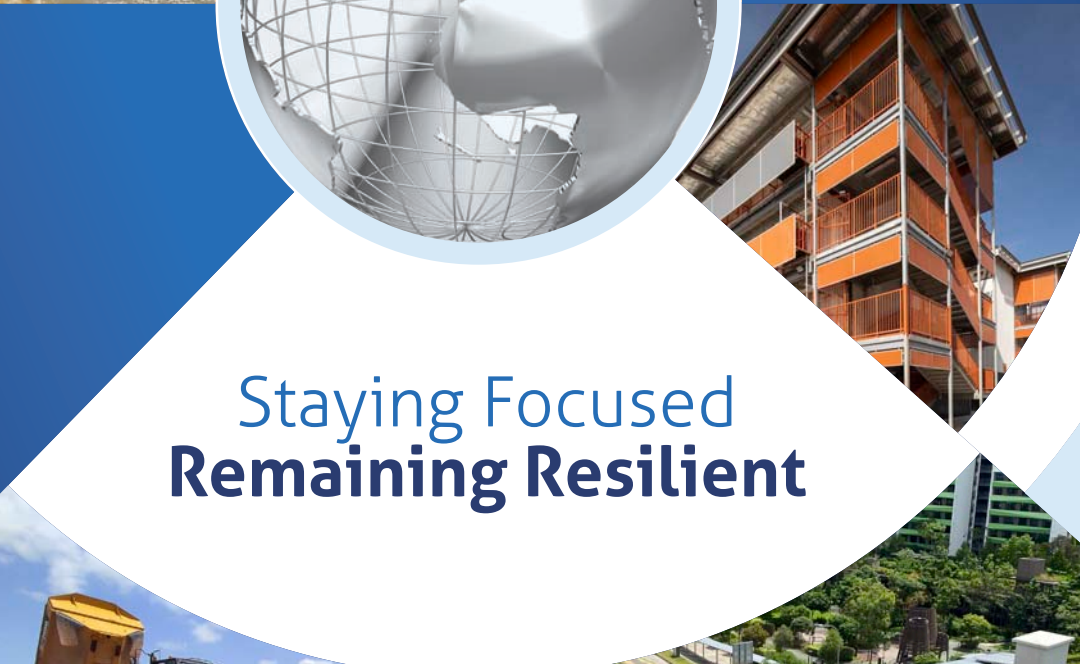




Annual  
Report  
2022



Staying Focused  
**Remaining Resilient**







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

The contact person for the Sponsor is Mr Joseph Au, 16 Collyer Quay, #10-00 Collyer Quay Centre, Singapore 049318, [sponsorship@ppcf.com.sg](mailto:sponsorship@ppcf.com.sg).



## CONTENTS

- 02** Corporate Profile
- 04** Chairman's Statement
- 06** Operating and Financial Review
- 09** Financial Highlights
- 10** Board of Directors
- 13** Key Executives
- 14** Corporate Structure
- 15** Corporate Information
- 16** Sustainability Report
- 36** Financial Contents
- 148** Statistics of Shareholdings
- 150** Notice of Annual General Meeting
- 157** Supplemental Information on  
Directors Seeking Re-election  
Proxy Form



# CORPORATE PROFILE



**Huatong Global Limited (“Huatong Global” and together with its subsidiaries, the “Group”) is principally engaged in the provision of civil engineering services for infrastructure projects and ancillary inland logistics support services. We are also involved in the sale of construction materials such as sand and granite aggregates, recycled concrete aggregate (“RCA”) and liquefied soil stabiliser (“LSS”).**

**Since FY2021, we have commenced our commercial operation of a 10,400 pax dormitory at Changi East.**

## **VISION**

Our vision is to provide value-added integrated solutions in civil engineering to various stakeholders and safely deliver projects on time for our customers. We also strive to enhance growth of our industry by fostering new ideas and innovation, creating long-term value for our stakeholders.

## CIVIL ENGINEERING SERVICES

We are registered with Building and Construction Authority of Singapore (“BCA”) with the highest BCA grading of A1 in the category of CW02 - Civil Engineering (with unlimited tender value) and B2 in the category of CW01 - General Building (with tender limit up to S\$13 million). We provide a full range of civil engineering services from earthworks, infrastructure works, external works, demolition and excavation works, site clearance, drainage works, reinforcing bar installation, formwork, concrete installation, backfill and compaction to final handover. With our comprehensive pool of construction equipment and specialist modular formwork, we are able to undertake concrete construction projects in Singapore. We are engaged in civil engineering works for numerous large infrastructural construction projects in Singapore and our customers in this segment include, among others, the Housing and Development Board, the Land Transport Authority of Singapore, JTC Corporation, Defence Science & Technology Agency, Changi Airport Group, Hyundai Engineering & Construction Co. Ltd and Samsung C&T Corporation.

## INLAND LOGISTICS SUPPORT

We provide leasing services for a wide range of construction equipment including articulated dump trucks, rollers, bulldozers, wheel loaders, telescopic clamshell, breakers, tipper trucks, compactors, excavators and concrete pumps.

## SALE OF CONSTRUCTION MATERIALS

We sell construction materials such as sand and granite aggregates, RCA and LSS.

The RCA are primarily used to support our own civil engineering activities and depending on prevailing market conditions and demand, also sold to third parties.

We also manufacture and supply LSS, a self-flowable, self-compacting and self-levelling alternative to conventional compacted fill. LSS can be used as non-structural fill for buildings and other structures and for backfill in utility and road construction. Most of the LSS is used to support our civil engineering operations though we do supply them to third parties as and when there is market demand. As we are able to adjust the liquidity and strength of LSS mixtures, we are able to provide customised solutions to meet the different needs of our customers.

## DORMITORY OPERATIONS

We have completed the Design, Construction and Operation of Changi East Worker Dormitory Village (Coastal Dormitory) which can accommodate 10,400 beds in 2Q2021.

It is a brand-new dormitory with improved living standard complying the latest MOM guidelines and BCA Covid-Safe accommodation requirements.

We have commenced the commercial operation of Dormitory since 2Q2021.



# CHAIRMAN'S STATEMENT



**WE ARE DELIGHTED TO ANNOUNCE THAT THE DORMITORY BUSINESS SEGMENT HAS CONTRIBUTED POSITIVELY TO OUR FY2022 RESULTS.**

**WE EXPECT THIS DORMITORY BUSINESS CONTINUES TO CONTRIBUTE POSITIVELY TO OUR FY2023 RESULTS.**

**NG HAI LIONG**  
Executive Chairman

## DEAR SHAREHOLDERS,

On behalf of the Board of Directors, I am pleased to present the annual report for Huatong Global Limited (“Huatong Global” and together with its subsidiaries, the “Group”) for the financial year ended 31 December 2022 (“FY2022”). Capitalising on our track record as civil engineering solutions provider, we have managed to scale up our performance during a challenging 2022.

## REVIEWING OUR FINANCIAL PERFORMANCE

The Group registered a revenue of S\$151.7 million for FY2022, a 11.0% decrease compared to financial year ended 31 December 2021 (“FY2021”). This is mainly due to a lower Civil Engineering Contract Works of S\$100.6 million in FY2022 compared to FY2021 of S\$153.1 million. However, the revenue from our Inland logistics support and dormitory operation has increased from S\$12.1 million and S\$1.1 million in FY2021 to S\$23.4 and S\$24.7 million in FY2022 respectively. As a result, our gross profit margin has increased to 23.7% in FY2022 compared to 13.1% in FY2021.

Overall, we recorded a net profit after tax of approximately S\$10.2 million in FY2022 compared approximately S\$5.2 million in FY2021. Overall, our financial position remains in a strong position with cash and cash equivalents standing at S\$23.1 million as at 31 December 2022, compared to S\$10.3 million as at 31 December 2021.

## NAVIGATING AHEAD

The Group has resumed most of our construction activities but rising interest rates and elevated inflation remains a challenging issue for the construction industry in Singapore in the near term.

Efforts by the Singapore Government to relax COVID-19 restrictions facilitated the recovery transition of the economy in Singapore. The relaxation of border restrictions and the removal of sectoral COVID-19 measures helped resolve some of the labour bottlenecks faced earlier. In tandem with that, construction output also increased as industry players attempted to clear their project backlogs.

The Building and Construction Authority (the “BCA”) has projected the total construction demand to remain consistent with that of 2022 in 2023<sup>1</sup> (i.e. the value of construction contracts to be awarded) to range between S\$27 billion and S\$32 billion, which is similar to last year’s projection<sup>2</sup>.

The public sector is expected to contribute about 60 per cent of the total construction demand, between S\$16 billion and S\$19 billion. This is supported by a continued strong pipeline of public housing projects amid Housing Development Board’s (HDB) ramping up of Build-To-Order (BTO) flats supply. Industrial and institutional building construction is expected to contribute strongly to public sector demand, with more projects for the construction of water treatment plants, educational buildings and community clubs. Civil engineering construction demand is anticipated to stay firm with continued support from MRT line construction and other infrastructure works.

<sup>1</sup> BCA media release “Singapore’s Construction Demand to Remain Strong In 2023”, 12 January 2023, 9.30am (singapore-construction-demand-to-remain-strong-in-2023-media-release.pdf (bca.gov.sg))

<sup>2</sup> BCA media release “Sustained Construction Demand In 2022 Supported By Public Sector Projects”, 26 January 2022 MEDIA RELEASE (bca.gov.sg)



Private sector construction demand is projected to be between S\$11 billion and S\$13 billion in 2023, comparable with 2022 figures. Both residential and industrial building construction demand are expected to be similar to last year's level, underpinned by the development of new condominiums and high-specification industrial buildings. Due to the rescheduling of some major projects from 2022 to 2023 as well as the redevelopment of old commercial premises to enhance asset values, commercial building demand is anticipated to increase.

The macroeconomic outlook for Singapore in 2023 is concerned by a slowing global economy, rising interest rates and elevated inflation led by the Russia-Ukraine conflict to the multiple interest rate hikes around the world. As such, we expect the following twelve months to be challenging. However, the resilient measures that we have put in place and our revenue diversification strategy have and will continue to bolster our resilience and enhance our ability to weather the oncoming headwinds. Going forward, we will continue to optimise our resources and remain alert to opportunities in the midst of adversities and deliver long-term value to stakeholders.

## REWARDING SHAREHOLDERS

In recognition of the pleasing financial results achieved in FY2022, the Group has declared a one-tier tax exempt interim dividend of S\$0.003 per ordinary share paid in September 2022. The Group further proposed a one-tier tax exempt final dividend of S\$0.005 per ordinary share, subject to shareholders' approval in the forthcoming annual general meeting.

In total, our dividend for FY2022 would amount to S\$0.008 per ordinary share, representing a dividend pay-out ratio of approximately 14.0%.

## APPRECIATION

On behalf of the Board, we would like to express our sincere appreciation to our fellow directors for their keen insights, our management and staff for their relentless dedication, commitment and professionalism exhibited in their work.

I would like to take this opportunity to thank all our shareholders, business partners and customers for their sustained confidence and belief in our Group amidst a challenging business environment. With your support, we will be able to further enhance our position in the infrastructure sector and expand our business to new areas in order to deliver long-term value to our stakeholders.

I wish to thank Mr Yuen Sou Wai ("Mr Yuen") who has retired as the Lead Independent Director, also the Audit Chairman and member of Nominating and Remuneration on 30 November 2022. I welcome Mr Yap Kian Peng, who succeeded Mr Yuen with the Group, as the new the Lead Independent Director, also the Audit Chairman and member of Nominating and Remuneration Committee.

**Ng Hai Liong**  
Executive Chairman



# OPERATING AND FINANCIAL REVIEW

## OPERATIONAL REVIEW

### Projects Overview

Civil engineering services segment continues to drive the Group's main revenue, accounting for S\$100.6 million or 66.3% of overall revenue of S\$151.7 million in the financial year ended 31 December 2022 ("FY2022"). The Group also recorded revenues of S\$23.4 million, S\$3.0 million and S\$24.7 million from provision of inland logistic support, sale of construction materials and dormitory operation respectively, reflecting a revenue share of 15.4%, 2.0% and 16.3% respectively in FY2022.

Some of the key civil engineering projects that contributed toward the Group's revenue in FY2022 included, among others, the following:

- Design, Construction and Operation of Changi East Workers Dormitory Village
- Temporary Infrastructure Works and Services to support Changi East Development
- Excavation, Transport and fill in Good earth and clay at certain area of Polder Construction at Pulau Tekong
- Earthworks at Lim Chu Kang Area
- External works at Changi East
- Major Infrastructural Works at Tampines North (Phase 3C) – (A) Construction of Tampines St 64, Tampines North Dr 1 & Tampines North Dr 2; (B) Trunk Sewers in Tampines North (North-part 2); and (C) Construction of Road – related facilities in Tampines North N6
- Construction of PC Yard 1 & 2
- Proposed Temporary Heavy Vehicle Park at Gali Batu
- Maintenance and Operation Works for Temporary Infrastructure works and Services to support Changi East Development
- Operator to manage and operate the Aggregate Landing Site ("ALS") at Changi East Finger
- Term Contract – Maintenance of Foreshore Structures and Physical Barriers at SPF, ICA and SCDF
- Proposed Coastal Works – Site Clearance, Rocks Processing and Transportation works

In FY2022, the Group secured new projects that are targeted for delivery within the next one to three years. They relate mainly to public infrastructure projects such as:

- The Licence of Berth Operation at Pulau Punggol Aggregate Terminal
- Proposed Earthworks at Choa Chu Kang Cemetery
- Temporary Infrastructure Works & Services to support Changi East Development – Optional Works 1 for Extension of Maintenance Period (1st Year)

The Group will continue to tender for new projects in the public and private sectors as part of its ongoing business operations.



# OPERATING AND FINANCIAL REVIEW

## FINANCIAL REVIEW

### Group Revenue

The Group's revenue decreased by approximately S\$18.7 million or 11.0% from S\$170.4 million in FY2021 to S\$151.7 million in FY2022 mainly due to a lower level of business activities in our business segment in Civil Engineering contract works.

### Operating Costs and Expenses

Cost of sales and services decreased by approximately S\$32.3 million or 21.8% from S\$148.1 million in FY2021 to S\$115.8 million in FY2022 which is in line with decrease in revenue from Civil Engineering contract works recorded during the year.

Depreciation expenses decreased by approximately S\$1.6 million or 8.6% from S\$18.6 million in FY2021 to S\$17.0 million in FY2022. The decrease was mainly due to a net effect from disposal and full depreciation on some of the Group's existing plant and equipment in FY2022.

Administrative expenses increased by approximately S\$1.7 million or 8.7% from S\$19.9 million in FY2021 to S\$21.6 million in FY2022. The increase was mainly due to higher recruitment costs and staff retentions, upkeep of our foreign workers and performance bonus paid to the three executive directors based on the Group's profit before income tax pursuant to their respective service agreements.

Other expenses decreased by approximately S\$0.4 million or 36.4% from S\$1.1 million in FY2021 to S\$0.7 million in FY2022. The decrease was mainly due to a lower rubbish disposal expense in FY2022.

Loss on allowance on trade receivables and contract assets increased by approximately S\$3.5 million or 146.1% from S\$2.3 million in FY2021 to S\$5.8 million in FY2022. The increase was mainly due to a higher provision in expected credit loss during the financial year.

Finance costs increased by approximately S\$0.1 million or 2.8% from S\$2.8 million in FY2021 to S\$2.9 million in FY2022 primarily due to higher interest rate from the bank borrowing.

The Group recorded a loss of approximately S\$0.2 million from the share of loss of a joint venture company in FY2022 as compared to a profit of approximately S\$1.0 million in FY2021 due to a lower amount of business activities executed from the joint venture company in FY2022.

