
| Deferred grant income | **57,824** | 69,381 | **57,824** | 69,381 |
| GST payables | **71,467** | 31,704 | **-** | - |
| | **2,266,454** | 1,148,495 | **923,131** | 293,111 |

The Group and the Company's exposure to liquidity risk and foreign currency risk for trade and other payables are disclosed in Note 27.

Loan from a director and amounts due to his affiliated companies are non-trade in nature, unsecured and interest-free. Amounts due to affiliated companies relate to payments on behalf for the affiliated companies.

The amounts due to subsidiaries relate to advance given and payments on behalf for the subsidiaries, which are non-trade in nature, unsecured, interest-free and repayable on demand.

# NOTES TO THE
# FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2023

## 18 Loans and borrowings

| | Group | | Company | |
|---|---|---|---|---|
| | **2023** | 2022 | **2023** | 2022 |
| | **$** | $ | **$** | $ |
| **Non-current** | | | | |
| Unsecured bank loan | **1,058,723** | 535,339 | **-** | - |
| Secured bank loan | **3,153,176** | 3,220,849 | **3,153,176** | 3,220,849 |
| | **4,211,899** | 3,756,188 | **3,153,176** | 3,220,849 |
| **Current** | | | | |
| Unsecured bank loan | **583,702** | 196,362 | **-** | - |
| Secured bank loan | **83,391** | 116,579 | **83,391** | 116,579 |
| | **667,093** | 312,941 | **83,391** | 116,579 |
| **Total** | **4,878,992** | 4,069,129 | **3,236,567** | 3,337,428 |

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

| | | | 2023 | | 2022 | |
|---|---|---|---|---|---|---|
| **Group** | **Nominal interest rate** | **Year of maturity** | **Face value** | **Carrying amount** | **Face value** | **Carrying amount** |
| | | | **$** | **$** | **$** | **$** |
| SGD secured bank loan | SIBOR +0.85% | 2045 | **3,236,567** | **3,236,567** | 3,337,428 | 3,337,428 |
| SGD unsecured bank loan | 3% | 2025 | **535,339** | **535,339** | 731,701 | 731,701 |
| SGD unsecured bank loan | 5% | 2027 | **910,844** | **910,844** | - | - |
| USD unsecured trust receipts | COF+2.5% | 2023 | **196,242** | **196,242** | - | - |
| | | | **4,878,992** | **4,878,992** | 4,069,129 | 4,069,129 |
| **Company** | | | | | | |
| SGD secured bank loan | SIBOR + 0.85% | 2045 | **3,236,567** | **3,236,567** | 3,337,428 | 3,337,428 |

Investment property of the Company (Note 7)/ right-of-use assets - leasehold building of the Group (Note 5) with carrying amount of S4,177,177 and fixed deposits of the Group and Company with carrying amount of $200,000 (Note 12) are pledged as security for the secured bank loan.

The Group's exposure to liquidity risk for loans and borrowings are disclosed in Note 27.

The Company has provided a financial guarantee to the bank for the unsecured bank loan obtained by a subsidiary. Management of the Company has assessed the fair value of the financial guarantee on inception to be insignificant. At the reporting date, the Company has not recognised a provision as the Company does not consider it probable that a claim will be made against the Company under the guarantee.

# NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2023

## 19 Provision for reinstatement cost

| | **31 March 2023** | 31 March 2022 |
|---|---|---|
| | **$** | $ |
| Acquisition of a subsidiary and balance at end of the year | **236,500** | - |

The provision for reinstatement cost represents the present value of management's best estimate of the future outflow of economics benefits that will be required to reinstate the leased land to its original state. The unexpired term of the lease is 3 years (2022: 1 year).

## 20 Revenue

| | **Group** | |
|---|---|---|
| | **2023** | **2022** |
| | **$** | **$** |
| Revenue from contracts with customers | **13,654,614** | 7,190,826 |

The following tables provide information about the nature and timing of the satisfaction of performance obligations in contracts with customers, including significant payment terms, and the related revenue recognition policies:

**Lifestyle segment**

| | |
|---|---|
| **Nature of goods or services** | The Group sells and distributes of high-end furniture and mid end furniture kitchen and wardrobe systems decorative, and industrial lighting to its customers.<br><br>The Group also supplies contract furniture and bespoke carpentry works to its customers. Bespoke carpentry services are constructed and tailored to specifications detailed in contracts with customers. |

# NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2023

| | |
|---|---|
| **When revenue is recognised** | Revenue is recognised when goods are delivered to the customer and all criteria for acceptance has been met.<br><br>For Bespoke carpentry services, the Group has assessed that these contracts qualify for over time revenue recognition as bespoke carpentry works have no alternative use for the Group due to the contractual restrictions, and the Group generally has enforceable rights to payment for performance completed till date. The stage of completion is assessed by reference to the contract costs incurred till date in proportion to the total estimated contract costs of each contract. |
| **Significant payment terms** | Payment is received just before or when the goods are delivered to customers.<br><br>For protective reasons, a portion of the contract consideration may be received upfront. As such, no financing component has been recognised as the payment terms are for reasons other than financing.<br><br>For Bespoke carpentry services, progress billings to the customer are based on a payment schedule in the contract that is dependent on the achievement of specified milestones. If the value of the services rendered exceeds payments received from the customer, a contract asset is recognised.<br><br>Where the period between the satisfaction of a performance obligation and payment by the customer exceeds a year, the Group adjust the transaction price with its customer and recognises a financing component.<br><br>In adjusting for the financing component, the Group uses a discount rate that would reflect that of a separate financing transaction between the Group and its customer at contract inception. The Group has elected to apply the practical expedient not to adjust the transaction price for the existence of significant financing component when the period between the transfer of control of good or service to a customer and the payment date is one year or less. |
| **Obligations for returns and refunds, if any** | Customers are not entitled to returns or refunds; unless due to defective products. |
| **Obligations for warranties** | Products usually come with a standard warranty term of 1 year under which the customers are able to replace any defective products. |

# NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2023

**Energy segment**

| | |
|---|---|
| **Nature of goods or services** | Sale of distribution of liquefied natural gas and its related business |
| **When revenue is recognised** | At point in time upon transfer of goods. |
| **Significant payment terms** | 30 days from invoice date. |

**Investment holding segment**

| | |
|---|---|
| **Nature of goods or services** | Provision of management services to its affiliated companies. |
| **When revenue is recognised** | Revenue is recognised over time as the services are rendered. |
| **Significant payment terms** | Payable immediately upon completion of service. |

# NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2023

**Disaggregation of revenue from contracts with customers**

In the following table, revenue from contracts with customers is disaggregated by primary geographical markets, major products and service lines and timing of revenue recognition.