### Profit

The Group recorded a gross profit of S\$35.9 million in FY2022 as compared to a gross profit of S\$22.3 million in FY2021. The increase in the gross profit of S\$13.6 million or 61.0% was mainly due to the contribution from our Dormitory operation segment in FY2022.

Overall, the Group recorded a profit before income tax and net profit attributable to owners of the parent in FY2022 of approximately S\$12.0 million and S\$10.2 million respectively.

### Financial Position

As at 31 December 2022, the Group had cash and cash equivalents of S\$23.1 million (FY2021: S\$10.3 million) and equity attributable to owners of the parent of S\$83.6 million (FY2021: S\$73.1 million).

The Group's total assets decreased by approximately S\$9.1 million to S\$217.6 million as at 31 December 2022, compared to S\$226.7 million as at 31 December 2021.

As at 31 December 2022, the Group recorded a total of S\$21.4 million in Property, plant and equipment ("PPE") as compared to S\$42.3 million as at 31 December 2021. The decrease in PPE of approximately S\$20.9 million or 49.4% was mainly due to the net effect of additions of PPE of S\$6.6 million, a net reclassification of S\$2.4 million from Right-of-use assets ("ROU") to PPE due to full settlement of hire purchase and an elimination of depreciation on revaluation of S\$1.0 million, partially offset by the depreciation charge of S\$9.3 million and a net reclassification of S\$3.5 million from PPE to ROU assets upon obtaining financing through leases and net effect on disposal of \$0.2 million and net effect on write off of \$0.1 million and a reclassification of a leasehold property of S\$17.8 million, being the main operating office of the Group, from non-current asset to current asset held-for-sale in FY2022.

As at 31 December 2022, the Group recorded a total S\$43.0 million ROU assets as compared to S\$54.2 million as at 31 December 2021. The decrease in ROU of approximately S\$11.2 million or 20.7% was mainly due to the depreciation charge of approximately S\$7.7 million, a net reclassification of S\$2.4 million from ROU to PPE due to full settlement of hire purchase and a reclassification of ROU from a leasehold property of S\$3.5 million which was reclassified as current asset held-for-sale in FY2022, partially offset by a net effect of a reclassification from PPE upon obtaining financing through leases of S\$3.5 million, an addition of ROU amounting to S\$2.5 million and, a modification to lease term which lead to a deduction of carrying amount of ROU assets of approximately S\$3.6 million resulted from lease modifications.

As at 31 December 2022, the Group's investment in a joint venture decreased to S\$0.3 million as compared to S\$1.7 million as at 31 December 2021. The decrease of approximately S\$1.4 million or 82.4% was mainly due to dividend declared and paid out from retained earnings to the shareholders during the financial year.

Contract assets decreased by approximately S\$10.5 million or 13.8% from S\$76.0 million as at 31 December 2021 to S\$65.5 million as at 31 December 2022 mainly due to prompt billing made in FY2022.

# FINANCIAL REVIEW



Financial assets at FVOCI decreased by S\$23,000 or 2.8% from S\$829,000 as at 31 December 2021 to S\$806,000 as at 31 December 2022 mainly due to a partial redemption of S\$20,000 during the financial year.

Inventory increased by approximately S\$0.2 million or 14.3% from S\$1.4 million as at 31 December 2021 to S\$1.6 million as at 31 December 2022. The marginal increase was mainly due to purchase of construction materials, hardware parts and consumables for our projects' usage.

Trade and other receivables increased by approximately S\$1.0 million or 3.2% from S\$31.4 million as at 31 December 2021 to S\$32.4 million as at 31 December 2022. The increase was in line with the decrease in contract assets in FY2022.

Prepayments decreased by approximately S\$0.5 million or 18.5% from S\$2.7 million as at 31 December 2021 to S\$2.2 million as at 31 December 2022 due to the amortisation of prepaid expenses and lower advance payments to overseas suppliers during the financial year.

As at 31 December 2022, the Group's financial assets at FVTPL amounted to S\$5.9 million as compared to S\$5.7 million as at 31 December 2021. The increase of approximately S\$0.2 million or 3.5% was mainly due to the fair value changes recognised in profit and loss in FY2022.

During the financial year, there was a reclassification of a non-current asset, a leasehold property amounting to S\$21.4 million, been re-classified as asset held for sale under the current asset portion in FY2022.

Cash and cash equivalents increased by approximately S\$12.8 million or 124.3% from S\$10.3 million as at 31 December 2021 to S\$23.1 million as at 31 December 2022. The increase was mainly due to the cash generated from operating activities of S\$42.1 million, and partially offset by a net cash from investing activities of S\$1.6 million and the net cash used in financing activities, which included repayments of bank borrowings of approximately S\$27.7 million.

The Group's total liabilities decreased by S\$19.6 million to S\$135.0 million as at 31 December 2022 compared to S\$154.6 million as at 31 December 2021. This was mainly attributable to the decreased in contract liabilities of S\$1.7 million, lease liabilities of S\$16.4 million, bank borrowings of S\$10.0 million, deferred tax liabilities of S\$1.7 million and deferred income of S\$0.3 million, partially offset by an increased in trade and other payables of S\$3.6 million, current income tax payable of S\$2.2 million and an increase in liabilities directly associated with disposal group classified as held for sale of S\$4.7 million.

The Group posted a positive net current assets of approximately S\$51.3 million as at 31 December 2022 as compared to a positive net current assets of S\$23.3 million as at 31 December 2021.



# FINANCIAL HIGHLIGHTS

## REVENUE (S\$ Million)



## NET PROFIT/(LOSS) ATTRIBUTABLE TO OWNERS OF THE COMPANY (S\$ Million)





# BOARD OF DIRECTORS



**MR NG HAI LIONG**  
Executive Chairman

**Date of first appointment as a director:**

1 August 2014

**Date of appointment as Chairman:**

1 August 2014

**Date of last re-election as a director:**

28 April 2023

Mr Ng Hai Liong has more than 46 years of experience in the civil engineering construction industry and has been instrumental in the development and growth of the Group's business. He established Huatong Contractor in 1980 and is responsible for managing our Company's civil engineering projects and securing overseas projects. Mr Ng continues to oversee the strategic positioning and business development of the Group.

**Academic & Professional Qualification:**

Higher School Certificate

**Present Directorships in other listed companies:**

Nil

**Past Directorship in other listed companies held over the preceding three years:**

Nil



**MR NG KIAN ANN PATRICK**  
Executive Director & Chief Executive Officer

**Date of first appointment as a director:**

1 August 2014

**Date of last re-election as a director:**

29 April 2022

Mr Ng Kian Ann Patrick has more than 21 years of experience in the civil engineering construction industry. He is responsible for the overall management, strategic planning and oversees the business expansion of the Group.

**Academic & Professional Qualification:**

Bachelor's Degree in Engineering (First Class Honours), University of London, United Kingdom

**Present Directorships in other listed companies:**

Nil

**Past Directorship in other listed companies held over the preceding three years:**

Nil

# BOARD OF DIRECTORS



**MR NG KIAN YEOW, VINCENT**

Executive Director & Chief Operating Officer

**Date of first appointment as a director:**

11 November 2014

**Date of last re-election as a director:**

28 April 2023

Mr Ng Kian Yeow, Vincent has more than 20 years of experience in the civil engineering construction industry. He oversees project management & operations with strategic execution for timely completion.

**Academic & Professional Qualification:**

Bachelor's Degree in Applied Science Construction Management and Economics, Curtin University of Technology, Australia

**Present Directorships in other listed companies:**

Nil

**Past Directorship in other listed companies held over the preceding three years:**

Nil



**MR YAP KIAN PENG**

Lead Independent Director  
Chairman, Audit Committee

Member, Nominating Committee & Remuneration Committee

**Date of first appointment as a director:**

30 December 2022

**Date of last re-election as a director:**

28 April 2023

Mr Yap has been the Executive Director of Capital Equity Holdings Pte Ltd, a private equity investment company from 2005 to 2020. He is the Executive Chairman and Chief Officer of Jackspeed Corporation Limited, a company listed on the Main Board of the Singapore Stock Exchange since 2010. He was the Executive Director of CKG Chemicals Pte. Ltd. from 2004 to 2010. He was employed by Maybank from 2001 to 2004, initially as a Senior Business Development Manager and subsequently promoted to be the team head of the Trade Finance Business Development Group in Maybank.

From 1998 to 2000, Mr Yap was a Director of You Yi Glass Contractor Pte. Ltd., a company engaged in the business of trading in glass sheets. He joined Oversea-Chinese Banking Corporation Limited in 1992 and left as an Assistant Manager at the bank in 1998.

**Academic & Professional Qualification:**

Bachelor Degree in Business in Business Administration, RMIT University, Australia

**Present Directorships in other listed companies:**

Jackspeed Corporation Limited  
Seroja Investments Limited  
Soon Lian Holdings Limited

**Past Directorship in other listed companies held over the preceding three years:**

Capital Equity Holdings Pte. Ltd  
M Development Ltd.

# BOARD OF DIRECTORS



**MR CHEANG YOU KONG**

Independent Director  
Chairman, Remuneration Committee  
Member, Audit Committee & Nominating Committee

**Date of first appointment as a director:**

9 November 2020

**Date of last re-election as a director:**

29 April 2021

Mr Cheang has more than 36 years of experience in the construction industry. He is presently a director in Lxyin Enterprise Pte Ltd where he is responsible for business and strategic development. He is also a director in Consulting Advising & Managing Pte Ltd where he provides technical consultancy services in relation to civil engineering and building materials, and a project director in Xinsha Holding Pte Ltd. He was an executive director of Hock Lian Seng Holdings Limited from 2009 to 2011, and has previously held several positions including director, deputy general manager and project manager in construction firms in Singapore.

**Academic & Professional Qualification:**

Bachelor's Degree in Civil Engineering, National University of Singapore

Diploma in Business Administration, Singapore Institute of Management

**Present Directorships in other listed companies:**

Nil

**Past Directorship in other listed companies held over the preceding three years:**

Nil

**Major Appointment (other than Directorship):**

Lxyin Enterprise Pte Ltd (Director, Business & Strategic Development)  
Consulting Advising & Managing Pte Ltd (Director)  
Xinsha Holding Pte Ltd (Project Director)  
Char Yong (Dabu) Foundation Limited (Director)



**MR WEE HENG YI, ADRIAN**

Independent Director  
Chairman Nominating Committee  
Member, Audit Committee & Remuneration Committee

**Date of first appointment as a director:**

11 November 2014

**Date of last re-election as a director:**

29 April 2022

Mr Wee began his career in Harry Elias Partnership LLP's civil and commercial litigation practice group in 2004. He left Harry Elias Partnership LLP in 2008 to join Characterist LLC as a director heading the criminal defence and advocacy practice group until 2022. At present, he is the Managing Partner of Lighthouse Law LLC. Mr Wee's current practice areas are commercial litigation, white collar criminal defence, investigations and regulatory work.

**Academic & Professional Qualification:**

Bachelor of Laws (Honours), National University of Singapore

Member - ASEAN Law Association and the Law Society of Singapore.

**Present Directorships in other listed companies:**

Nil

**Past Directorship in other listed companies held over the preceding three years:**

Pine Capital Group Limited

**Major Appointment (other than Directorship):**

Lighthouse Law LLC (Director)  
Absolute Trust & Estate Pte. Ltd. (Shareholder)



# KEY EXECUTIVES



**MR GOH TUCK PENG**  
Chief Financial Officer

Mr. Goh Tuck Peng is the Chief Financial Officer (the “CFO”) of the Company and will be responsible for the Company’s financial and accounting matters and its compliance with financial reporting and regulatory requirements.

Mr. Goh Tuck Peng has more than 21 years of experience in dealing with financial and accounting matters of companies and in ensuring compliance with financial reporting and regulatory requirements. He started his career in February 2003 with Qianhu Corporation Limited, Guangzhou, as a finance and administrative manager, until February 2005. From March 2005 to May 2007, Mr. Goh Tuck Peng was the group financial manager of Shanghai Asia Holdings Limited. Thereafter, Mr. Goh Tuck Peng assumed the position of CFO of Zhongguo Pengjie Fabrics Limited from July 2007 to September 2007 and Zhejiang Red Sun Wool Technology Ltd from January 2008 to January 2009. He was the Financial Controller of CCM Group Limited from December 2009 to June 2011 and was subsequently promoted as its CFO in January 2012, a post which he held until February 2014. Mr. Goh Tuck Peng was the Financial Controller of Huatong Global Limited (the “Company”) from April 2014 to May 2016 assisting Huatong to be listed in Catalist regime with ST-SGX. Mr. Goh also successfully assisted Capital World Limited in the Reverse-Take-Over exercise of Terratech Group Limited which was listed in Catalist with ST-SGX from July 2016 before he left Capital City Group in May 2017. Prior to joining the Company, the Goh was a CFO, assisting a company to be listed with SGX-ST from Feb 2018 to September 2019 and was self-employed till June 2021.

Mr. Goh Tuck Peng holds an Affiliate Certificate from the Association of Chartered Certified Accountants and has been a member of the Institute of Singapore Chartered Accountants since 2001.



**MS HENG YANN SYIN**  
Head of Contracts

Ms Heng Yann Syin, is our Head of Contracts. Ms Heng joined our Group in 2002 as an Assistant Quantity Surveyor before being promoted as a Contract Administrator in 2004 and then as Senior Contract Administrator, Head of Department in 2012. In 2019, Ms Heng was promoted to Head of Contracts. Ms Heng oversees our contract department and is in charge of project tendering and procurement of projects.

Ms Heng graduated from Ngee Ann Polytechnic, Singapore, with a Diploma in Civil and Environmental Engineering in 2002.

# CORPORATE STRUCTURE



# CORPORATE INFORMATION

## BOARD OF DIRECTORS

**Ng Hai Liong**

(Executive Chairman and Executive Director)

**Ng Kian Ann Patrick**

(Chief Executive Officer and Executive Director)

**Ng Kian Yeow, Vincent**

(Chief Operating Officer and Executive Director)

**Yap Kian Peng**

(Lead Independent Director)

**Cheang You Kong**

(Independent Director)

**Wee Heng Yi, Adrian**

(Independent Director)

## COMPANY SECRETARY

Gn Jong Yuh Gwendolyn

## REGISTERED OFFICE

9 Benoi Crescent  
Singapore 629972  
Tel: (65) 6366 5005  
Fax: (65) 6368 1391

## SPONSOR

**PrimePartners Corporate Finance Pte. Ltd.**

16 Collyer Quay  
#10-00 Collyer Quay Centre  
Singapore 049318

## AUDITORS

**Baker Tilly TFW LLP**

600 North Bridge Road  
#05-01 Parkview Square  
Singapore 188778

Partner-in-charge: Lim Kok Heng  
(a practising member of the Institute of  
Singapore Chartered Accountants)  
(Appointed since the financial year ended  
31 December 2020)

## SHARE REGISTRAR

**Boardroom Corporate & Advisory Services Pte. Ltd.**

1 Harbourfront Avenue  
Keppel Bay Tower #14-07  
Singapore 098632

## PRINCIPAL BANKERS

**DBS Bank Ltd.**

12 Marina Boulevard  
Marina Bay Financial Centre Tower 3  
Singapore 018982

**Oversea-Chinese Banking Corporation Limited**

65 Chulia Street  
OCBC Centre  
Singapore 049513



# SUSTAINABILITY REPORT

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## TABLE OF CONTENT

BOARD STATEMENT	17
ABOUT THIS REPORT	18
ORGANISATIONAL PROFILE	20
CORPORATE STRUCTURE	20
SUPPLY CHAIN	20
OUR APPROACH TO SUSTAINABILITY	22
STAKEHOLDERS ENGAGEMENT	24
IDENTIFYING OUR FOCUS	25
WATER AND ENERGY CONSUMPTION	26
WASTE DISPOSAL AND MANAGEMENT	27
EMPLOYMENT	29
OCCUPATIONAL HEALTH AND SAFETY	31
TRAINING AND EDUCATION	33
GRI CONTENT INDEX	34



## BOARD STATEMENT

The Board of Directors (the “Board”) supports and guides the Company in its sustainability efforts and lends its weight to safeguard the long-term success of the Company and of its stakeholders. We believe that enhancing our focus on sustainability will place Huatong in a better position to create value for shareholders while looking after the broader stakeholder community. Together with the Board, our Management remains vigilant in managing our commitments to sustainability efforts to ensure sustainable growth and development of the communities where we operate.