| **Group** | Investment Holding | | Lifestyle | | Energy | | Group | |
|---|---|---|---|---|---|---|---|---|
| | **2023** | 2022 | **2023** | 2022 | **2023** | 2022 | **2023** | 2022 |
| | **$** | $ | **$** | $ | **$** | $ | **$** | $ |
| **Primary geographical markets** | | | | | | | | |
| Singapore | **212,154** | 346,920 | **12,237,754** | 6,560,107 | **1,204,706** | 283,799 | **13,654,614** | 7,190,826 |
| | | | | | | | | |
| **Major products/service line** | | | | | | | | |
| Sales of goods | **-** | - | **12,077,134** | 6,451,875 | **1,204,706** | 283,799 | **13,281,839** | 6,735,674 |
| Bespoke carpentry services | **-** | - | **160,620** | 108,232 | **-** | - | **160,620** | 108,232 |
| Management fee income | **212,154** | 346,920 | **-** | - | **-** | - | **212,154** | 346,920 |
| | **212,154** | 346,920 | **12,237,754** | 6,560,107 | **1,204,706** | 283,799 | **13,654,614** | 7,190,826 |
| | | | | | | | | |
| **Timing of revenue recognition** | | | | | | | | |
| Products transferred at a point in time | **-** | - | **12,077,134** | 6,451,875 | **1,204,706** | 283,799 | **13,281,839** | 6,735,674 |
| Products and services transferred over time | **212,154** | 346,920 | **160,620** | 108,232 | **-** | - | **372,774** | 455,152 |
| | **212,154** | 346,920 | **12,237,754** | 6,560,107 | **1,204,706** | 283,799 | **13,654,614** | 7,190,826 |

**Contract balances**

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

| | Note | 2023<br>$ | 2022<br>$ |
|---|---|---|---|
| **Group** | | | |
| Trade receivables, net | 10 | **1,235,006** | 844,760 |
| Contract assets | | **848** | 79,401 |
| Contract liabilities | | **(2,785,926)** | (5,127,528) |

As at 1 April 2022, the Group's contract assets related to revenue from contract with customers amounted to $79,401 (2022: $100,697) and the Group's contract liabilities amounted to $5,127,528 (2022: $2,043,721).

The contract assets primarily relate to the Group's rights to consideration for work completed but not billed at the reporting date for lighting and bespoke carpentry works. The contract assets are transferred to trade receivables when the rights become unconditional. This usually occurs when the Group invoices the customer.

The contract liabilities primarily relate to advance consideration received from customers for sale of furniture, lightings and bespoke carpentry works.

Significant changes in the contract assets and the contract liabilities balances during the period are as follows.

| | Contract assets | | Contract liabilities | |
|---|---|---|---|---|
| | 2023<br>$ | 2022<br>$ | 2023<br>$ | 2022<br>$ |
| **Group** | | | | |
| Revenue recognised that was included in the contract liability balance at the beginning of the year | **-** | - | **4,545,025** | 1,497,715 |
| Increases due to cash received, excluding amounts recognised as revenue during the year | **-** | - | **(2,203,423)** | (4,581,522) |
| Contract assets reclassified to trade receivables | **(37,532)** | (21,296) | **-** | - |
| Allowance for contract assets - ECL | **(41,021)** | - | **-** | - |

The Group's exposure to impairment losses for contract assets is disclosed in Note 27.

The Group applies the practical expedient in paragraph 121 of SFRS(I) 15 and does not disclose information about its remaining performance obligations if:

- the performance obligation is part of a contract that has an original expected duration of one year or less; or
- the Group has a right to invoice a customer in an amount that corresponds directly with its performance to date, then it recognises revenue in that amount.

# NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2023

## 21 Other operating income

| | Group | |
|---|---|---|
| | **2023** | **2022** |
| | **$** | **$** |
| Gain on disposal of property, plant and equipment | **2,824** | - |
| Government grants | **108,734** | 253,009 |
| Rental concessions | **-** | 156,329 |
| Rental income | **72,000** | 42,000 |
| Miscellaneous income | **167,758** | 131,871 |
| ISO tank management fee | **160,348** | - |
| Written back allowance of inventories obsolescence | **49,516** | - |
| | **551,180** | 583,209 |

## 22 Net finance costs

| | Group | |
|---|---|---|
| | **2023** | **2022** |
| | **$** | **$** |
| Fair value gain on other investments - debt investments | **9,924** | 42,576 |
| Interest income | **2,014** | 5,784 |
| Finance income | **11,938** | 48,360 |
| | | |
| Interest expense | | |
| - lease liabilities | **(85,432)** | (61,970) |
| - unsecured bank loan | **(45,748)** | (25,062) |
| - 3rd party bridging loan | **(4,114)** | - |
| - secured bank loan | **(103,117)** | (36,309) |
| - accretion of interest on interest-free loans | **-** | (15,903) |
| | **(238,411)** | (139,244) |
| | | |
| Net foreign exchange loss | **(301,818)** | (63,169) |
| Fair value loss on other investments – keyman insurance | **(43,825)** | - |
| Finance costs | **(584,054)** | (202,413) |
| | | |
| Net finance costs recognised in profit or loss | **(572,116)** | (154,053) |

# NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2023

## 23 Loss before tax

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

| | Group | |
|---|---|---|
| | **2023** | **2022** |
| | **$** | **$** |
| Staff costs | **(3,655,153)** | (2,749,960) |
| Contributions to defined contribution plans | **(275,692)** | (270,217) |
| | **(3,930,845)** | (3,020,177) |
| Allowance for inventory obsolescence | **-** | (71,114) |
| Depreciation of property, plant and equipment | **(546,026)** | (122,742) |
| Depreciation of right-of-use assets | **(1,605,770)** | (1,144,460) |
| Amortisation of intangible assets | **(26,440)** | (26,440) |
| Audit fees paid and payable to auditors of the Company | | |
| - Current year | **(120,000)** | (130,000) |
| - Prior year | **(33,000)** | - |
| Non-audit fees paid to ex-auditors of the Company | **(24,000)** | (47,151) |
| Impairment loss on property, plant and equipment | **(446,988)** | - |
| Impairment loss on right-of-use assets | **(56,449)** | - |
| | **(503,437)** | - |

## 24 Tax expense

| | Group | |
|---|---|---|
| | **2023** | **2022** |
| | **$** | **$** |
| **Current tax expense** | | |
| Current year | **-** | - |
| **Deferred tax expense** | | |
| Movements in temporary differences | **-** | - |
| Total tax expense | **-** | - |
| ***Reconciliation of effective tax*** | | |
| Loss before tax | **(4,599,614)** | (2,764,556) |
| Tax calculated using Singapore tax rate of 17% (2022: 17%) | **(696,350)** | (469,975) |
| Effect of different tax rate in other countries | **(3,068)** | (2,001) |
| Expenses not deductible for tax purposes (i) | **464,078** | 321,179 |
| Tax-exempt income(ii) | **(27,824)** | (8,875) |
| Change in unrecognised temporary differences | **(2,447)** | 992 |
| Current year losses for which no deferred tax asset is recognised | **351,195** | 158,680 |
| | **-** | - |

(i) Included in non-deductible expenses related mainly to impairment loss on property, plant and equipment and right-of-use assets, provision for unutilised annual leave, impairment loss on trade receivables and contract assets, allowance for inventories obsolescence and administrative expenses incurred by investment holding company.