It has been tough for the construction industry because of the restrictions and limitations brought on by the COVID-19 pandemic. Further, geopolitical tensions in Eastern Europe brought a new set of challenges that continued to make the operating environment very difficult. These new challenges led to economic uncertainties, set back the recovery of supply chains and sent inflation and the prices of raw materials soaring.

Our operations continued to be hampered by the rising cost of operations and labour shortage. While borders have opened, it has not led to the rapid influx of foreign workers we had hoped for and the industry continues to grapple with manpower issues, which was exacerbated by the time needed to process and train new workers.

Amid such constraints, Huatong kept its focus on protecting our margins and profitability in FY2022 and beyond, which will protect the interest of our stakeholders and the livelihoods of our workers.

We took positive steps to reduce our reliance on petrol by introducing electric generated vehicles and vans at a gradual pace. This is our commitment to an environmentally friendly operations and will enable us to reduce our running costs in the long run.

## OUR VISION

Provision of value-added integrated solutions in civil engineering to various stakeholders and safely deliver projects on time for our customers.

We also strive to enhance growth of our industry by fostering new ideas and innovation, creating long-term value for our stakeholders.

## OUR CORE VALUES



**Teamwork**



**Integrity**



**Excellence**



**Employee  
Recognition**



**Safety**



**Innovation**

# SUSTAINABILITY REPORT

## ABOUT THIS REPORT

### Report Methodology

This report is prepared in accordance with Rules 711A and 711B of the SGX-ST Listing Manual Section B: Rules of Catalyst (“Catalist Rules”) and with reference to the Global Reporting Initiative (“GRI”) Universal Standards Sustainability Reporting Guidelines 2021 and its reporting principles.

We have adopted the GRI reporting framework for its robust regime and detailed guidance on which offers an internationally-recognised benchmark for the disclosure of governance approaches, the environmental, social and economic performance and impacts on organisations. The GRI content index and relevant references are provided at the end of this report.

The Board of Directors of the Group has complied with the Singapore Exchange Regulation in attending the Sustainability training. All directors have attended the Sustainability training required as at the date of this report.

### Reporting boundaries

The report is prepared in accordance with GRI Principles for defining report content including:

- **Materiality**  
Focusing on issues that impact business growth and are of utmost importance to stakeholders.
- **Stakeholders Inclusiveness**  
Responding to stakeholder expectations and interest.
- **Sustainability Context**  
Presenting performance in the wider context of sustainability.
- **Completeness**  
Including all information that is of significant economic, environmental, social and governance impact to enable stakeholders to assess our Group’s performance.

### Report Scope

This report covers the period from 1 January 2022 to 31 December 2022, which is in line with our Group’s financial year 2022 (“FY2022”). Our Group has not sought any external assurance for this sustainability report. As part of our conservation efforts to go paperless, this report is provided in electronic format only and is available for download on our website at <http://www.huatong-global.com> and at SGXNet.



# SUSTAINABILITY REPORT

Material Factor	711B requirement	Excluded Area done on an explain basis	Explanation and steps Company will be taking to Comply
Climate Related disclosures	Policies, practices and performance	Climate reporting has not been included in this sustainability report	The Group recognises that it is important to disclose information relating to our climate impact and is working towards including disclosures in FY2024 sustainability report.
	Targets	Targets have not been included in this sustainability report	The Group is reviewing our operations and data to establish medium and long-term targets for our material topics. We aim to include these in the FY2024 sustainability report.
	Sustainability reporting framework	This section has not been included in this sustainability report	In relation to climate reporting, the Group intends to adopt the Taskforce for Climate-related Financial Disclosures (TCFD) Recommendations when our reporting commences in 2024.
	Describe the climate-related risks and opportunities the organisation has identified over the short, medium, and long-term	This section has not been included in this sustainability report	The Group recognises that it is important to disclose information relating to our climate impact and is working towards including disclosures in FY2024 sustainability report.
	Describe the resilience of the organisation's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario	This section has not been included in this sustainability report	The Group recognises that it is important to disclose information relating to our climate impact and is working towards including disclosures in FY2024 sustainability report.
Employment	Targets	Targets have not been included in this sustainability report	The Group is reviewing our operations and data to establish medium and long-term targets for our material topics. We aim to include these in the FY2024 sustainability report.
Others	Practice note 4.18	Risk and opportunities disclosure for identified material factors	The Group is reviewing our operations and data to establish risk and opportunities for our material topics. We aim to include these in the FY2024 sustainability report.

## Report Contact and Feedback

We value your feedback as part of our continued efforts to improve our sustainability initiatives and we encourage you to contact us through the following channels:

In writing to:

**Huatong Global Limited**  
No. 9 Benoi Crescent Singapore 629972

Via our contact page at:

<http://www.huatong-global.com./contact.html>

# SUSTAINABILITY REPORT

## ORGANISATIONAL PROFILE

### Background

Our Group is one of the leading civil engineering service providers, with near to 40 years of presence and track record in numerous large infrastructure projects in Singapore.

Founded in 1983 and listed on the Catalyst of the SGX-ST since 9 December 2014, Huatong Global Limited is headquartered in Singapore. In addition to our core pillars of civil engineering services, inland logistic support and sale of construction materials, we have also ventured into a new sector in maintenance and operation of dormitory. Our sustainability journey is aligned and driven by our business activities along each pillar.



CIVIL ENGINEERING SERVICES



INLAND LOGISTIC SUPPORT



SALE OF CONSTRUCTION MATERIALS



DORMITORY OPERATIONS

For more information, kindly refer to the Corporate Profile on page 2 of the Company's FY2022 annual report ("Annual Report").

## CORPORATE STRUCTURE

For more information, kindly refer to the Corporate Profile on page 2 of the Company's FY2022 annual report ("Annual Report").

## SUPPLY CHAIN

Huatong believes that sustainable supply chain management is a robust driver of value and success for our business. With the volatility and uncertainties introduced by Covid-19 pandemic, our supply chain had been severely impacted throughout the financial year since 2021. During these challenging times, we recognise the importance to maintain a sustainable supply chain by working closely and maintaining collaborative relationships with our partners, suppliers and subcontractors.

To resolve the disruptions caused by the Covid-19 pandemic, our operation team has switched the shipping method of raw materials from sea shipping to air freight and also increased the inventory holding level of raw material to ensure projects can continue with minimal disruptions.

### Supply Chain Assurance

A set of stringent selection and evaluation criteria has been established to assess and ensure the suppliers and subcontractors' performance align with our quality standards, social and environmental principles.

The criteria that we examine our key suppliers and subcontractors include:

- the quality of the products and services provided;
- financial health;
- reputation in the industry and market; and
- sustainability efforts undertaken by our suppliers and subcontractors such as effective health and safety system, environmental management and ethical conduct.

This supplier selection and evaluation process also ensures that we provide fair and transparent treatment to all our suppliers and subcontractors.

We also recognise the importance of performing periodic checks and assessments on services provided by our existing suppliers to ensure that the products and services provided by them meet our stringent quality standards, are aligned with our business requirements and also help us achieve our sustainability objectives.

## Awards, Certificates and Memberships of Association

As testament to our commitment towards maintaining high standards of environmental, safety compliance and management, our Group has received numerous awards and accreditations such as:

- BizSAFE Level Star Certificate
- BCA Green and Gracious Builder Award
- General Builder Class 1
- General Builder Class 2
- ISO 9001: 2015
- ISO 14001:2015
- ISO 13485:2016
- ISO 45001:2018

Some subsidiaries of our Group are registered with the Singapore Contractors Association Ltd under the following trade registrations:

- CS01 - Road Works, Pipe and Cable Installation, Road Instatement and Maintenance
- CS03 - Concreting
- CS10 - Demolition
- CS11 - Soil Investigation, Stabilisation and Earthwork Services

These subsidiaries are admitted to the Registry of Singapore List of Trade Subcontractors.





# SUSTAINABILITY REPORT

## OUR APPROACH TO SUSTAINABILITY

### Sustainability Approach

Under the leadership of our Board, we integrate sustainability principles into our businesses. Our Board oversees our sustainability direction and strategies and is supported by our management team.

### The Board

- Provides strategic direction and specifically considers sustainability issues as part of its strategic formulation
- Determines material ESG factors and ensures that they are monitored and managed
- Evaluates the sustainable practices from time to time to ensure that these practices are of continued relevance to our operations

### Management team

- Assists the Board in fulfilling its responsibilities for our Group's sustainability initiatives
- Implements sustainability-related initiatives cascaded from the Board, ensuring a clear and consistent approach across our Group

We actively engage our key stakeholders, especially during this period of volatility to understand and evaluate their needs to ensure their expectations are in line with our value creation strategy. Please refer to page 24 for our stakeholder engagement framework and activities in this report.

### Corporate Governance

Our Group is committed to maintaining a high standard of corporate governance and ethical business conduct to ensure our Group's long-term success, as well as to safeguard the interests and maximise value for our stakeholders. We also strive to conduct our business activities in a socially- and environmentally-sustainable manner. We understand the importance of good corporate governance, greater transparency and accountability in our businesses.

Our Group have adopted a framework of corporate governance policies and practices in line with the principles and provisions set out in the Code of Corporate Governance 2018 (the "2018 Code"). Details of our compliance to each of the principles and provisions listed in the 2018 Code are disclosed in the corporate governance report of our Annual Report. Any deviations from the guidelines in the Code, where noted, will be duly explained.

### Code of Conduct

Our Group's Code of Conduct is established in the Employees' Handbook which is made known to all our employees. It serves as a central guide and reference to our employees on our expectations and principles of workplace behaviours. Our Group advocates a "zero tolerance" and strict stance against bribery and corruption. All employees are expected to fully comply with the Code of Conduct.

### Declaration of Conflict of Interest

Our Group have established a set of policies and procedures for employees' declaration of potential conflict of interests. All employees of our Group are required to declare and disclose any situation where their private businesses or personal interests may conflict with those of our Group.

## Whistle-Blowing Policy

Huatiang promotes constructive dialogue with employees and provides avenues for employees to raise their concerns and report cases of suspected fraud, corruption, and dishonest practices. Our Group has a whistle-blowing policy where employees may, in confidence, raise concerns about possible irregularities in financial reporting and/or other matters.

Our whistle-blowing policy also defines reportable incidents, to provide clarity to our employees. A copy of our whistle-blowing policy can be found in our Employee Handbook, which is made available to all our employees.

The policy includes provisions for the independent investigation of such matters and permits whistle blowers to report directly via email to any of the Whistle-Blowing Committee members. The Whistle-Blowing Committee comprises of all members of the Audit Committee, whom are all Non-Executive and Independent Directors. The Audit Committee (the "AC") has the power to conduct or authorise investigations into any matter within the AC's scope of responsibility, and if it deems appropriate, may engage independent advisors at our Group's expense for the purpose of resolving the complaint. Findings from any investigations shall be reported to the AC for their further action.

## Enterprise Risk Management Framework

Our Group strives for sustainable business growth through strict compliance with corporate governance and risk management practices. Risk management is a vital aspect of our business activities and decision-making process.

An Enterprise Risk Management ("ERM") framework was established to identify, manage and mitigate significant risks of our Group, as well as to capture opportunities that our Group can potentially leverage on to meet our business objectives. The Risk Committee, comprising our Chief Executive Officer as the Chairman and three (3) independent directors as members, oversees the risk management of our Group. Regular reviews on our Group's strategic, financial, operational and compliance matters are carried out so that the Group can identify emerging risks and adopt a precautionary approach to managing risks.

## ERM OBJECTIVES



The ERM framework includes half-yearly reports to our Board regarding current and emerging risks, and mitigating measures in place. This enables us to be vigilant and prepared while managing recognised risks in an efficient and structured manner.

# SUSTAINABILITY REPORT

## STAKEHOLDER ENGAGEMENT

Huatong values all stakeholders and their feedback as integral parts of our business. We actively engage our key stakeholders through various channels to understand their concerns in order to align the business interest and ultimately to generate sustainable value in the long run. Huatong continues to enforce timely and accurate corporate disclosures and transparency. Relevant and timely disclosures via Announcements through SGXNET where applicable. Annual General Meetings, a platform where our Directors and Executive Officers engage shareholders directly. We have identified 6 stakeholder groups who are significant to the Group's business and operations. The key topics and the engagement platforms are as follows:

Stakeholders	Key Topics	Engagement Platform
Employees 	Occupational health and safety Fair employment practices and compensation Training & development Performance Work-from-home arrangement Staggered working hours	Employee Handbook Trainings Performance appraisals Grievance / feedback channels Internal communication through emails Team bonding activities Annual appreciation dinner Staff exit interviews
Customers 	Product / Service quality Project timeliness, requirements and specifications Workplace safety Information and data security Feedback on completed projects	Regular meetings Feedback channels such as email and telephone communications Corporate website Site visits Virtual meetings
Suppliers/ Consultants/ Subcontractors 	Product / Service quality Project timeliness, requirements and specifications Workplace safety Pricing and payment terms	Regular meetings Timely feedback regarding material/services provided Site visits Virtual meetings
Shareholders & Investors 	Business strategy and directions Financial performance Dividend pay-out	Shareholders' meetings SGX announcements Corporate website and email
Government & Regulators 	Corporate governance Compliance with rules and regulations Sharing of industry best practices	Government publication / written communication Industry networking functions Seminars conducted by the regulators
Community 	Clean and safe environment for the community Keep neighbours informed of disruption in their lives Green and gracious environment	Meetings Notices Charity events



## IDENTIFYING OUR FOCUS

With continuous engagement with our stakeholders and periodic re-assessment of the risks identified through our Enterprise Risk Management process, we have assessed that the following five (5) material aspects continue to be relevant and important to our business model and strategy.



### Materiality methodology overview

Our materiality assessment aimed to identify and assess the ESG issues, risks and opportunities in area that mattered most to our stakeholders and the Group. It adopted a rigorous data-driven approach that evaluated both internal and external perspectives.

1. Risk sensing  
We analysed our industry studies on current sustainability trends to identify long-term sustainability success factors.
2. Stakeholder engagement  
We analysed the past Q&A from Direct meetings with Stakeholders and understanding their concern and identify long-term sustainability success factors.
3. Risk studies  
We conducted risk discussions at business unit (process) level and corporate level to acquire understanding of the key operating processes risks and link these to business processes/departments. Updated key risks and controls, identified exceptions and control gaps and understood root causes of deficiencies noted. Based on root causes identified, suggested mitigation action plans to assist in rectifying gaps. Based on the existing controls, assessed the likelihood and impact on risks identified. Analysis can be qualitative, semi-quantitative or quantitative. Updated a risk-control matrix, rated the significance of each risk noted (Extreme/High/Moderate/Low/Insignificant) – prioritisation.
4. Risk topic prioritisation  
Business risks are prioritised based on the following potential significance:
  - (i) The likelihood that the risks will have a negative impact on the organisation; and
  - (ii) The magnitude of the potential impact of the risk on the organisation.