(ii) Included in tax-exempt income related mainly to government grant and written back of stock obsolescence.

# NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2023

## 25 Loss per share

***Basic loss per share***

The calculation of basic loss per share has been based on the following loss attributable to ordinary shareholders and weighted-average number of ordinary shares outstanding.

| | Group | |
|---|---|---|
| | **2023** | **2022** |
| | **$** | **$** |
| Basic loss per share is based on: | | |
| Loss attributable to ordinary shareholders | **(3,316,589)** | (2,764,556) |
| Weighted average number of ordinary shares during the year | **1,009,126,202** | 689,524,443 |
| Basic loss per share (cents) | **(0.33)** | (0.40) |

***Diluted loss per share***

There were no instruments that would have an effect of diluting the earnings of the Group that existed during or as at the end of the financial year.

## 26 Operating segments

The Group has four reportable segments, as described below, which are the Group's strategic business units. The strategic business units offer different products, and are managed separately because they require different technology and marketing strategies. For each of the strategic business units, the Group's CEO (the chief operating decision maker) reviews internal management reports on at least a quarterly basis. The following summary describes the operations in each of the Group's reportable segments:

| | | |
|---|---|---|
| Investment holding | : | Investment in entities engages in furniture and green energy related businesses for capital appreciation purpose. |
| Lifestyle | : | Sale and distribution of high-end furniture and mid end furniture, kitchen and wardrobe systems, decorative and industrial lighting and bespoke carpentry services. |
| Energy | : | Production and sale of advanced biodiesel and activated carbon, and distribution of liquefied natural gas and its related business. |

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

# NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2023

*Information about reportable segments*

| Group | Investment Holding | | Lifestyle | | Energy | | Total | |
|---|---|---|---|---|---|---|---|---|
| | 2023 | 2022 | 2023 | 2022 | 2023 | 2022 | 2023 | 2022 |
| | $ | $ | $ | $ | $ | $ | $ | $ |
| External revenue | 212,154 | 346,920 | 12,237,754 | 6,560,107 | 1,204,705 | 283,799 | 13,654,614 | 7,190,826 |
| Inter-segment revenue | - | - | 529,995 | 196,036 | - | - | 529,995 | 196,036 |
| Interest income | 1,961 | 5,719 | 16 | 8 | 37 | 57 | 2,014 | 5,784 |
| Interest expense | (103,209) | (36,340) | (62,815) | (84,096) | (72,387) | (18,808) | (238,411) | (139,244) |
| Depreciation and amortisation | (218,380) | (199,573) | (1,117,682) | (1,061,357) | (842,175) | (32,712) | (2,178,237) | (1,293,642) |
| Reportable segment loss before tax | (1,734,969) | (1,300,166) | 1,054,630 | (936,798) | (3,415,838) | (527,593) | (4,096,177) | (2,764,556) |
| Other material non-cash items: | | | | | | | | |
| Impairment loss on trade receivables and contract assets | - | - | (41,021) | - | - | - | (41,021) | - |
| Written back/(allowance for) inventory obsolescence | - | - | 49,516 | (71,114) | - | - | 49,516 | (71,114) |
| Impairment loss on property, plant and equipment | - | - | - | - | 446,988 | - | 446,988 | - |
| Impairment loss on right-of-use assets | - | - | - | - | 56,449 | - | 56,449 | - |
| Capital expenditure | 22,984 | 4,671,363 | 1,053,352 | 125,763 | 6,502,622 | 348,080 | 7,578,957 | 5,145,206 |
| Reportable segment assets | 5,388,221 | 8,450,767 | 8,663,010 | 9,778,524 | 18,366,946 | 4,581,999 | 32,418,178 | 22,811,290 |
| Reportable segment liabilities | 3,743,689 | 3,600,279 | 5,807,081 | 7,916,371 | 3,622,268 | 580,391 | 13,173,037 | 12,097,041 |

# NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2023

***Geographical information***

In presenting information on the basis of geographical segments, segment revenue is based on geographical location of business operations. Segment assets are based on the geographical location of the assets.

| | 2023 | | 2022 | |
|---|---|---|---|---|
| | **External revenues $** | **Non-current assets $** | **External revenues $** | **Non-current assets $** |
| Singapore | **13,654,614** | **15,291,100** | 7,190,826 | 10,294,760 |
| Indonesia | **-** | **248,644** | - | 274,628 |
| | **13,654,614** | **15,539,744** | 7,190,826 | 10,569,388 |

*Reconciliations of reportable segment assets and liabilities*

| | 2023 $ | 2022 $ |
|---|---|---|
| **Assets** | | |
| Total assets for reportable segments | **32,418,178** | 22,811,290 |
| Other unallocated amounts | **-** | 337,256 |
| Consolidated total assets | **32,418,178** | 23,148,546 |
| | | |
| **Liabilities** | | |
| Total liabilities for reportable segments | **13,173,037** | 12,097,041 |
| Other unallocated amounts | **-** | 168,114 |
| Consolidated total liabilities | **13,173,037** | 12,265,155 |

## 27 Financial instruments

***Financial risk management***

***Overview***

The Group has exposure to the following risks from financial instruments:

- credit risk
- liquidity risk
- market risk

This note presents information about the Group's exposure to each of the above risks, the Group's objectives, policies and processes for measuring and managing risk. Further quantitative disclosures are included throughout these financial statements.

***Risk management framework***

The Board of Directors has overall responsibility for the establishment and oversight of the Group's risk management framework. The Group's risk management policies are established to identify and analyse the risks faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management is integral to the whole business of the Group. The Group has a system of controls in place to create an acceptable balance between the cost of risks occurring and the cost of managing the risks. The management continually monitors the Group's risk management process to ensure that an appropriate balance between risk and control is achieved. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group activities.

The Group's Audit Committee oversees how management monitors the 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.

***Credit risk***

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations and arises principally from the Group's receivables from customers.

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

*Trade receivables and contract assets*

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. However, management also considers the demographics of the Group's customer base, including the default risk of the industry and country in which customers operate, as these factors may have an influence on credit risk. There are no concentrations of revenue and credit risk for the financial years ended 31 March 2023 and 31 March 2022.

The Group has established a credit policy under which each new customer is analysed individually for creditworthiness before the Group's standard payment and delivery terms and conditions are offered. The Group's review includes external ratings, if they are available, financial statements, credit agency information, industry information, and in some cases bank references. Sale limits are established for each customer and these limits are reviewed periodically. Customers failing to meet the Group's benchmark creditworthiness may transact with the Group only on a prepayment basis.