# SUSTAINABILITY REPORT

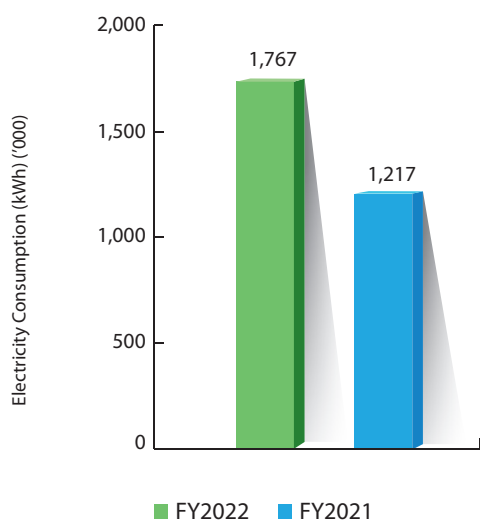
## WATER AND ENERGY CONSUMPTION

Environmental sustainability is one of the key tenets to construction industries worldwide and our Group recognises that we can contribute positively and tackle issues such as water scarcity and global warming.

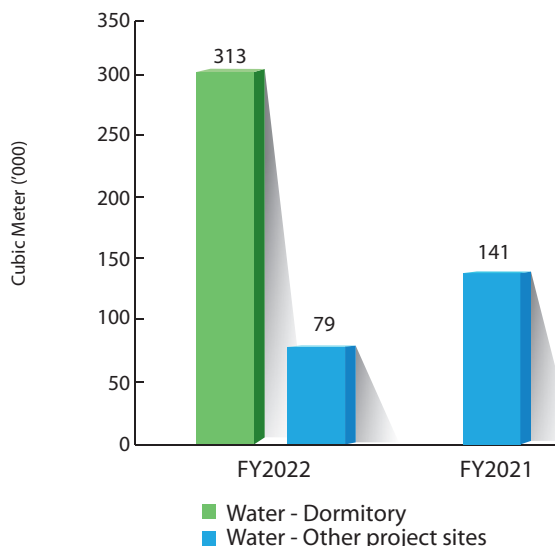
In water-scarce Singapore where Huatong's business is operating, effective management of both the consumption and quality of water at our project sites is extremely important and our Group continues to conserve and reduce water consumption through various initiatives, listed in the "Water Conservation Initiatives" section of the report.

A considerable amount of energy is required to run our operations involving construction activities. We recognise the importance of our role in managing energy consumption to promote environmental sustainability and cost savings.

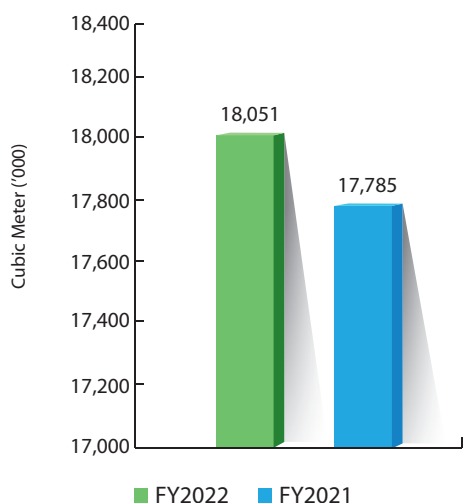
Electricity Consumption in FY2022 and FY2021



Water Consumption in FY2022 and FY2021

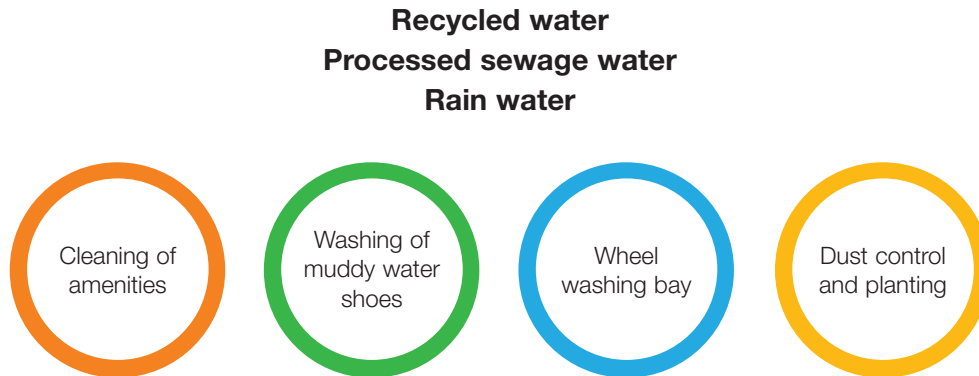


Diesel Consumption in operations



In FY2022, we consumed a total of approximately 1,767,000 kWh (FY2021: 1,217,000 kWh) of electricity energy, 18,051,000 cubic meter (FY2021: 17,785,000 cubic meter) of diesel and 392,000 cubic meters (FY2021: 141,000 cubic meters) of water. Water consumption for Dormitory operation increased from 274 cubic meter when it started operation in FY2021 to 313,000 cubic meter in FY2022. There was a 75.8% increase in electricity consumption, 1.5% in Diesel consumption and 85.4% increase in water consumption in FY2022. The increase in consumption was mainly due to the Group's project activities in relation to construction projects resuming and thus resulted in an increase in electricity. The increase of water consumption was mainly due to a significant higher occupancy rate secured for the Dormitory Operations segment in FY2022.

## Water Conservation Initiatives



In order to minimise the usage of fresh water in our operations, we utilise recycled water, and process sewage water and rain-water for daily operations. We encourage our employees and customers to cultivate water-saving habits by raising awareness on the importance of water conservation via sign-boards and stickers at our offices and work-sites as a friendly reminder. Our offices also use water-efficient fittings that come with half-flush mechanism and self-release water taps.

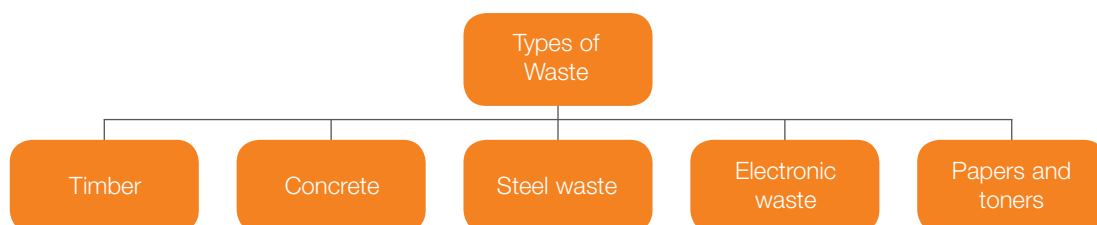
### Subsequent reporting for FY2023

Moving forward, our Group aims to monitor our water and energy usage to utilise resources in an efficient and environmental-friendly manner. We will also continue to review our operations to identify the quantity of water and energy used and to implement resource-saving initiatives where possible, as well as work towards a quantitative target in future sustainability reports.

## WASTE DISPOSAL AND MANAGEMENT

Construction activities generate large amounts of waste, which puts a strain on our natural resources and ultimately leads to environmental degradation. Proper waste management is necessary to minimise environmental pollution and its threat to the environment and human health.

Our approach to waste management starts with using natural resources wisely and efficiently, accompanied with the conservation of energy and water. Our Group minimises waste through the 3Rs' approach. Disposal containers are placed around the project sites at designated areas for proper waste disposal.



Briefings are conducted regularly to guide workers for proper disposal of waste at the project sites. Materials such as timber and metal are reused at our site where possible. If the materials cannot be repurposed, they are sent for recycling, together with other non-recyclable construction wastes which are collected and processed by licensed contractors.



# SUSTAINABILITY REPORT

Construction waste collected by these contractors are segregated accordingly at respective construction sites before being transported to government landfills or incinerators.

Our Group has established a Green and Gracious Best Practices Operation Manual (the “GGBP”) for the Green and Gracious Builder Scheme (the “GGBS”), including a detailed policy and procedures for waste disposal and management as well as our 3Rs Programme, which is disseminated to all our employees for adherence.

We have ongoing programs to raise awareness and encourage the employees and contractors to participate in our 3Rs Programme and responsible waste management initiatives. Through our annual GGBS Awareness Quiz, we monitor our employees’ awareness on the GGBP and improve their knowledge and competency on the GGBS.

Since 2004, we have been recycling construction waste and aggregates to produce recycled concrete aggregates, which are typically used for road construction or trench backfilling.

We also manufacture and supply Liquefied Soil Stabilizer (“LSS”), a self-flowable, self-compacting and self-levelling alternative to conventional compacted fill. LSS is an environmentally friendly material and can be used as non-structural fill for buildings and other structures, as well as for backfill in utility and road construction. LSS reuses soil that has been excavated in construction projects and which would otherwise be discarded as waste. Compared to conventional compacted fill, LSS also has an advantage of being excavated again easily. Such practice serves to reduce the environmental impact with decreased dependence on non-recyclable materials.

In addition to our efforts to reduce waste disposal, the Group has also adopted the following initiatives that are both environmentally friendly and productivity-driven.

- Adoption of system formwork for its better casting quality and productivity, shorter assembling and dismantling time, is environmentally friendly due to its reusability and safer to use as compared to the conventional formwork.
- Adoption of pre-fabricated reinforced concrete drains results in easy installation, higher structural and architectural standards and less concrete wastage at site when compared to the conventional cast-in-situ drains.
- Adoption of high efficiency screener technology to separate rocks, soil, stones and rebar for reuse. The tier 3 engine ensures lower fuel consumption, thus reducing carbon footprint.

Our sites use recycled and sustainable materials for non-structural applications such as making signages using excess rebars, timber and concrete, and making helmet racks, shoe racks using excess metal poles. We also reuse wasted plastic containers and safety helmets as flowerpots.

Our suppliers and subcontractors also play a role in helping us achieve our sustainability efforts. Our Green and Gracious Builder Scheme is included as one of the considerations during selection of suppliers and subcontractors. Our supplier evaluation form include scoring for suppliers’ Environmental, Health and Safety performance.

In recognition of our efforts to reduce waste, our Group is certified an operating environmental management system which conforms to the requirements of ISO 14001:2015 in the scope of providing building construction and civil engineering services as well as the production and delivery of LSS. Our Group also received the Green and Gracious Builder Award from the Building and Construction Authority (“BCA”) in 2015 from Merit Award to Excellence Award in 2021.

The Company currently does not present quantitative data for waste disposal. Moving forward, we aim to include these in the FY2023 sustainability report.

## **Subsequent reporting for FY2023**

Moving forward, our Group aims to monitor our waste disposal management to utilise resources in an efficient and environmental-friendly manner. We will also continue to review our operations to identify the quantity of waste disposal management and to implement resource-saving initiatives where possible, as well as work towards a quantitative target in future sustainability reports.

## EMPLOYMENT

Our employees are recognised as vital assets as they ensure smooth-running and innovative operations within our Group, enabling us to achieve our business strategies and sustainable growth, and serve as a point of contact between our customers and our management. Hence, we recognise the importance of attracting and retaining a diversified talent pool to help inject fresh ideas and perspectives into the Group.

We have in place integrated human capital strategies and policies to enhance our Group's ability to attract and retain top talents as well as to improve employees' overall performance. Our comprehensive Human Resource ("HR") Policy covers key areas such as:

- staff recruitment and selection;
- remuneration and benefits;
- performance appraisals;
- career development and training;
- safety and security; and
- cessation of employment.

We also value recommendations and area of improvement gathered from exit interviews with leaving staff.

### **Fair Employment Practices and Diversity**

To ensure that we practice fair employment, we reference our HR practices from the Tripartite Alliance for Fair and Progressive Employment Practices (TAFEP) which comprises the Ministry of Manpower (the "MOM"), Singapore National Employers Federation and National Trades Union Congress.

We embrace diversity by hiring and retaining talents based on meritocracy to ensure equal opportunities for growth and development. We conduct performance appraisal annually to evaluate the employees' performance and help them achieve their self-development goals.

These HR practices are encapsulated in our Employee Handbook which is shared to all our employees for transparency and accountability.

### **Open Communication and Timely Feedback**

In line with our commitment towards creating a conducive working environment, we constantly gather feedback from employees and communicate with them on their concerns and expectations through platforms such as departmental and project meetings, performance reviews and tea sessions. Through performance reviews and exit interviews, we gather feedback from our employees for the continuous improvement of our organisation. Furthermore, we establish a common understanding and promote an inclusive work environment based on mutual trust and respect by having open and effective communication channels with our employees. This is key to improving the effectiveness and efficiency of our business operations and management.

### **Work Environment**

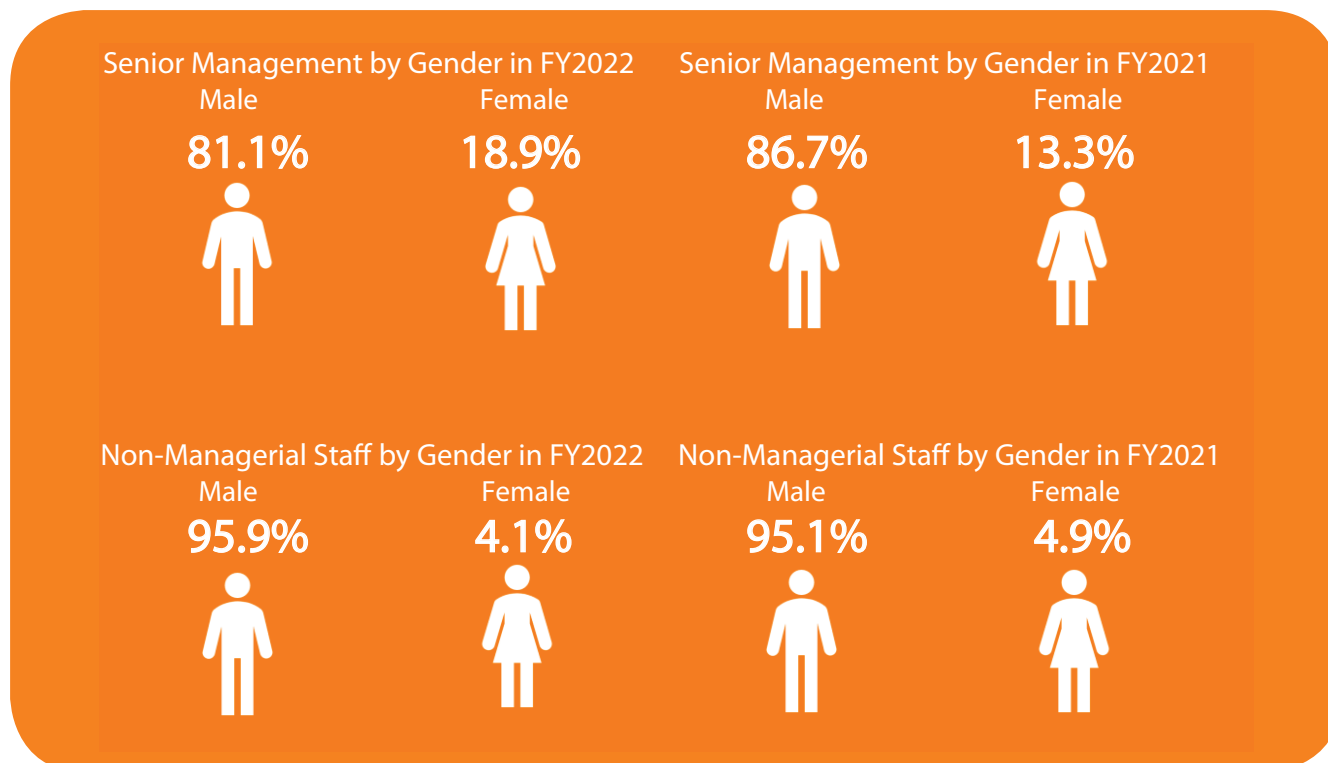
Our Group supports employees' mental and physical wellbeing through the provision of a secure and conducive working environment. We regularly monitor our performance in these areas and periodically review our policies so that we provide the best for our employees.