The Group limits its exposure to credit risk from trade receivables by establishing maximum payment periods of up to three months for individual and corporate customers.

The Group does not require collateral in respect of trade receivables. The Group does not have trade receivables and contract assets for which no loss allowance is recognised because of collateral.

# NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2023

*Exposure to credit risk*

The exposure to credit risk for trade receivables and contract assets at the reporting date by geographic region was as follows:

| | Group | | Company | |
|---|---|---|---|---|
| | **2023** | **2022** | **2023** | **2022** |
| | **$** | **$** | **$** | **$** |
| Singapore | **1,235,854** | 924,161 | **598,209** | 371,204 |

The exposure to credit risk for trade receivables and contract assets at the reporting date by type of counterparties was:

| | Group | | Company | |
|---|---|---|---|---|
| | **2023** | **2022** | **2023** | **2022** |
| | **$** | **$** | **$** | **$** |
| Corporate customers | **848,598** | 769,483 | **598,209** | 371,204 |
| Individual customers | **387,256** | 154,678 | **-** | - |
| | **1,235,854** | 924,161 | **598,209** | 371,204 |

There is no significant concentrations of credit risk. The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the statement of financial position.

A summary of the exposure to credit risk for trade receivables and contract assets is as follows:

| | 2023 | | 2022 | |
|---|---|---|---|---|
| | **Not credit-impaired** | **Credit-impaired** | **Not credit-impaired** | **Credit-impaired** |
| | **$** | **$** | **$** | **$** |
| **Group** | | | | |
| Trade receivables and contract assets | **1,235,854** | **138,822** | 924,161 | 97,801 |
| Loss allowance | **-** | **(138,822)** | - | (97,801) |
| **Total** | **1,235,854** | **-** | 924,161 | - |
| | | | | |
| **Company** | | | | |
| Trade receivables and contract assets | **598,209** | **-** | 371,204 | - |
| Loss allowance | **-** | **-** | - | - |
| **Total** | **598,209** | **-** | 371,204 | - |

*Expected credit loss assessment for customers*

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

# NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2023

Loss rates are calculated using a 'roll rate' method based on the probability of a receivable progressing through successive stages of delinquency to write-off. Roll rates are calculated separately for exposures in different segments based on the type of product purchased.

The following table provides information about the exposure to credit risk and ECLs for trade receivables and contract assets for customers:

| Group | Weighted average loss rate % | Gross carrying amount $ | Impairment loss allowance $ | Credit impaired |
|---|---|---|---|---|
| **2023** | | | | |
| Current (not past due) | – | **431,664** | **–** | No |
| Past due 1 to 30 days | – | **71,592** | **–** | No |
| Past due 31 to 90 days | – | **285,705** | **–** | No |
| More than 90 days | 23.70 | **585,715** | **(138,822)** | Yes |
| | | **1,374,676** | **(138,822)** | |
| **2022** | | | | |
| Current (not past due) | – | 172,737 | – | No |
| Past due 1 to 30 days | – | 241,277 | – | No |
| Past due 31 to 90 days | – | 58,176 | – | No |
| More than 90 days | 17.79 | 549,772 | (97,801) | Yes |
| | | 1,021,962 | (97,801) | |

| Company | Weighted average loss rate % | Gross carrying amount $ | Impairment loss allowance $ | Credit impaired |
|---|---|---|---|---|
| **2023** | | | | |
| Current (not past due) | - | **-** | **-** | No |
| Past due 1 to 30 days | - | **-** | **-** | No |
| Past due 31 to 90 days | - | **-** | **-** | No |
| More than 90 days | - | **598,209** | **-** | No |
| | | **598,209** | **-** | |
| **2022** | | | | |
| Current (not past due) | - | - | - | No |
| Past due 1 to 30 days | - | 92,801 | - | No |
| Past due 31 to 90 days | - | - | - | No |
| More than 90 days | - | 278,403 | - | No |
| | | 371,204 | - | |

Loss rates are based on actual credit loss experience over the past three years. These rates are adjusted by scalar factors to reflect the differences between economic conditions during the period over which the historic data has been collected, current conditions and the Group's view of economic conditions over the expected lives of the receivables. No scalar factors have been applied.

# NOTES TO THE
# FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2023

*Movements in allowance for impairment in respect of trade receivables and contract assets*

The movement in the allowance for impairment in respect of trade receivables and contract assets during the year was as follows:

| | Group | | Company | |
|---|---|---|---|---|
| | **2023** | **2022** | **2023** | **2022** |
| | **$** | **$** | **$** | **$** |
| Balance at 1 April | **97,801** | 97,801 | **-** | - |
| Impairment loss recognised | **41,021** | - | **-** | - |
| Impairment loss reversed | - | - | **-** | - |
| Write-off | - | - | **-** | - |
| Balance at 31 March | **138,822** | 97,801 | **-** | - |

*Loans to subsidiaries*

The Company held loans to subsidiaries of $2,872,502 (2022: $6,241,072). These balances are amounts lent to subsidiaries to satisfy short term funding requirements. The Company has considered qualitative factors in the assessment of ECLs for these receivables. Impairment on these balances has been measured on the 12-month expected loss basis which reflects the low credit risk of the exposures. The amount of the allowance on these balances is insignificant.

*Cash and cash equivalents*

The Group and the Company held cash and cash equivalents of $9,626,254 and $647,370 at 31 March 2023 (2022: $5,552,372 and $2,768,856) respectively with reputable financial institutions.

Impairment on cash and cash equivalents has been measured on the 12-month expected loss basis and reflects the short maturities of the exposures. The Group considers that its cash and cash equivalents have low credit risk based on the external credit ratings of the counterparties. The amount of the allowance on cash and cash equivalents is negligible.

*Other receivables*

Other receivables are short-term in nature. Impairment on other receivables has been measured on the 12-month expected loss basis and reflects the short maturities of exposures. The Group considers its other receivables to have low credit risk based on the external credit ratings of the counterparties. The amount of the allowance on other receivables is insignificant.

# NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2023

***Liquidity risk***

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

The Group monitors its liquidity risk and maintains a level of cash and cash equivalents deemed adequate by management to finance the Group's operations and to mitigate the effects of fluctuations in cash flows. Typically the Group ensures that it has sufficient cash on demand to meet expected operational expenses including the servicing of financial obligations; this excludes the potential impact of extreme circumstances that cannot reasonably be predicted, such as natural disasters.