In addition to annual leave benefits mandated by government regulations, we go beyond by promoting work-life balance and a healthy lifestyle for our employees. We have a fitness gym and badminton courts located at our Headquarters where our employees can enjoy a change of pace by working out or playing a game of badminton with their colleagues. We also engaged a certified yoga teacher for a 2 sessions per week yoga training for interested staff to bring together mind and body after work.

We also extend our team bonding through company trips and events. Since the easing of Covid-19 measures, the Company has tried its best to promote bonding among the staffs. As such, the Company did a few meaningful events for staffs' participation, such as in Run and Walk event. The Company also threw in an oversea retreat for staffs which carries bags of memories and having back the annual Dinner and Dance in January 2023. These events and trip were memorable and brought the bonding of staffs and management to another level.

# SUSTAINABILITY REPORT

## Employee Statistics



Due to the nature of our industry, it is not feasible to achieve gender equality as more male workers are hired by the company to handle a physically demanding job scope. In FY2022, the number of female employees represented approximately 4.9% of our full-time headcount of the Group and 18.9% of the Group's senior management post.

In FY2022, we hired 268 new employees, of which 10 were female.

### Subsequent reporting for FY2023

Moving forward, our Group aims to continue to ensure promoting a healthy work-life and review HR policies to address employees' welfare.



## OCCUPATIONAL HEALTH AND SAFETY

Our employees' health and safety is the top priority of our Group, given that the industry we operate in has a higher risk of workplace accidents as compared to the other industries. We are responsible for and obligated to provide a safe and healthy environment for our employees, subcontractors and customers. The health and well-being of our people ultimately affect our Group's goals and objectives.

### Workplace Safety Approach

Cultivate safety-oriented  
management culture



# SUSTAINABILITY REPORT

We believe that safety education and accident prevention is everyone's responsibility. All employees, especially site workers are equipped with the skills and knowledge to take ownership of workplace safety. Our management takes responsibility to closely monitor high-risk activities and share near-miss accidents that could lead to an accident. We also engage with our contractors and consultants through risk reviews and monitoring of environmental, health and safety matters.

We educate our employees to ensure they understand the safety rules and mandatory use of personal protective equipment to prevent injuries. It is compulsory for all our workers to attend regular safety and health trainings. These trainings present our WSH policy, highlight workplace hazards and potential risk areas of accidents that may occur and introduce our Occupational Health and Safety measures. Trainings for specific work activities, such as lifting, excavation, work at height, hot work confined space, are provided when required. These trainings help embed the fundamental concepts of safety into the work culture and ingrain these habits into of our employees.

Biannual fire drill exercises are conducted on site as well as in office as part of emergency preparedness procedure to ensure our employees are aware of the safety evacuation procedures.

Reminders are also given to employees on workplace safety. Safety measures and occupational health precautions are constantly conveyed to employees during the regular meetings such as daily toolbox meetings to ensure maximum safety protection at worksites. We circulate the WSH alerts issued by WSH Council to all the employees to remind them the importance of workplace safety. The alerts keep the Company and workers informed of recent WSH incidents, learning points and provide recommendations on how similar incidents can be averted.

We are certified under ISO 45001:2018 in Occupational Health and Safety Management. We also received BizSAFE Level Star certificate in recognition of our ongoing commitment and efforts to health and safety. Safety recognition and certifications incentivise employees at construction sites to maintain and improve the standards of health and safety at the sites.

In addition, we have established exclusion zones to prohibit entry of non-authorized personnel. Pedestrian walkway and vehicular paths are clearly segregated with barricades to eliminate risk of accidents and anti-slip gloves are provided for handling glass. We also have implemented the use of digital permit-to-work system for some of our projects. It is a versatile platform where digital permit-to-work can be submitted, validated and approved through the platform which allows easier monitoring of safety processes on site as all key stakeholders have real time access to the safety information on site.

In FY2022 and FY2021, there were no fatalities involved with any accident, and zero number of work-related accident reported in FY2022 as compared to three (3) accidents reported in previous financial year.

## **Subsequent reporting for FY2023**

Looking forward in FY2023, we aim towards a zero number of work-related accidents. We will also continue to increase our state of preparedness in the event of any emergency and ensure a safe and healthy working environment for our employees.

## TRAINING AND EDUCATION

Our Group advocates continuous development and advancement for our employees through training programs as we believe that this equips employees with the necessary skillsets to execute their work, and helps in enhancing employees' competitiveness and productivity.

Our orientation programmes are conducted for new employees to familiarise themselves with our Group's key policies, general working environment, corporate culture, service knowledge as well as quality requirements. Workers are briefed on the in-house safety rules and regulations regularly and during their first day of induction.

On-the-job trainings are provided by the employees' immediate supervisors, who share their experiences and knowledge, provide guidance and advice, as well as monitor performance of individual employees. Experienced workers are assigned to new workers as part of our buddy system program.

We empower our staff with skills and experience through a range of learning and development programmes coordinated by our Group's Human Resource department or initiated by staff themselves. We regularly send our employees to attend seminars, conferences and trainings to improve their technical and functional skills, broaden their knowledge, and ultimately increase their productivity and efficiency at work. Our BCA Approved Training and Testing Centre ("ATTC") conducts courses on hydraulic excavator operation which are also open to public. We will continue to impart knowledge and skills on handling machineries, so as to help the workers to improve their work productivity and quality in a safe manner.

In FY2022, our employees attended various trainings in both physical and virtual form. Among others, we have named a few courses attended as follow:

Physical	Virtual
Occupational First Aid Course and CPR + AED Course	Perform Work In Confined Space Operation
Develop Risk Management Implementation Plan	Chemical Safety Awareness Course
SCAL – SSDCL Driving Training For Concrete Pump Operator	Understanding and Interpreting Construction Contracts
Continual Education Training – Reinforced Concrete Works Course	Develop Risk Management Implementation Plan
Foreign Workers Settling-in Programme	Best Practices For Green and Gracious Builder – Green, Friendlier and Socially Responsible
Workplace Safety and Health Management in Construction Industry	Work-at-Height Rescue Course (WAHRC)

Due to easing measures of Covid-19, most in-person trainings have gradually resumed. As a result, our employees had fulfilled more training hours in FY2022 as compared to FY2021. The average training hours per employee for FY2022 and FY2021 are as follows.

Training	FY2022	FY2021
Average hours of training per employee	16.6 hours	14.7 hours

### Subsequent reporting for FY2023

Our Group aims to improve the quality of our training courses and increase the current level of training hours so that our employees are provided with the necessary competencies and skills to perform their work in a safe and efficient manner.

# SUSTAINABILITY REPORT

## GRI CONTENT INDEX

<b>Statement of use</b>	Huatiang Global Limited has reported the information cited in this GRI content index for the period 1 January 2022 to 31 December 2022 with reference to the GRI Standards.
<b>GRI 1 used</b>	GRI 1: Foundation 2021

<b>GRI STANDARD</b>	<b>DISCLOSURE</b>	<b>LOCATION</b>
<b>GRI 2: General Disclosures 202</b>	2-1 Organizational details	Page 14
	2-2 Entities included in the organization's sustainability reporting	Page 14
	2-3 Reporting period, frequency and contact point	Page 18
	2-4 Restatements of information	Not applicable
	2-5 External assurance	Page 18
	2-6 Activities, value chain and other business relationships	Page 20
	2-7 Employees	Page 29
	2-8 Workers who are not employees	Not applicable
	2-9 Governance structure and composition	Page 22
	2-10 Nomination and selection of the highest governance body	Page 38
	2-11 Chair of the highest governance body	Page 58
	2-12 Role of the highest governance body in overseeing the management of impacts	Page 55
	2-13 Delegation of responsibility for managing impacts	Page 40
	2-14 Role of the highest governance body in sustainability reporting	Page 22
	2-15 Conflicts of interest	Page 22
	2-16 Communication of critical concerns	Page 22
	2-17 Collective knowledge of the highest governance body	Page 10-12
	2-18 Evaluation of the performance of the highest governance body	Page 49-50
	2-19 Remuneration policies	Page 50
	2-20 Process to determine remuneration	Page 50
	2-21 Annual total compensation ratio	Due to confidentiality of this information, no disclosure is made.
	2-22 Statement on sustainable development strategy	Page 17
	2-23 Policy commitments	Page 17
	2-24 Embedding policy commitments	Page 17
	2-25 Processes to remediate negative impacts	Page 23
	2-26 Mechanisms for seeking advice and raising concerns	Page 17
	2-27 Compliance with laws and regulations	Page 37
	2-28 Membership associations	Page 32
	2-29 Approach to stakeholder engagement	Page 24
	2-30 Collective bargaining agreements	Not applicable



# SUSTAINABILITY REPORT

GRI STANDARD	DISCLOSURE	LOCATION
<b>GRI 3: Material Topics 2021</b>	3-1 Process to determine material topics	Page 25
	3-2 List of material topics	Page 25
	3-3 Management of material topics	Page 25
<b>GRI 302: Energy 2016</b>	302-1 Energy consumption within the organization	Page 26
<b>GRI 303: Water and Effluents 2018</b>	303-5 Water consumption	Page 26
<b>GRI 306: Waste 2020</b>	306-1 Waste generation and significant waste-related impacts	Page 27
	306-2 Management of significant waste-related impacts	Page 27
<b>GRI 401: Employment 2016</b>	401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees	Page 29
<b>GRI 403: Occupational Health and Safety 2018</b>	403-1 Occupational health and safety management system	Page 31
	403-2 Hazard identification, risk assessment, and incident investigation	Page 32
	403-5 Worker training on occupational health and safety	Page 32
	403-9 Work-related injuries	Page 32
<b>GRI 404: Training and Education 2016</b>	404-1 Average hours of training per year per employee	Page 33
	404-2 Programs for upgrading employee skills and transition assistance programs	Page 33

# FINANCIAL CONTENTS

- 37** Corporate Governance Report
- 64** Directors' Statement
- 68** Independent Auditor's Report
- 73** Consolidated Statement  
of Comprehensive Income
- 74** Statements of Financial Position
- 76** Consolidated Statement of Changes  
in Equity
- 78** Statement of Changes in Equity
- 79** Consolidated Statement of Cash Flows
- 81** Notes to the Financial Statements



# CORPORATE GOVERNANCE REPORT

The Board of Directors (the “**Board**”) and the management (the “**Management**”) of Huatong Global Limited (the “**Company**”) and together with its subsidiaries, the “**Group**”) are committed to maintaining high standards of corporate governance and places importance on its corporate governance processes and systems to ensure greater transparency, accountability and maximisation of long-term shareholder value.

This report outlines the Company’s corporate governance practices that were in place during the financial year ended 31 December 2022 (“**FY2022**”), with specific reference made to the principles and provisions of the Code of Corporate Governance 2018 (the “**2018 Code**”), the practice guidance issued by the Monetary Authority of Singapore (the “**MAS**”) in August 2018 (the “**Practice Guidance**”) and the Singapore Exchange Securities Trading Limited (the “**SGX-ST**”) Listing Manual Section B: Rules of Catalist (“**Catalist Rules**”). In line with the 2018 Code and the requirements under the Catalist Rules, the Board hereby confirms that the Company has adhered to the principles and provisions of the 2018 Code and the Practice Guidance, where applicable. Appropriate explanations have been provided in the relevant sections below where there are deviations from the 2018 Code and/or the Practice Guidance.

## PRINCIPLE 1: THE BOARD’S CONDUCT OF AFFAIRS

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

Provision 1.1	<p><u>Principal Duties of the Board</u></p> <p>Directors have objectively discharged their duties and responsibilities as fiduciaries in the best interests of the Company and have held Management accountable for performance during FY2022.</p> <p>The Board is entrusted to lead and oversee the Company, with the fundamental principle to act in the best interests of the Company. The Board is collectively responsible for the long-term success of the Company. The Board works with Management to achieve this objective and Management remains accountable to the Board. The Board oversees the corporate policy and overall strategy for the Group. In addition to the aforementioned and its statutory and fiduciary duties, the Board’s principal functions include:</p> <ul style="list-style-type: none"> <li>• Overseeing the overall long-term strategic plans and directions including considering sustainability and environmental issues as part of its strategic formulation, strategic human resources framework, and financial objectives of the Group;</li> <li>• Reviewing the operational and financial performance of the Group including reviewing the performance of the Management;</li> <li>• Approving half yearly and full year financial results announcements, circulars and audited financial statements and annual reports;</li> <li>• Approving changes in the composition of the Board;</li> <li>• Overseeing and safeguarding shareholders’ interests and Company’s assets through a robust system of effective internal controls, risk management, financial reporting and compliance;</li> <li>• Overseeing and enhancing corporate governance and practices within the Group;</li> <li>• Dealing with matters such as conflict of interest issues relating to Directors and substantial shareholders, major acquisitions and disposals of material assets, dividend and other distributions to shareholders, and those transactions or matters which require Board’s approval under the provisions of the Catalist Rules, or any applicable regulations;</li> <li>• Appointing the senior management, approving the policies and guidelines for the Board and senior management executives’ remuneration, in addition to approving the appointment of new Directors;</li> </ul>
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# CORPORATE GOVERNANCE REPORT

	<ul style="list-style-type: none"> <li>Identifying key stakeholder groups and recognizing that their perceptions affect the Company's reputation; and</li> <li>Setting the Company's values and standards (including ethical standards) and ensuring that obligations to Shareholders and other stakeholders are understood and met.</li> </ul> <p>The Board has put in place a code of conduct and ethics, which sets out a code of conduct and ethical standards for Directors and staff to adhere to, and sets appropriate tone-from-the-top and desired organisational culture, and ensures proper accountability within the Company. Directors who face a conflict of interest recuse themselves from discussions and decisions involving issues of conflict.</p>
<p>Provision 1.2</p> <p>Catalist Rule 406(3)(a)</p>	<p><u>Induction of Directors</u></p> <p>Directors understand the Company's business as well as their directorship duties, and have appropriate experience and expertise to manage the Group's business.</p> <p>Upon appointment, the Director will receive a letter of appointment setting out their duties and responsibilities.</p> <p>All newly appointed Directors will undergo an orientation programme where the Director would be briefed on the Group's strategic direction, governance practices, business and organisation structure as well as the expected duties of a director of a listed company. To get a better understanding of the Group's business, newly appointed Directors will be given briefings and orientation by the Executive Directors and Management to familiarise them with the businesses and operations of the Group.</p> <p>Where a new Director has no prior experience as a director of an issuer listed on the SGX-ST, he will undergo training in the roles and responsibilities of a director of a listed issuer as prescribed by the SGX-ST. If the Nominating Committee (the "<b>NC</b>") is of the view that training is not required because the Director has other relevant experience, the basis of the NC's assessment will be disclosed.</p> <p>Mr Yap Kian Peng ("<b>Mr Yap</b>") was appointed to the Board on 30 December 2022 as the Lead Independent Director, Chairman of the Audit Committee (the "<b>AC</b>") and a member of the Remuneration Committee (the "<b>RC</b>") and NC. As disclosed in the Company's announcement dated 30 December 2022 in relation to Mr Yap's appointment, Mr Yap has previous experience as a director of an issuer listed on the SGX-ST. Mr Yap has been briefed by Management on the Group's strategic direction, governance practices, business and organisation structure as well as the expected duties of a director of a listed company. In addition, minutes of the Company's meetings from previous years were also provided to Mr Yap for his reference. With his various experiences as a director of listed entities, the Group is of the reasonable view that Mr Yap will contribute positively to the Group.</p> <p><u>Training and development of Directors</u></p> <p>Directors are encouraged to join institutes and group associations of specific interests, and attend relevant training seminars or informative talks from time to time so that they are in a better position to discharge their duties. The Company also encourages Directors to attend courses in areas of Directors' duties and responsibilities, corporate governance, changes in financial reporting standards, insider trading, changes in the Companies Act 1967 of Singapore ("<b>Companies Act</b>") and industry-related matters, to develop themselves professionally, at the Company's expense.</p> <p>Briefings, updates and trainings for the Directors during FY2022 included:</p> <ul style="list-style-type: none"> <li>LED – Environment, Social and Governance Essentials (Core);</li> <li>Certificate in Sustainability for Directors;</li> <li>ACRA – SGX-SID Audit Committee Seminar 2022; and</li> <li>CTP 4 – Steward Leadership.</li> </ul>