The following are the expected contractual undiscounted cash outflows of financial liabilities, including estimated interest payments and excluding the impact of netting agreements:

| | | | <------------------ Cash outflows ----------------> | | |
|---|---|---|---|---|---|
| **Group** | **Carrying amount $** | **Contractual cash flows $** | **Within one year $** | **Within one to five years $** | **More than five years $** |
| **31 March 2023** | | | | | |
| **Non-derivative financial liabilities** | | | | | |
| Trade and other payables* | **2,137,163** | **(2,137,163)** | **(2,137,163)** | **-** | **-** |
| Lease liabilities | **2,905,219** | **(3,025,539)** | **(1,752,173)** | **(1,273,366)** | **-** |
| Loans and borrowings | **4,878,992** | **(7,156,834)** | **(884,135)** | **(2,105,070)** | **(4,167,629)** |
| | **10,157,874** | **(12,556,036)** | **(4,773,471)** | **(3,614,936)** | **(4,167,629)** |
| **31 March 2022** | | | | | |
| **Non-derivative financial liabilities** | | | | | |
| Trade and other payables* | 1,047,410 | (1,047,410) | (1,047,410) | - | - |
| Lease liabilities | 1,820,057 | (1,869,060) | (946,974) | (922,086) | - |
| Loans and borrowings | 4,069,129 | (5,801,963) | (392,896) | (1,645,688) | (3,763,379) |
| | 6,936,596 | (8,718,433) | (2,387,280) | (2,567,774) | (3,763,379) |
| **Company** | | | | | |
| **31 March 2023** | | | | | |
| **Non-derivative financial liabilities** | | | | | |
| Trade and other payables* | **865,307** | **(865,307)** | **(865,307)** | **-** | **-** |
| Lease liabilities | **2,757** | **(2,800)** | **(2,100)** | **(700)** | **-** |
| Loans and borrowings | **3,236,567** | **(5,381,502)** | **(242,775)** | **(971,098)** | **(4,167,629)** |
| Intra-group financial guarantee | **-** | **(556,976)** | **(215,628)** | **(341,348)** | **-** |
| | **4,104,631** | **(6,806,585)** | **(1,325,810)** | **(1,313,146)** | **(4,167,629)** |

# NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2023

| | | | <------------------ Cash outflows | ---------------- | ----------------> |
|---|---|---|---|---|---|
| **Company** | **Carrying amount $** | **Contractual cash flows $** | **Within one year $** | **Within one to five years $** | **More than five years $** |
| **31 March 2022** | | | | | |
| **Non-derivative financial liabilities** | | | | | |
| Trade and other payables* | 223,730 | (223,730) | (223,730) | - | - |
| Lease liabilities | 4,765 | (4,900) | (2,100) | (2,800) | - |
| Loans and borrowings | 3,337,428 | (5,029,296) | (177,268) | (1,088,649) | (3,763,379) |
| Intra-group financial guarantee | - | (772,667) | (215,628) | (557,039) | - |
| | 3,565,923 | (6,030,593) | (618,726) | (1,648,488) | (3,763,379) |

* Excludes deferred grant income and GST payables

***Market risk***

Market risk is the risk that changes in market prices, such as interest rates, foreign exchange rates and equity prices which will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

***Interest rate risk***

The Group's exposure to changes in interest rates relates primarily to its interest-bearing financial instruments. Interest rate risk is managed by the Group on an on-going basis with the primary objective of limiting the extent to which net interest expense could be affected by an adverse movement in interest rates. The Group does not use any derivative financial instruments to hedge its interest rate risk.

*Exposure to interest rate risk*

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

| | **Group Carrying amount** | | **Company Carrying amount** | |
|---|---|---|---|---|
| | **2023 $** | **2022 $** | **2023 $** | **2022 $** |
| **Fixed rate instrument** | | | | |
| Fixed deposits with banks | **220,000** | 2,291,869 | **200,000** | 2,271,869 |
| Debt investment – mandatorily at FVTPL | **-** | 542,576 | **-** | 542,576 |
| Unsecured bank loan | **(1,642,425)** | (731,701) | **-** | - |
| | **(1,422,425)** | 2,102,744 | **200,000** | 2,814,445 |
| **Variable rate instrument** | | | | |
| Secured bank loan | **(3,236,567)** | (3,337,428) | **(3,236,567)** | (3,337,428) |

# NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2023

*Fair value sensitivity analysis for fixed rate instruments*

For debt investment accounted at FVTPL, an increase of 100 basis points in interest rate would have decreased profit or loss by approximately $Nil (2022: $3,666) for the Group and Company. A decrease of 100 basis points in interest rate would have increased profit or loss by approximately $Nil (2022: $3,726) for the Group and Company. This analysis assumes that all other variables, in particularly foreign currency exchange rates, remains constant.

For other fixed rate instruments, they are not accounted at FVTPL. Therefore, in respect of those fixed rate instruments, a change in interest rates at the reporting date would not affect profit or loss.

*Cash flow sensitivity analysis for variable rate instruments*

A reasonably possible change of 100 basis points in interest rates at the reporting date would have increased/(decreased) equity and decreased/(increased) loss after tax by the amounts shown below. This analysis assumes that all other variables remain constant.

| Group and Company | Loss before tax<br>100 bp Increase<br>$ | <br>100 bp Decrease<br>$ | Equity<br>100 bp Decrease<br>$ | <br>100 bp Increase<br>$ |
|---|---|---|---|---|
| **31 March 2023** | | | | |
| Secured bank loan | **(32,366)** | **32,366** | **(32,366)** | **32,366** |
| **31 March 2022** | | | | |
| Secured bank loan | (33,374) | 33,374 | (33,374) | 33,374 |

***Currency risk***

The Group is exposed to transactional foreign currency risk on sales, purchases, including inter-company sales, purchases and inter-company balances that are denominated in currencies other than the respective functional currencies of the Group's entities. The currencies giving rise to this risk are primarily US Dollar (USD), Euro (EUR) and Indonesian Rupiah (IDR).

There is no formal hedging policy with respect to foreign currency exposure. Exposure to currency risk is monitored on an on-going basis and the Group endeavours to keep the net exposures at an acceptable level.

The Group's exposure to foreign currency risk was as follows:

| Group | USD<br>$ | EUR<br>$ | IDR<br>$ |
|---|---|---|---|
| **31 March 2023** | | | |
| Trade and other receivables | **-** | **103,254** | **-** |
| Cash and cash held with financial institutions | **264,804** | **4,558** | **2,971** |
| Trade and other payables | **(55,935)** | **(500,633)** | **(14,492)** |
| **Net financial assets/(liabilities)** | **208,869** | **(392,821)** | **(11,521)** |

# NOTES TO THE
# FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2023

| Group | USD $ | EUR $ | IDR $ |
|---|---|---|---|
| **31 March 2022** | | | |
| Trade and other receivables | 8,841 | - | 36,249 |
| Cash and cash held with financial institutions | 368,179 | 1,508 | 596 |
| Trade and other payables | - | (97,580) | (7,238) |
| **Net financial assets/(liabilities)** | 377,020 | (96,072) | 29,607 |

*Sensitivity analysis*

A 5% strengthening of the Singapore Dollar against the following currencies of the Group entities at the reporting date would increase/(decrease) the Group's loss before tax by the amounts shown below. This analysis is based on foreign currency exchange rate variances that the Group considered to be reasonably possible at the end of the reporting period. The analysis assumes that all other variables, in particular interest rates, remain constant. The analysis is performed on the same basis for 2022 and 2023, that the reasonably possible foreign exchange rate variances were different, as indicated below:

| Group | Increase/(Decrease) 2023 $ | 2022 $ |
|---|---|---|
| US Dollar | **10,443** | 18,851 |
| Euro | **(19,641)** | (4,804) |
| Indonesian Rupiah | **(576)** | 1,480 |

A 5% weakening of Singapore Dollar against the above functional currencies of the Group entities at the reporting date would have had the equal but opposite effect on the above currencies to the amounts shown above, on the basis that all other variables, in particular interest rates, remain constant.