# CORPORATE GOVERNANCE REPORT

	<p>From time to time, and through Board meetings and other meetings, both formal and informal, our Chief Executive Officer (“<b>CEO</b>”) has been advising our Directors of the relevant new laws and regulations affecting the Group, and the changing commercial and business risks faced by our Group.</p> <p>The Directors are also updated regularly with changes to the Catalist Rules, risk management, corporate governance, insider trading and the key changes in the relevant regulatory requirements and financial reporting standards and the relevant laws and regulations to facilitate effective discharge of their fiduciary duties as Board or Board Committees members.</p> <p>New releases issued by the SGX-ST and Accounting and Corporate Regularity (“<b>ACRA</b>”) which are relevant to the Directors are communicated and/or circulated to the Directors, so as to ensure that the Directors are kept apprised of the latest updates.</p> <p>The External Auditors (“<b>EA</b>”) also update the AC and the Board on the new and revised financial reporting standards that are applicable to the Company and/or the Group.</p>
Provision 1.3	<p><u>Board Approval</u></p> <p>The Group has adopted internal guidelines governing matters that require the Board's approval and clearly communicates this to the Management in writing. The Board approves transactions exceeding certain threshold limits, while delegating authority for transactions below those prescribed limits to Board Committees and specific members of the key management via a structured Delegation of Authority matrix, which is reviewed on a regular basis and revised accordingly when necessary.</p> <p>Matters that require the Board's approval include, among others, the following:</p> <ul style="list-style-type: none"> <li>• corporate strategy and business plans;</li> <li>• material acquisitions and disposals of assets;</li> <li>• corporate or financial restructuring;</li> <li>• share issuances, declaration of dividends and other returns to shareholders;</li> <li>• changes in the composition of the Board;</li> <li>• budgets, circulars, financial results announcements, annual report and audited financial statements; and</li> <li>• matters which require Board approval as specified under SGX-ST's interested person transaction policy.</li> </ul>

# CORPORATE GOVERNANCE REPORT

<p>Provision 1.4</p> <p>Catalist Rule 1204(10B)</p>	<p><u>Board Committees</u></p> <p>The Board has delegated certain responsibilities to the AC, the RC and the NC (collectively, the “<b>Board Committees</b>”).</p> <p>As at the date of this Corporate Governance report, the composition of the Board Committees are as follows:</p> <table border="1"> <thead> <tr> <th></th> <th><b>AC</b></th> <th><b>NC</b></th> <th><b>RC</b></th> </tr> </thead> <tbody> <tr> <td>Yap Kian Peng (Non-executive / Independent)</td> <td>Chairman</td> <td>Member</td> <td>Member</td> </tr> <tr> <td>Cheang You Kong (Non-executive / Independent)</td> <td>Member</td> <td>Member</td> <td>Chairman</td> </tr> <tr> <td>Wee Heng Yi, Adrian (Non-executive / Independent)</td> <td>Member</td> <td>Chairman</td> <td>Member</td> </tr> <tr> <td>Ng Kian Ann Patrick (Executive)</td> <td>–</td> <td>Member</td> <td>–</td> </tr> </tbody> </table> <p>The Board Committees operate within clearly defined written terms of reference setting out their compositions, authorities and duties, including reporting back to the Board. The Board Committees play an important role in ensuring good corporate governance in the Company and within the Group. The written terms of reference of the Board Committees are reviewed on a regular basis to ensure their continued relevance.</p> <p><u>Risk Committee</u></p> <p>As at the date of this Corporate Governance report, the Risk Committee comprises Mr Ng Kian Ann Patrick as the Chairman and Mr Yap Kian Peng, Mr Cheang You Kong and Mr Wee Heng Yi, Adrian as members. The Chief Financial Officer of the Group (“<b>CFO</b>”) is appointed as the Chief Risk Officer (“<b>CRO</b>”). The Risk Committee operates within clearly defined written terms of reference setting out its compositions, authorities and duties. Half-yearly, at the AC meeting, the CRO, with the assistance of Internal Auditors, will present matters in relation to enterprise risk management (“<b>ERM</b>”) to the Risk Committee for discussion following internal ERM meetings which the CRO will hold with the sub-committee comprising key management personnel at the operational level.</p> <p>Further details of the AC, NC and RC are set out below:</p> <ul style="list-style-type: none"> <li>(i) Nominating Committee (Principle 4);</li> <li>(ii) Remuneration Committee (Principle 6); and</li> <li>(iii) Audit Committee (Principle 10).</li> </ul>		<b>AC</b>	<b>NC</b>	<b>RC</b>	Yap Kian Peng (Non-executive / Independent)	Chairman	Member	Member	Cheang You Kong (Non-executive / Independent)	Member	Member	Chairman	Wee Heng Yi, Adrian (Non-executive / Independent)	Member	Chairman	Member	Ng Kian Ann Patrick (Executive)	–	Member	–
	<b>AC</b>	<b>NC</b>	<b>RC</b>																		
Yap Kian Peng (Non-executive / Independent)	Chairman	Member	Member																		
Cheang You Kong (Non-executive / Independent)	Member	Member	Chairman																		
Wee Heng Yi, Adrian (Non-executive / Independent)	Member	Chairman	Member																		
Ng Kian Ann Patrick (Executive)	–	Member	–																		

# CORPORATE GOVERNANCE REPORT

<p>Provision 1.5</p>	<p><u>Board Meetings and Attendance</u></p> <p>The Board meets on a half-yearly basis, and as and when circumstances require, to approve matters relating to announcements of, among others, financial results, annual report, material acquisitions and disposals of assets. At the meetings of the Board and Board Committees, Directors actively participate and are free to discuss and openly challenge the views presented by the Management and the other Directors.</p> <p>In FY2022, the number of the Board and Board Committee meetings held and the attendance of each Board member is shown below.</p> <table border="1" data-bbox="411 689 1455 1084"> <thead> <tr> <th></th> <th>Board</th> <th>AC</th> <th>NC</th> <th>RC</th> </tr> </thead> <tbody> <tr> <td><b>Number of meetings held</b></td> <td><b>2</b></td> <td><b>2</b></td> <td><b>1</b></td> <td><b>1</b></td> </tr> <tr> <td><b>Name of Director</b></td> <td colspan="4"><b>Number of Meetings Attended</b></td> </tr> <tr> <td>Mr Ng Hai Liong</td> <td>2</td> <td>2*</td> <td>1*</td> <td>1*</td> </tr> <tr> <td>Mr Ng Kian Ann Patrick</td> <td>2</td> <td>2*</td> <td>1</td> <td>1*</td> </tr> <tr> <td>Mr Ng Kian Yeow, Vincent</td> <td>2</td> <td>2*</td> <td>1*</td> <td>1*</td> </tr> <tr> <td>Mr Yuen Sou Wai<sup>(1)</sup></td> <td>2</td> <td>2</td> <td>1</td> <td>1</td> </tr> <tr> <td>Mr Wee Heng Yi, Adrian</td> <td>2</td> <td>2</td> <td>1</td> <td>1</td> </tr> <tr> <td>Mr Cheang You Kong</td> <td>2</td> <td>2</td> <td>1</td> <td>1</td> </tr> <tr> <td>Mr Yap Kian Peng<sup>(2)</sup></td> <td>N/A</td> <td>N/A</td> <td>N/A</td> <td>N/A</td> </tr> </tbody> </table> <p>* <i>By invitation</i></p> <p><b>Notes:</b></p> <p>(1) Mr Yuen Sou Wai resigned as an Independent Director with effect from 30 November 2022.</p> <p>(2) Mr Yap Kian Peng was appointed as an Independent Director with effect from 30 December 2022.</p> <p>Directors with multiple board representations have ensured that sufficient time and attention were given to the affairs of the Company during FY2022 (and where applicable, until the date of cessation or from the date of appointment as a Director of the Company in FY2022).</p>		Board	AC	NC	RC	<b>Number of meetings held</b>	<b>2</b>	<b>2</b>	<b>1</b>	<b>1</b>	<b>Name of Director</b>	<b>Number of Meetings Attended</b>				Mr Ng Hai Liong	2	2*	1*	1*	Mr Ng Kian Ann Patrick	2	2*	1	1*	Mr Ng Kian Yeow, Vincent	2	2*	1*	1*	Mr Yuen Sou Wai <sup>(1)</sup>	2	2	1	1	Mr Wee Heng Yi, Adrian	2	2	1	1	Mr Cheang You Kong	2	2	1	1	Mr Yap Kian Peng <sup>(2)</sup>	N/A	N/A	N/A	N/A
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<p>Provision 1.6</p>	<p><u>Access to Information</u></p> <p>The Management provides Directors with complete, adequate and timely information prior to Board and Board Committee meetings and on an on-going basis to enable them to make informed decisions and discharge their duties and responsibilities.</p> <p>The Directors are regularly updated by the Management on the developments within the Group and are supplied with such other information so that they are equipped to participate fully at Board and Board Committee meetings.</p>																																																		
<p>Provision 1.7</p>	<p><u>Access to Management and Company Secretary</u></p> <p>Directors have separate and independent access to Management, the company secretary, and external advisers (where necessary) at the Company's expense.</p> <p>The role of the Company Secretary, the appointment and removal of whom is a matter for the Board as a whole, is as follows:</p> <ul style="list-style-type: none"> <li>ensuring that Board procedures are observed and that the Company's Constitution, relevant rules and regulations, including requirements of the Securities and Futures Act 2001 of Singapore, the Companies Act 1967 and the Catalyst Rules, are complied with;</li> </ul>																																																		

# CORPORATE GOVERNANCE REPORT

	<ul style="list-style-type: none"> <li>• assisting the Chairman and the Board to implement and strengthen corporate governance practices, with a view to enhance long-term shareholder value;</li> <li>• assisting the Chairman to ensure good information flows within the Board and its committees and key management personnel. To facilitate this, all Board members are given the names and contact details of the Company's senior management and the Company Secretary to facilitate direct, separate and independent access;</li> <li>• training, designing and implementing a framework for key management personnel's compliance with the Catalyst Rules, including timely disclosure of material information;</li> <li>• attends and prepares minutes for all Board meetings;</li> <li>• as secretary to all the other Board Committees, assisting to ensure coordination and liaison between the Board, the Board Committees and key management personnel; and</li> <li>• assisting the Chairman, the Chairman of each Board Committee and key management personnel in the development of the agendas for the various Board and Board Committee meetings.</li> </ul>
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## PRINCIPLE 2: BOARD COMPOSITION AND GUIDANCE

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

Provisions 2.1 & 4.4	<u>Independent Directors</u>
Catalist Rule 406(3)(d)	<p>Mr Yuen Sou Wai was the Lead Independent Director of the Company and made himself available to Shareholders at the Company's annual general meeting for its financial year ended 31 December 2021 ("<b>FY2021</b>").</p> <p>As at the date of this Corporate Governance report, the three (3) Independent Directors of the Company comprise Mr Yap Kian Peng, Mr Cheang You Kong and Mr Wee Heng Yi, Adrian. Mr Yap Kian Peng is the current Lead Independent Director of the Company and makes himself available to Shareholders at the Company's annual general meetings.</p> <p>The independence of each Director is reviewed annually by the NC, in accordance with the 2018 Code, the Practice Guidance and the Catalyst Rules.</p> <p>The Board and the NC considers an Independent Director as 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, in accordance with Provision 2.1 of the 2018 Code.</p> <p>In determining the independence of the Independent Directors, the Board and the NC also takes into account Catalist Rule 406(3)(d). Pursuant to Catalist Rules 406(3)(d), the Board and the NC consider that a Director is not independent under any of the following circumstances:</p> <ul style="list-style-type: none"> <li>(i) if he is employed by the Company or any of its related corporations for the current or any of the past three (3) financial years;</li> <li>(ii) if he has an immediate family member who is employed or has been employed by the Company or any of its related corporations for the past three (3) financial years, and whose remuneration is determined by the RC; and</li> <li>(iii) if he has been a director for an aggregate period of more than nine (9) years (whether before or after listing). Such director may continue to be considered independent until the conclusion of the next annual general meeting of the Company.</li> </ul>



# CORPORATE GOVERNANCE REPORT

	<p>In addition, the NC reviews the individual Directors' declaration in their assessment of independence. The Board, with the recommendation and concurrence of the NC, has reviewed and determined that the Independent Directors are independent.</p> <p>Based on the confirmations provided by the Independent Directors, none of the Independent Directors had any existing relationships with the Company, its related corporations, its substantial shareholders or its officers as set out in the 2018 Code which may affect their independence.</p> <p>As Mr Wee Heng Yi, Adrian was first appointed on 11 November 2014, he would have served on the Board for an aggregate period of more than nine (9) years on 11 November 2023.</p> <p>Pursuant to Transitional Practice Note 3 Transitional Arrangements Regarding the Tenure Limit for Independent Directors of the Catalist Rules, Rule 406(3)(d)(iv) of the Catalist Rules only takes effect for the Company's annual general meeting for the financial year ending 31 December 2023. In this regard, Mr Wee Heng Yi, Adrian may still be considered independent until the conclusion of the Company's annual general meeting for the financial year ending on or after 31 December 2023 if he meets the requirements under Rules 406(3)(d)(i) and (ii) of the Catalist Rules.</p>
<p>Provision 2.2 &amp; 2.3</p>	<p>The Board reviewed the Board composition and is of the view that while the Executive Chairman, Mr Ng Hai Liong, is not independent and Independent Directors do not make up a majority of the Board as required under Provision 2.2 of the 2018 Code, Independent Directors make up half of the Board comprising 3 Independent Directors and 3 Executive Directors. In addition, with the appointment of Mr Yap Kian Peng with effect from 30 December 2022, the Board now also comprises a new Lead Independent Director.</p> <p>Furthermore, the Board firmly believes that Mr Ng Hai Liong's experience and expertise is invaluable in guiding the Company in this exceptional business environment.</p> <p>While Non-Executive Directors do not make up a majority of the Board as required under Provision 2.3 of the 2018 Code, the Board believes that its current Board size and the existing composition of the Board Committees effectively serves the Group and its business needs.</p> <p>The Non-Executive Directors, who are also Independent Directors, chair the respective Board Committees and are from diverse backgrounds such as accounting, finance, legal, corporate governance and engineering. Where the Chairman is conflicted, the Lead Independent Non-Executive Director plays a facilitative role in providing leadership in situations.</p> <p>In view of the above, the Board is of the opinion that there is 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. Accordingly, the Board believes that the existing Board composition and the Company's practices are consistent with the intent of Principle 2 of the 2018 Code, in accordance with Catalist Rule 710.</p> <p>Notwithstanding the above, to illustrate its commitment to sound corporate governance procedure and practices, the Board will continue to seek for an appropriate candidate to be appointed as an independent director.</p>
<p>Catalist Rule 406(3)(c)</p>	<p>There are at least two Non-Executive Directors who are independent and free of any material business and financial connection with the Company and at least one-third of the Board comprise of Independent Directors.</p>

# CORPORATE GOVERNANCE REPORT

Provision 2.4  
Catalist Rule  
1204(10B)  
Catalist Rule 710A

## Board Composition

As at the date of this Corporate Governance Report, the Board comprises of three (3) Executive Directors and three (3) Independent Directors. The key information of the Directors is set out as follows:

Name of Director	Designation
Mr Ng Hai Liong	Executive Chairman
Mr Ng Kian Ann Patrick	Executive Director and Chief Executive Officer (“ <b>CEO</b> ”)
Mr Ng Kian Yeow, Vincent	Executive Director and Chief Operating Officer (“ <b>COO</b> ”)
Mr Yap Kian Peng	Lead Independent Director
Mr Cheang You Kong	Independent Director
Mr Wee Heng Yi, Adrian	Independent Director

## Board Composition and Diversity

The Company has adopted a formal board diversity policy (the “**Policy**”). The composition of the Board is reviewed on an annual basis by the NC to ensure that the Board has the appropriate mix of expertise and experience, and collectively possesses the necessary core competencies for effective functioning and informed decision-making. The Board as a whole provides an appropriate balance of diversity of skills, experience, and knowledge of the Company, with core competencies in accounting and finance, legal expertise, business and management experience, industry knowledge, strategic planning and customer-based experience and knowledge. This enables the Management to benefit from the external and expert perspectives of the Directors who collectively possess the core competencies relevant to the direction and growth of the Group.

The Board is of the opinion that it would be most effective to draw on the wealth of experience from the longer serving directors while concurrently taking progressive steps to review and consider opportunities to refresh the Board as and when deemed required. In FY2022, the Board took a step in this direction, as evident from Mr Yuen Sou Wai’s resignation as part of the Board renewal process, and Mr Yap Kian Peng’s appointment as the Company’s new Lead Independent Director.

To meet the constantly evolving challenges in the industry and countries which the Group operates in, the Company conducts regular reviews to ensure that the Board’s dynamic remains optimal. Such reviews include considering factors such as the expertise, skills and perspectives which the Board needs against the existing competencies of the Board.

The Board’s policy in identifying Director nominees is primarily to have an appropriate mix of members with complementary skills, core competencies and experience for the Group, regardless of gender.

The Board has reviewed and believes that its current composition satisfies a diversity of skills, experience and knowledge to the Company and is represented in the table below:

Core Competencies	Number of Directors	Proportion of Board
Accounting or finance	3	50%
Project management	4	67%
Legal or corporate governance	3	50%
Engineering	4	67%
Strategic planning experience	6	100%
Customer based experience or knowledge	6	100%

# CORPORATE GOVERNANCE REPORT

	<p>The Board has taken the following steps to maintain or enhance its balance and diversity:</p> <ul style="list-style-type: none"> <li>• annual review by the NC to assess if the existing attributes and core competencies of the Board are complementary and enhance the efficacy of the Board; and</li> <li>• annual evaluation by the Directors of the skill sets the other Directors possess, with a view to understanding the range of expertise and diversity which is lacking by the Board.</li> </ul> <p>The NC will consider the results of these exercises in its recommendation for the appointment of new directors and/or the re-appointment of incumbent Directors.</p>
Provision 2.5	<p><u>Meeting of Independent Directors without Management</u></p> <p>The Independent Directors, led by the Lead Independent Director, met once without the presence of key management personnel in FY2022. The Lead Independent Director provided feedback to the Board and/or Chairman as appropriate.</p>

## PRINCIPLE 3: CHAIRMAN AND CHIEF EXECUTIVE OFFICER

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

Provisions 3.1 & 3.2	<p><u>Role of Chairman and the CEO</u></p> <p>Mr Ng Hai Liong is the Chairman of the Board and an Executive Director. Mr Ng Kian Ann Patrick is the CEO and an Executive Director.</p> <p>The roles of the Chairman and CEO in the Company are separate, and are taken up by separate persons to ensure an appropriate balance of power, increased accountability, and greater capacity of the Board for independent decision-making.</p> <p>The CEO has the executive responsibility for the day-to-day operations of the Group whilst the Chairman provides overall leadership to the Board. The Chairman, with the help of the Company Secretary, ensures that Board meetings are held as and when necessary and sets the meeting agenda in consultation with the CEO and fellow Directors and other executives, and if warranted, with professional advisors.</p> <p>The Chairman also ensures the quality, quantity and timeliness of the flow of information between the Management, the Board and shareholders. He assumes the lead role in promoting high standards of corporate governance processes as well as the culture of openness and debate at Board meetings. He also encourages constructive relationships within the Board and between the Board and Management while facilitating the effective contributions of Non-Executive Directors and Independent Directors during the Board meetings, as well as effective communication with shareholders.</p> <p>The Board has established and set out in writing, the division of responsibilities between the Chairman and CEO.</p>
Catalist Rule 1204(10A)	<p>The Chairman, Mr Ng Hai Liong, is the father of the CEO, Mr Ng Kian Ann Patrick. Notwithstanding the familial relationship between the Chairman and CEO, the Board is satisfied that there is sufficient transparency and accountability in view of the distinction of responsibilities and the strong independent element on the Board.</p>
Provision 3.3	<p><u>Appointment of Lead Independent Director</u></p> <p>The Board has a Lead Independent Director to provide leadership in situations where the Chairman is conflicted. The previous Lead Independent Director, Mr Yuen Sou Wai attended the annual general meeting for FY2021 and made himself available to Shareholders. As the current Lead Independent Director of the Company, Mr Yap Kian Peng makes himself available to Shareholders at the Company's annual general meetings.</p>

# CORPORATE GOVERNANCE REPORT

## PRINCIPLE 4: BOARD MEMBERSHIP

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

<p>Provision 4.1</p> <p>Catalist Rule 406(3)(e)</p>	<p><u>Role of the NC</u></p> <p>The NC is guided by written terms of reference, which include the following:</p> <ul style="list-style-type: none"> <li>(a) reviewing and approving any new employment of related persons and the proposed terms of their employment;</li> <li>(b) nominating and re-nominating of Directors for re-election in accordance with the Constitution of the Company at each annual general meeting and having regard to the Director's contribution and performance;</li> <li>(c) determining annually, and as and when required, whether or not a Director of the Company is independent;</li> <li>(d) deciding whether or not a Director of the Company is able to and has been adequately carrying out his duties as a Director, considering issues including the Director's competencies, commitment, contribution and performance;</li> <li>(e) deciding how the Board's performance may be evaluated and proposing objective performance criteria, as approved by the Board that allows comparison with its industry peers, and addressing how the Board has enhanced long-term Shareholders' value;</li> <li>(f) recommending and reviewing board succession plans for Directors, in particular, the appointment and/or replacement of the Chairman, the CEO and key management personnel; and</li> <li>(g) recommending training and professional development programs for the Board and its directors.</li> </ul>													
<p>Provision 4.2</p>	<p><u>NC Composition</u></p> <p>The NC comprises four (4) Directors, of whom, three (3) are Independent Directors. The Lead Independent Director is one of the members of the NC.</p> <p>Please refer to Provision 1.4 above for the names of the members and the composition of the NC.</p>													
<p>Provision 4.3</p>	<p><u>Process for Selection, Appointment and Re-appointment of Directors</u></p> <p>The process for the selection, appointment and re-appointment of Directors takes into consideration the composition and progressive renewal of the Board, as well as each Director's competencies, commitment, contribution and performance.</p> <p>The Company's process for the selection and appointment of Directors to the Board are set out below:</p> <table border="1" data-bbox="411 1635 1458 2092"> <tr> <td data-bbox="421 1644 485 1823">1.</td> <td data-bbox="491 1644 826 1823">Determination of selection criteria</td> <td data-bbox="833 1644 1452 1823">The NC takes into consideration the background, qualifications, experience and knowledge that the candidate brings and which could benefit the Board, taking into account the current needs of the Board in terms of skills, experience, gender and knowledge to complement and strengthen the Board and increase its diversity.</td> </tr> <tr> <td data-bbox="421 1832 485 1948">2.</td> <td data-bbox="491 1832 826 1948">Search for suitable candidates</td> <td data-bbox="833 1832 1452 1948">The NC would consider candidates proposed by the Directors, key management personnel or substantial shareholders, and may engage external search consultants where necessary.</td> </tr> <tr> <td data-bbox="421 1957 485 2020">3.</td> <td data-bbox="491 1957 826 2020">Assessment of shortlisted candidates</td> <td data-bbox="833 1957 1452 2020">The NC would meet and interview the shortlisted candidates to assess their suitability.</td> </tr> <tr> <td data-bbox="421 2029 485 2092">4.</td> <td data-bbox="491 2029 826 2092">Appointment of Director</td> <td data-bbox="833 2029 1452 2092">The NC would recommend the selected candidate to the Board for consideration and approval.</td> </tr> </table>		1.	Determination of selection criteria	The NC takes into consideration the background, qualifications, experience and knowledge that the candidate brings and which could benefit the Board, taking into account the current needs of the Board in terms of skills, experience, gender and knowledge to complement and strengthen the Board and increase its diversity.	2.	Search for suitable candidates	The NC would consider candidates proposed by the Directors, key management personnel or substantial shareholders, and may engage external search consultants where necessary.	3.	Assessment of shortlisted candidates	The NC would meet and interview the shortlisted candidates to assess their suitability.	4.	Appointment of Director	The NC would recommend the selected candidate to the Board for consideration and approval.
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# CORPORATE GOVERNANCE REPORT

	<p>The Company's process for the assessment and re-appointment of Directors to the Board are set out below:</p> <table border="1" data-bbox="411 454 1455 678"> <tr> <td data-bbox="411 454 488 555">1.</td> <td data-bbox="488 454 831 555">Assessment of Director</td> <td data-bbox="831 454 1455 555">The NC would assess the performance of the Director in accordance with the performance criteria set by the Board and consider the current needs of the Board.</td> </tr> <tr> <td data-bbox="411 555 488 678">2.</td> <td data-bbox="488 555 831 678">Re-appointment of Director</td> <td data-bbox="831 555 1455 678">Subject to the NC's satisfactory assessment of their overall contributions and performance, the NC would recommend the proposed re-appointment of the Director to the Board for its consideration and approval.</td> </tr> </table>	1.	Assessment of Director	The NC would assess the performance of the Director in accordance with the performance criteria set by the Board and consider the current needs of the Board.	2.	Re-appointment of Director	Subject to the NC's satisfactory assessment of their overall contributions and performance, the NC would recommend the proposed re-appointment of the Director to the Board for its consideration and approval.
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2.	Re-appointment of Director	Subject to the NC's satisfactory assessment of their overall contributions and performance, the NC would recommend the proposed re-appointment of the Director to the Board for its consideration and approval.					
Catalist Rule 720(4)	<p>Pursuant to Regulation 117 of the Company's Constitution, one-third of the Directors for the time being (or, if their number is not a multiple of three (3), the number nearest to but not less than one-third with a minimum of one) shall retire from office by rotation.</p> <p>The Board, with the recommendation of the NC, have nominated Mr Ng Hai Liong and Mr Ng Kian Yeow, Vincent for re-election at the forthcoming AGM. Any member of the NC who is interested in the discussion had abstained from the deliberations.</p> <p>The Directors who are retiring pursuant to Regulation 117 of the Company's Constitution at the forthcoming AGM are:</p> <p>(i) Mr Ng Hai Liong; and</p> <p>(iii) Mr Ng Kian Yeow, Vincent.</p> <p>Pursuant to Regulation 122 of the Company's Constitution, the Company may by ordinary resolution appoint any person to be a Director either to fill a casual vacancy or as an additional Director, and any person so appointed shall hold office only until the next AGM and shall be eligible for re-election.</p> <p>Mr Yap Kian Peng was appointed to the Board with effect from 30 December 2022 and shall hold office until the forthcoming AGM and be eligible for re-election at the forthcoming AGM, pursuant to Regulation 122 of the Company's Constitution.</p> <p>Mr Ng Hai Liong, Mr Ng Kian Yeow, Vincent, and Mr Yap Kian Peng, being eligible, have given consent to submit themselves for re-election at the forthcoming AGM.</p> <p>In FY2022, all Directors, with the exception of Mr Yap Kian Peng who was appointed to the Board with effect from 30 December 2022, have submitted themselves for re-nomination and re-election at least once every three (3) years.</p> <p>Mr Ng Hai Liong will upon re-appointment as a Director of the Company, remain as Executive Chairman of the Company. Mr Ng Hai Liong is deemed interested in the 121,759,600 ordinary shares (or approximately 68.70%) of the Company held by Dandelion Capital Pte. Ltd. ("<b>Dandelion</b>") by virtue of his 17% shareholdings in Dandelion. He is the father of Mr Ng Kian Ann Patrick, the Company's Executive Director and CEO and Mr Ng Kian Yeow, Vincent, the Company's Executive Director and COO.</p> <p>Mr Ng Kian Yeow, Vincent will upon re-appointment as a Director of the Company, remain as an Executive Director of the Company. Mr Ng Kian Yeow, Vincent is deemed interested in 121,759,600 ordinary shares (or approximately 68.70%) of the Company held by Dandelion by virtue of his 23.0% shareholding in Dandelion. He is the son of Mr Ng Hai Liong, the Company's Executive Chairman and the brother of Mr Ng Kian Ann Patrick, the Company's Executive Director and CEO.</p> <p>Mr Yap Kian Peng will upon re-appointment as a Director of the Company, remain as the Lead Independent Director, the Chairman of AC, and a member of the RC and the NC. The Board considers Mr Yap Kian Peng to be independent for the purposes of Catalist Rule 704(7).</p>						



# CORPORATE GOVERNANCE REPORT

	<p>Save as disclosed, neither Mr Ng Hai Liong, Mr Ng Kian Yeow, Vincent, nor Mr Yap Kian Peng has any other material relationships (including family relationships) between themselves and the Directors, the Company or its substantial shareholders.</p> <p>For good corporate governance, Mr Ng Hai Liong, Mr Ng Kian Yeow, Vincent and Mr Yap Kian Peng, who are retiring at the AGM, abstained from voting at the relevant Board meeting on the respective resolutions recommending their re-election to be tabled for shareholders' approval.</p>
<p>Provision 4.5</p>	<p><u>Directors' Time Commitments</u></p> <p>The NC ensured that new Directors were aware of their duties and obligations.</p> <p>The NC has reviewed whether a Director is able to and has been adequately carrying out his or her duties as a Director of the Company.</p> <p>The considerations in assessing the capacity of Directors include the following:</p> <ul style="list-style-type: none"> <li>• expected and/or competing time commitments of Directors;</li> <li>• geographical location of Directors;</li> <li>• size and composition of the Board; and</li> <li>• nature and scope of the Group's operations and size.</li> </ul> <p>The NC has reviewed the time spent and attention given by each of the Directors to the Company's affairs, and is satisfied that all the Directors have discharged their duties adequately in FY2022.</p> <p>Please refer to the Board of Directors' section for key information on the directorships and principal commitments of each Director.</p> <p>In FY2022, the Board did not set a maximum number of directorships given that all Independent Directors were able to dedicate their time to the business of the Company and that the multiple board representations held by Directors of the Company did not impede their performance in carrying out their duties to the Company.</p> <p>The measures and evaluation tools in place to assess the performance and consider competing time commitments of the Directors include the following:</p> <ul style="list-style-type: none"> <li>• declarations by individual Directors of their other listed company board directorships and principal commitments; and</li> <li>• annual confirmations by each Director on his ability to devote sufficient time and attention to the Company's affairs, having regard to his other commitments.</li> </ul> <p>Nevertheless, if the NC finds that time commitment is lacking from any particular Director, the NC may consider imposing a maximum number of directorships to be held by each Director in future.</p>