As all the Company's transactions are denominated in Singapore Dollar, the Company is not exposed to currency risk.

***Determination of fair values***

A number of the Group's accounting and disclosures require the determination of fair value, for financial assets and liabilities. Fair values have been determined for measurement and/or disclosure purposes based on the following methods. Where applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability.

*Other financial assets and liabilities*

The carrying amounts of financial assets and liabilities with a maturity of less than one year (including trade and other receivables, cash and cash held with financial institutions, and trade and other payables) are reasonable approximations of their fair values because of the short period to maturity.

For loans to subsidiaries classified as non-current, the effect of discounting is assessed to be immaterial.

The carrying amount of loan from a director and amounts due to affiliated companies are discounted using the Singapore prime lending rate, which approximates the Company's cost of borrowing.

***Accounting classifications and fair values***

*Fair values versus carrying amounts*

The fair values of financial assets and liabilities, together with the carrying amounts shown in the statement of financial position, are as follows. It does not include fair value information for financial assets and liabilities not measured at fair value if the carrying amount is a reasonable approximate of fair value.

| Group | | Carrying amount | | | | Fair value | | | |
|---|---|---|---|---|---|---|---|---|---|
| 31 March 2023 | Note | Fair value through profit or loss<br>$ | Amortised cost<br>$ | Other financial liabilities<br>$ | Total<br>$ | Level 1<br>$ | Level 2<br>$ | Level 3<br>$ | Total<br>$ |
| **Financial asset measured at fair value** | | | | | | | | | |
| Other investments | 9 | 161,905 | - | - | 161,905 | - | - | 161,905 | 161,905 |
| **Financial assets not measured at fair value** | | | | | | | | | |
| Trade and other receivables# | 10 | - | 1,846,160 | - | 1,846,160 | | | | |
| Cash and cash held with financial institutions | 12 | - | 9,626,254 | - | 9,626,254 | | | | |
| | | - | 11,472,414 | - | 11,472,414 | | | | |
| **Financial liabilities not measured at fair value** | | | | | | | | | |
| Trade and other payables* | 17 | - | - | 2,137,163 | 2,137,163 | | | | |
| Loans and borrowings | 18 | - | - | 4,878,992 | 4,878,992 | | | | |
| | | - | - | 7,252,655 | 7,252,655 | | | | |

\# Excludes prepayments and GST receivables
* Excludes deferred grant income and GST payables

# NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2023

| Group | | Carrying amount | | | | Fair value | | | |
|---|---|---|---|---|---|---|---|---|---|
| **31 March 2022** | **Note** | **Fair value through profit or loss** $ | **Amortised cost** $ | **Other financial liabilities** $ | **Total** $ | **Level 1** $ | **Level 2** $ | **Level 3** $ | **Total** $ |
| **Financial asset measured at fair value** | | | | | | | | | |
| Other investments | 9 | 542,576 | - | - | 542,576 | - | - | 542,576 | 542,576 |
| **Financial assets not measured at fair value** | | | | | | | | | |
| Trade and other receivables# | 10 | - | 1,294,361 | - | 1,294,361 | | | | |
| Cash and cash held with financial institutions | 12 | - | 5,552,372 | - | 5,552,372 | | | | |
| | | - | 6,846,733 | - | 6,846,733 | | | | |
| **Financial liabilities not measured at fair value** | | | | | | | | | |
| Trade and other payables* | 17 | - | - | (1,047,410) | (1,047,410) | | | | |
| Loans and borrowings | 18 | - | - | (4,069,129) | (4,069,129) | | | | |
| | | - | - | (5,116,539) | (5,116,539) | | | | |

# Excludes prepayments and GST receivables

* Excludes deferred grant income and GST payables

| Company | | Carrying amount | | | | Fair value | | | |
|---|---|---|---|---|---|---|---|---|---|
| 31 March 2023 | Note | Fair value through profit or loss $ | Amortised cost $ | Other financial liabilities $ | Total $ | Level 1 $ | Level 2 $ | Level 3 $ | Total $ |
| **Financial asset measured at fair value** | | | | | | | | | |
| Other investments | 9 | - | - | - | - | - | - | - | - |
| **Financial assets not measured at fair value** | | | | | | | | | |
| Trade and other receivables# | 10 | - | 3,481,060 | - | 3,481,060 | | | | |
| Cash and cash held with financial institutions | 12 | - | 647,370 | - | 647,370 | | | | |
| | | - | 4,128,430 | - | 4,128,430 | | | | |
| **Financial liabilities not measured at fair value** | | | | | | | | | |
| Trade and other payables* | 17 | - | - | 865,307 | 865,307 | | | | |
| Loans and borrowings | 18 | - | - | 3,236,567 | 3,236,567 | | | | |
| | | - | - | 4,101,874 | 4,101,874 | | | | |

\# Excludes prepayments and GST receivables
* Excludes deferred grant income

# NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2023

| Company | | Carrying amount | | | | Fair value | | | |
|---|---|---|---|---|---|---|---|---|---|
| 31 March 2022 | Note | Fair value through profit or loss $ | Amortised cost $ | Other financial liabilities $ | Total $ | Level 1 $ | Level 2 $ | Level 3 $ | Total $ |
| **Financial asset measured at fair value** | | | | | | | | | |
| Other investments | 9 | 542,576 | - | - | 542,576 | - | - | 542,576 | 542,576 |
| **Financial assets not measured at fair value** | | | | | | | | | |
| Trade and other receivables# | 10 | - | 6,696,437 | - | 6,696,437 | | | | |
| Cash and cash held with financial institutions | 12 | - | 2,768,856 | - | 2,768,856 | | | | |
| | | - | 9,465,293 | - | 9,465,293 | | | | |
| **Financial liabilities not measured at fair value** | | | | | | | | | |
| Trade and other payables* | 17 | - | - | 223,730 | 223,730 | | | | |
| Loans and borrowings | 18 | - | - | 3,337,428 | 3,337,428 | | | | |
| | | - | - | 3,561,158 | 3,561,158 | | | | |

# Excludes prepayments and GST receivables
* Excludes deferred grant income

***Valuation techniques and significant unobservable inputs***

The following tables show the valuation techniques used in measuring level 3 fair values, as well as the significant unobservable inputs used.

*Financial instruments measured at fair value*

*Other investment – debt investment*

The fair value of the debt investment is based on the expected future cash flows from the investment, discounted using a risk-adjusted discount rate.

| **Type** | **Valuation technique** | **Significant unobservable inputs** | **Inter-relationship between key unobservable inputs and fair value measurement** |
|---|---|---|---|
| Debt investment – mandatorily at FVTPL | The fair value of the debt investment is based on the expected future cash flows from the investment, discounted using a risk-adjusted discount rate. | • Expected future cash flows $Nil (2022: $570,000)<br>• Risk-adjusted discount rate 7% (2022: 7%) | The estimated fair value would increase/(decrease) if:<br>• the expected future cash flows were higher/(lower)<br>• the risk-adjusted discount rate was lower/(higher) |

*Level 3 fair values*

The following table shows a reconciliation from the opening balances to the ending balances for level 3 fair values:

| | **Group** | |
|---|---|---|
| | **2023** | **2022** |
| | **$** | **$** |
| At 1 April | **542,576** | 500,000 |
| Net fair value gain on other investments* | **27,424** | 42,576 |
| Disposal | **(570,000)** | - |
| At 31 March | **-** | 542,576 |

*Following the completion of the acquisition of a subsidiary, net fair value gain on other investments of $17,500 was eliminated within the Group.

# NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2023

*Other investment - keyman insurance*

The fair value of the key–man insurance (Note 9) is based on total surrender value of the contract stated in the annual statement of the policies, which is categorised within Level 3 of the fair value hierarchy. An increase/decrease of 5% in the surrender value of the policy would result in an increase/decrease of $8,095 in loss after tax (2022: $Nil).

The above unlisted investment at 31 March 2023 was classified as financial asset at fair value through profit or loss as its contractual cash flows are not solely payments of principal and interest.

The Company recognises transfers between levels of the fair value hierarchy as of the end of the reporting period during which the change has occurred. There were no transfers between Level 1, Level 2 and Level 3 during 2023 and 2022.

# NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2023

## 28 Related parties

***Key management personnel compensation***

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

Key management personnel compensation comprised:

| | Group | |
|---|---|---|
| | **2023** | **2022** |
| | **$** | **$** |
| Short-term employee benefits | **1,215,380** | 639,684 |
| Contributions to defined contribution plans | **91,068** | 40,025 |
| | **1,306,448** | 679,709 |

The Company's directors receiving remuneration and fees from the Group as at the reporting date:

| | Number of directors | |
|---|---|---|
| | **2023** | **2022** |
| $250,000 to $499,999 | **1** | 1 |
| Below $250,000 | **5** | 5 |
| | **6** | 6 |

***Related parties transactions***

Other than disclosed elsewhere in the financial statements, significant related party transactions carried out based on terms agreed between the parties are as follows:

| | Group Transaction value for the year ended 31 March | |
|---|---|---|
| | **2023** | **2022** |
| | **$** | **$** |
| **Affiliated companies** | | |
| Management fee income | **212,154** | 346,920 |
| Rental income | **72,000** | 42,000 |
| Deposits received | **-** | 12,000 |
| Expenses recharged to /(from) affiliated companies | **36,822** | (80,439) |
| Supply of labour, material & equipment from affiliated companies | **(50,106)** | - |
| Supply of labour from affiliated companies for construction in progress | **-** | (124,993) |

# NOTES TO THE
# FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2023

## 29 Commitments

Capital commitments

| | Group and Company | |
|---|---|---|
| | **2023** | 2022 |
| | **$** | $ |
| Capital expenditure contracted for but not provided in the financial statements | - | - |

## 30 Comparative figures

(a) Restatement

Leasehold building
The Company reclassified the leasehold building from right-of-use assets to investment property because insignificant portion of the building is for the Company's own use (a small section of one floor out of five storeys). In the last financial year, the leasehold building was incorrectly classified as right-of-use assets at the Company level. However, at the Group level, the leasehold building remains as right-of-use assets because significant portion of the building was for the Group's own use.

The Company's comparative Statement of Financial Position as at 31 March 2022 has been re-stated to reflect the correct classification.

Extract of Statement of Financial Position:

| | **31.03.2022** | | **31.03.2022** |
|---|---|---|---|
| | As reported | Adjustments | As stated |
| **Company** | **$** | **$** | **$** |
| Right-of-use assets | 4,312,126 | (4,307,375) | 4,751 |
| Investment property | - | 4,307,375 | 4,307,375 |

There is no effect on the Statement of Financial Position as at 1 April 2021.

**Group**
There is no effect on the Consolidated Statement of Financial Position as at 1 April 2021 and the Consolidated Statement or Profit or Loss and Other Comprehensive Income, Consolidated Statement of Changes in Equity and Consolidated Statement of Cash Flows for the financial year ended 31 March 2022.

Fixed deposit pledged with financial institution
In the last financial year, the fixed deposit pledged with financial institution was incorrectly classified under investing activities in the consolidated statement of cash flows, and now reclassified to financing activities, because the fixed deposit was pledged to secure bank loan.

Extract of Consolidated Statement of Cash Flows:

| Group | **31.03.2022** As reported **$** | Adjustments **$** | **31.03.2022** As stated **$** |
|---|---|---|---|
| **Cash flows from investing activities** | | | |
| Fixed deposit pledged with financial institution | (200,000) | 200,000 | - |
| **Cash flows from financing activities** | | | |
| Fixed deposit pledged with financial institution | - | (200,000) | (200,000) |

(b) The comparative figures for the financial year ended 31 March 2022, were audited by another auditor who expressed an unmodified opinion on those statements on 13 July 2022.

# SHAREHOLDINGS STATISTICS

AS AT 21 JUNE 2023

| | | |
|---|---|---|
| No of Issued Share | : | 1,288,776,669 |
| Class of shares | : | Ordinary shares |
| No of Subsidiary Holdings Held | : | Nil |
| Voting rights | : | 1 vote for each ordinary share (excluding treasury shares) |

There are no treasury shares held by the Company as at 21 June 2023.

**Shareholdings Held in Hands of Public**

Based on information available to the Company as at 21 June 2023, 44.48% of the issued ordinary shares of the Company is held by the public and therefore Rule 723 of the Listing Manual Section B: Rules of Catalist of the Singapore Exchange Securities Trading Limited has been complied with.

## ANALYSIS OF SHAREHOLDINGS

| Size of Shareholdings | No. of Shareholders | % | No. of Shares | % |
|---|---|---|---|---|
| 1 – 99 | 30 | 2.44 | 1,423 | 0.00 |
| 100 – 1,000 | 109 | 8.85 | 63,486 | 0.01 |
| 1,001 – 10,000 | 169 | 13.73 | 882,699 | 0.07 |
| 10,001 – 1,000,000 | 849 | 68.97 | 149,555,293 | 11.60 |
| 1,000,001 and above | 74 | 6.01 | 1,138,273,768 | 88.32 |
| Total | 1,231 | 100.00 | 1,288,776,669 | 100.00 |

## TOP 20 SHAREHOLDERS

| S/No. | Name of Shareholder | No. of Shares | % |
|---|---|---|---|
| 1 | Gashubunited Holding Private Limited | 409,672,131 | 31.79 |
| 2 | OCBC Securities Private Ltd | 164,426,394 | 12.76 |
| 3 | Lim Shao-Lin | 163,699,808 | 12.70 |
| 4 | Citibank Nominees Singapore Pte Ltd | 38,389,100 | 2.98 |
| 5 | Teo Tat Beng | 29,950,000 | 2.32 |
| 6 | DBS Nominees Pte Ltd | 22,819,766 | 1.77 |
| 7 | Chua Weijie | 20,075,000 | 1.56 |
| 8 | Tan Kheng Chai | 19,778,500 | 1.53 |
| 9 | Sim Siew Tin Carol (Shen Xiuzhen Carol) | 17,260,000 | 1.34 |
| 10 | Ho Chwee Seng | 17,174,800 | 1.33 |
| 11 | Phillip Securities Pte Ltd | 12,881,066 | 1.00 |
| 12 | Tan Wee Han | 12,512,800 | 0.97 |
| 13 | Low Lay Kheng | 10,000,000 | 0.78 |
| 14 | Goh Leng Thong | 8,973,400 | 0.70 |
| 15 | Lee Wan Yee | 7,500,000 | 0.58 |
| 16 | Tan Boon Seng | 7,466,666 | 0.58 |
| 17 | Maybank Securities Pte. Ltd. | 7,341,298 | 0.57 |
| 18 | Tee Chui Yong | 7,200,000 | 0.56 |
| 19 | Tee Heng Thai | 6,249,800 | 0.48 |
| 20 | Lim Sim Whee (Lin Qinwei) | 5,996,100 | 0.47 |
| | | 989,366,629 | 76.77 |

# SHAREHOLDINGS STATISTICS

AS AT 21 JUNE 2023

## SUBSTANTIAL SHAREHOLDERS' INTERESTS

| Name of Substantial Shareholder | Direct Interest | | Deemed Interest | | | |
|---|---|---|---|---|---|---|
| | No. of shares | (%) | No. of shares | (%) | Total | % |
| Gashubunited Holding Private Limited | 409,672,131 | 31.79 | – | – | 409,672,131 | 31.79 |
| Mr. Lim Shao-Lin[(1)] | 163,699,808 | 12.70 | 409,672,131 | 31.79 | 573,371,939 | 44.49 |
| Hongkong China Treasury Limited[(2)] | – | – | 142,180,095 | 11.03 | 142,180,095 | 11.03 |
| Rickon Holdings Limited[(3)] | – | – | 142,180,095 | 11.03 | 142,180,095 | 11.03 |
| Lippo China Resources Limited[(4)] | – | – | 142,180,095 | 11.03 | 142,180,095 | 11.03 |
| Skyscraper Realty Limited[(5)] | – | – | 142,180,095 | 11.03 | 142,180,095 | 11.03 |
| Lippo Limited[(6)] | – | – | 142,180,095 | 11.03 | 142,180,095 | 11.03 |
| Lippo Capital Limited[(7)] | – | – | 142,180,095 | 11.03 | 142,180,095 | 11.03 |
| Lippo Capital Holdings Company Limited[(8)] | – | – | 142,180,095 | 11.03 | 142,180,095 | 11.03 |
| Lippo Capital Group Limited[(9)] | – | – | 142,180,095 | 11.03 | 142,180,095 | 11.03 |
| Dr. Stephen Riady[(10)] | – | – | 142,180,095 | 11.03 | 142,180,095 | 11.03 |
| PT Trijaya Utama Mandiri[(11)] | – | – | 142,180,095 | 11.03 | 142,180,095 | 11.03 |
| Mr. James Tjahaja Riady[(12)] | – | – | 142,180,095 | 11.03 | 142,180,095 | 11.03 |

**Note**:

(1) Mr Lim Shao-Lin is deemed to be interested in all the 409,672,131 shares held by Gashubunited Holding Private Limited under Section 7 of the Companies Act 1967 and Section 4 of the Securities and Futures Act 2001 of Singapore.

(2) Hongkong China Treasury Limited ("**HKC Treasury**") is deemed to be interested in 142,180,095 shares registered in the name of a nominee account of OCBC Securities Private Limited.

(3) Rickon Holdings Limited ("**RHL**") is the holding company of HKC Treasury. Accordingly, RHL is deemed to have an interest in all the shares held by HKC Treasury.

(4) Lippo China Resources Limited ("**LCR**") is an intermediate holding company of HKC Treasury. Accordingly, LCR is deemed to have an interest in all the shares held by HKC Treasury.

(5) Skyscraper Realty Limited ("**SRL**") is an intermediate holding company of HKC Treasury. Accordingly, SRL is deemed to have an interest in all the shares held by HKC Treasury.

(6) Lippo Limited ("**LL**") is an intermediate holding company of HKC Treasury. LL is deemed to have an interest in all the shares held by HKC Treasury.

(7) Lippo Capital Limited ("**LCL**") is an intermediate holding company of HKC Treasury. Accordingly, LCL is deemed to have an interest in all the shares held by HKC Treasury.

(8) Lippo Capital Holdings Company Limited ("**LCH**") is an intermediate holding company of HKC Treasury. Accordingly, LCH is deemed to have an interest in all the shares held by HKC Treasury.

(9) Lippo Capital Group Limited ("**LCG**") is the holding company of LCH, which in turn is an intermediate holding company of HKC Treasury. Accordingly, LCG is deemed to have an interest in all the shares held by HKC Treasury.

(10) Dr. Stephen Riady holds the entire issued share capital of LCG, which is the holding company of LCH. LCH, in turn, is an intermediate holding company of HKC Treasury. Accordingly, Dr. Stephen Riady is deemed to have an interest in all the shares held by HKC Treasury.

(11) PT Trijaya Utama Mandiri ("**PT Trijaya**") holds more than 20% of the shares in LCL, which is an intermediate holding company of HKC Treasury. Accordingly, PT Trijaya is deemed to have an interest in all the shares held by HKC Treasury.

(12) Mr. James Tjahaja Riady effectively holds all the shares of PT Trijaya. PT Trijaya holds more than 20% of the shares in LCL, which is an intermediate holding company of HKC Treasury. Accordingly, Mr. James Tjahaja Riady is deemed to have an interest in all the shares held by HKC Treasury.

H2G Green Limited
EMPOWERING FUTURE GENERATIONS

Reg No: 199806046G

39 Kaki Bukit Place, Eunos Techpark, Singapore 416217
Tel: (+65) 6741 3939 Fax: (+65) 6668 1997