# CORPORATE GOVERNANCE REPORT

## PRINCIPLE 5: BOARD PERFORMANCE

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

Provision 5.1	<p><u>Board Evaluation Process</u></p> <p>The NC is tasked with the assessment of the Board's performance, and reviews and evaluates the performance of the Board as a whole, each Board Committee, the contributions by the Chairman and each individual Director on an annual basis. The NC also recommends for the Board's approval the objective performance criteria and process for the abovementioned evaluation. The evaluation is conducted annually to identify areas of improvement and as a form of good Board practice.</p>									
Provision 5.2	<p><u>Board Evaluation Criteria</u></p> <p>The performance criteria, as recommended by the NC and approved by the Board, is set out below:</p> <table border="1" data-bbox="411 853 1458 1413"> <thead> <tr> <th data-bbox="421 853 603 920">Performance Criteria</th> <th data-bbox="612 853 1023 920">Board and Board Committees</th> <th data-bbox="1032 853 1458 920">Individual Directors</th> </tr> </thead> <tbody> <tr> <td data-bbox="421 934 603 1167"><b>Qualitative</b></td> <td data-bbox="612 934 1023 1167"> <ol style="list-style-type: none"> <li>1. Size and composition</li> <li>2. Access to information</li> <li>3. Board processes</li> <li>4. Strategic planning</li> <li>5. Board accountability</li> <li>6. Risk management</li> </ol> </td> <td data-bbox="1032 934 1458 1167"> <ol style="list-style-type: none"> <li>1. Commitment of time</li> <li>2. Knowledge and abilities</li> <li>3. Teamwork</li> <li>4. Contribution and performance at Board and Board Committee meetings</li> <li>5. Independence (if applicable)</li> <li>6. Overall effectiveness</li> </ol> </td> </tr> <tr> <td data-bbox="421 1180 603 1413"><b>Quantitative</b></td> <td data-bbox="612 1180 1023 1413"> <ol style="list-style-type: none"> <li>1. Performance of the Company's share price over a one-year period vis-à-vis the Singapore Straits Time Index and a benchmark of the Company's industry peers</li> <li>2. Return on equity</li> <li>3. Return on Assets</li> </ol> </td> <td data-bbox="1032 1180 1458 1413"> <ol style="list-style-type: none"> <li>1. Attendance at Board and Board Committee meetings</li> </ol> </td> </tr> </tbody> </table> <p>The NC would review the criteria on a periodic basis to ensure that the criteria is able to provide an accurate and effective performance assessment taking into consideration industry standards and the economic climate with the objective of enhancing long term shareholders value, and propose amendments if any, to the Board for approval.</p> <p>The NC did not propose any changes to the performance criteria for FY2022 as compared to the previous financial year as the economic climate, Board composition, the Group's principal business activities remained relatively the same since FY2021.</p> <p><u>Board Evaluation Process</u></p> <p>The review of the performance of the Board is conducted by the NC annually. The review of the performance of each Director is also conducted at least annually.</p>	Performance Criteria	Board and Board Committees	Individual Directors	<b>Qualitative</b>	<ol style="list-style-type: none"> <li>1. Size and composition</li> <li>2. Access to information</li> <li>3. Board processes</li> <li>4. Strategic planning</li> <li>5. Board accountability</li> <li>6. Risk management</li> </ol>	<ol style="list-style-type: none"> <li>1. Commitment of time</li> <li>2. Knowledge and abilities</li> <li>3. Teamwork</li> <li>4. Contribution and performance at Board and Board Committee meetings</li> <li>5. Independence (if applicable)</li> <li>6. Overall effectiveness</li> </ol>	<b>Quantitative</b>	<ol style="list-style-type: none"> <li>1. Performance of the Company's share price over a one-year period vis-à-vis the Singapore Straits Time Index and a benchmark of the Company's industry peers</li> <li>2. Return on equity</li> <li>3. Return on Assets</li> </ol>	<ol style="list-style-type: none"> <li>1. Attendance at Board and Board Committee meetings</li> </ol>
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# CORPORATE GOVERNANCE REPORT

	<p>For FY2022, the review process was as follows:</p> <ul style="list-style-type: none"> <li>• all Directors collectively as a whole completed a Board evaluation questionnaire on the effectiveness of the Board and the Board Committees based on criteria disclosed in the table above;</li> <li>• all Directors completed the individual directors' evaluation form and presented it to the NC Chairman; and</li> <li>• the NC discussed the evaluations of the Board and individual Directors and concluded the performance results during the NC meeting. All NC members have abstained from the voting or review process of any matters in connection with the assessment of his performance.</li> </ul> <p>The NC, having reviewed the overall performance of the Board, Board Committees and each individual Director, is of the view that the Board and its Board Committees operate effectively and each Director has contributed to the overall effectiveness of the Board.</p> <p>No external facilitator was used in the evaluation process for FY2022.</p>
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## PRINCIPLE 6: PROCEDURES FOR DEVELOPING REMUNERATION POLICIES

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

Provisions 6.1 & 6.3	<u>Role of the RC</u>
Catalist Rule 406(3)(e)	<p>The RC is guided by written terms of reference which include the following:</p> <ul style="list-style-type: none"> <li>(a) reviewing and recommending to the Board a general framework of remuneration and specific remuneration packages for each Director and key management personnel;</li> <li>(b) reviewing and approving the quantum of the bonus of the Executive Directors and CEO;</li> <li>(c) reviewing and submitting its recommendations for endorsement by the Board in relation to, share-based incentives or awards or any long-term incentive schemes such as the Huatong Employee Share Option Scheme ("<b>ESOS</b>") and the Huatong Performance Share Plan ("<b>PSP</b>"), in particular to review whether Directors and key management personnel should be eligible for such schemes and also to evaluate the costs and benefits of such schemes and to do all acts necessary in connection therewith;</li> <li>(d) functioning as the committee referred to in the ESOS and PSP and having all powers as set out in the ESOS and PSP;</li> <li>(e) reviewing and recommending to the Board the service contracts of Executive Directors and key management personnel and ensuring that such services contracts are fair and not excessively long or with onerous renewal/termination clauses; and</li> <li>(f) reviewing and recommending to the Board all aspects of remuneration, including but not limited to Directors' fees, salaries, allowances, bonuses, remuneration of senior management and employees related to the Directors (if any), options and benefits-in-kind.</li> </ul>

# CORPORATE GOVERNANCE REPORT

Provision 6.2	<p><u>RC Composition</u></p> <p>The RC comprises three (3) Directors, of which all are Non-Executive and Independent Directors.</p> <p>Please refer to Provision 1.4 above for the names of the members and the composition of the RC.</p>
Provision 6.4	No remuneration consultants were engaged by the Company in FY2022.

## PRINCIPLE 7: LEVEL AND MIX OF REMUNERATION

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

Provision 7.1	<p><u>Remuneration of Executive Directors and key management personnel</u></p> <p>The RC has structured remuneration packages for Executive Directors and key management personnel to take into account performance related indicators, which include financial and non-financial factors. A significant and appropriate proportion of the remuneration is structured to link rewards to the Company's and individual's performance.</p> <p>The remuneration policy articulates to staff that total compensation is structured to link to the achievement of organisational and individual performance objectives, and is benchmarked against relevant and comparative compensation in the market.</p> <p>The Company currently does not have any contractual provisions which allow it to reclaim incentives from the Executive Directors and key management personnel in certain circumstances. The Board is of the view that as the Group pays performance bonuses based on the actual performance of the Group and/or Company (and not on forward-looking results) as well as the actual performance of its Executive Directors and key management personnel, "claw-back" provisions in the service agreements may not be relevant or appropriate.</p>
Provision 7.2	<p><u>Remuneration of Non-Executive and Independent Directors</u></p> <p>The remuneration of Non-Executive and Independent Directors is appropriate to the level of contribution, taking into account factors such as credentials, qualifications, experience, effort, time spent and responsibilities and contribution to the Board.</p> <p>Their remuneration is subject to shareholders' approval at the AGM. Directors' fees are recommended by the Board and are subject to the approval of Shareholders at the forthcoming AGM. The Non-Executive and Independent Directors shall not be overcompensated to the extent that their independence may be compromised.</p>
Provision 7.3	The remuneration framework for Directors and key management personnel is aligned with the interests of the shareholders and other relevant stakeholders and which is appropriate to attract, retain and motivate them to provide good stewardship of the Company for the long-term success of the Company.

# CORPORATE GOVERNANCE REPORT

## PRINCIPLE 8: DISCLOSURE ON REMUNERATION

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

Provisions 8.1	<p><u>Remuneration of Directors</u></p> <p>The breakdown for the remuneration of the Directors for FY2022 is as follows (no Director or any of his associates has been involved in deciding his own remuneration):</p> <table border="1"> <thead> <tr> <th>Name of Director / Remuneration Band</th> <th>Salary and allowance* (%)</th> <th>Annual Wage Supplement ("AWS") (%)</th> <th>Performance Bonus (%)</th> <th>Directors Fees (%)</th> <th>Total (%)</th> </tr> </thead> <tbody> <tr> <td colspan="6"><i>S\$500,000 to S\$750,000</i></td> </tr> <tr> <td>Ng Kian Ann Patrick</td> <td>63.0</td> <td>3.4</td> <td>33.6</td> <td>–</td> <td>100.0</td> </tr> <tr> <td>Ng Kian Yeow, Vincent</td> <td>54.9</td> <td>4.1</td> <td>41.0</td> <td>–</td> <td>100.0</td> </tr> <tr> <td colspan="6"><i>S\$250,000 to S\$500,000</i></td> </tr> <tr> <td>Ng Hai Liong</td> <td>55.7</td> <td>4.2</td> <td>40.1</td> <td>–</td> <td>100.0</td> </tr> <tr> <td colspan="6"><i>S\$250,000 and below</i></td> </tr> <tr> <td>Yuen Sou Wai<sup>(1)</sup></td> <td>–</td> <td>–</td> <td>–</td> <td>100.0</td> <td>100.0</td> </tr> <tr> <td>Wee Heng Yi, Adrian</td> <td>–</td> <td>–</td> <td>–</td> <td>100.0</td> <td>100.0</td> </tr> <tr> <td>Cheang You Kong</td> <td>–</td> <td>–</td> <td>–</td> <td>100.0</td> <td>100.0</td> </tr> <tr> <td>Mr Yap Kian Peng<sup>(2)</sup></td> <td>–</td> <td>–</td> <td>–</td> <td>–</td> <td>–</td> </tr> </tbody> </table> <p><i>*These amounts are inclusive of employer's CPF contribution and transport allowances.</i></p> <p><b>Notes:</b></p> <p>(1) Mr Yuen Sou Wai resigned as the Lead Independent Director with effect from 30 November 2022.</p> <p>(2) Mr Yap Kian Peng was appointed as the Lead Independent Director with effect from 30 December 2022.</p> <p>After reviewing the industry practice and analysing the advantages and disadvantages in relation to the disclosure of remuneration of each Director, the Company is of the view that disclosure of details in excess of the above would be prejudicial to its business interests given the highly competitive environment.</p> <p>There are no termination, retirement, post-employment benefits that may be granted to Directors, the CEO or key management personnel.</p>	Name of Director / Remuneration Band	Salary and allowance* (%)	Annual Wage Supplement ("AWS") (%)	Performance Bonus (%)	Directors Fees (%)	Total (%)	<i>S\$500,000 to S\$750,000</i>						Ng Kian Ann Patrick	63.0	3.4	33.6	–	100.0	Ng Kian Yeow, Vincent	54.9	4.1	41.0	–	100.0	<i>S\$250,000 to S\$500,000</i>						Ng Hai Liong	55.7	4.2	40.1	–	100.0	<i>S\$250,000 and below</i>						Yuen Sou Wai <sup>(1)</sup>	–	–	–	100.0	100.0	Wee Heng Yi, Adrian	–	–	–	100.0	100.0	Cheang You Kong	–	–	–	100.0	100.0	Mr Yap Kian Peng <sup>(2)</sup>	–	–	–	–	–
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Yuen Sou Wai <sup>(1)</sup>	–	–	–	100.0	100.0																																																														
Wee Heng Yi, Adrian	–	–	–	100.0	100.0																																																														
Cheang You Kong	–	–	–	100.0	100.0																																																														
Mr Yap Kian Peng <sup>(2)</sup>	–	–	–	–	–																																																														



# CORPORATE GOVERNANCE REPORT

## Remuneration of key management personnel

The Company had two (2) key management personnel (who are not Directors or the CEO) during FY2022. The total remuneration paid to the top two (2) key management personnel (who are not Directors or the CEO) for FY2022 was S\$348,612.

The breakdown for the remuneration of the Company's key management personnel (who are not Directors or the CEO) for FY2022 is as follows:

Name of key executives/ remuneration#	Designation	Salary and allowance* (%)	AWS/ Bonus (%)	Total (%)
S\$250,000 and below				
Goh Tuck Peng	CFO	87.1	12.9	100.0
Heng Yann Syin	Head of Contracts	82.8	17.2	100.0

\* These amounts are inclusive of employer's CPF contribution, transport allowances.

Given the highly competitive conditions of the Group's industry, and the prevalent poaching of experienced executives, the Company believes that the disclosure of the aggregate total remuneration paid to each individual key management personnel as recommended by the 2018 Code may not be in the best interests of the Group. Nevertheless, the Company has sought to provide the remuneration of these key management personnel in the bands of S\$250,000 and also a breakdown in percentage terms. The Board is of the opinion that the information disclosed in this Corporate Governance report strikes an appropriate balance between detailed disclosure and confidentiality.

## Performance conditions

The following performance conditions were implemented for the Group to remain competitive and to motivate the Executive Directors and key management personnel to work in alignment with the goals of all stakeholders:

Performance Conditions	Short-term Incentives (such as performance bonus)	Long-term Incentives (such as the Employee Share Option Scheme and the Performance Share Plan)
<b>Qualitative</b>	<ol style="list-style-type: none"> <li>Leadership</li> <li>People development</li> <li>Commitment</li> <li>Teamwork</li> <li>Current market and industry practices</li> <li>Macro-economic factors</li> </ol>	<ol style="list-style-type: none"> <li>Group's major project or developments</li> <li>Current market and industry practices</li> </ol>
<b>Quantitative</b>	Group's PBT of at least S\$4 million for Executive Directors	

The RC has reviewed and is satisfied that the performance conditions were fulfilled for FY2022.

## Provision 8.2

### Remuneration of immediate family members of Directors and CEO

Ms Lee Swee Chu is the spouse of Mr Ng Hai Liong and mother to Mr Ng Kian Ann Patrick and Mr Ng Kian Yeow, Vincent. The remuneration of Ms Lee Swee Chu is between S\$100,000 to S\$150,000 in FY2022.

Save as disclosed above, there are no other 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 FY2022.

# CORPORATE GOVERNANCE REPORT

Provision 8.3

## Remuneration, payments and benefits to Executive Directors

The remuneration received by each of the Executive Directors takes into consideration his individual performance and contribution towards the overall performance of the Group in FY2022.

The remuneration of the Executive Directors is made up of fixed and variable compensations. The fixed compensation consists of an annual base salary, allowance and annual wage supplement (the “**AWS**”). The variable compensation is a performance bonus (the “**Performance Bonus**”) determined based on the Group’s profit before income tax (“**PBT**”) for each financial year. For this purpose, “**PBT**” refers to the audited consolidated profit before income tax of the Group (before the Incentive Bonus, nonrecurring exceptional items and minority interests) for the relevant financial year.

The amount of Performance Bonus is determined as follows:

<b>PBT</b>	<b>Mr Ng Hai Liong (Executive Chairman)</b>	<b>Mr Ng Kian Ann Patrick (CEO)</b>	<b>Mr Ng Kian Yeow, Vincent (COO)</b>
Less than S\$4.0 million	Nil	Nil	Nil
Exceeds S\$4.0 million but does not exceed or equal to S\$6.0 million	2.0% of the amount in excess of S\$4.0 million	3.5% of the amount in excess of S\$4.0 million	3.2% of the amount in excess of S\$4.0 million
Exceeds S\$6.0 million but does not exceed or equal to S\$8.0 million	S\$40,000 and 2.5% of the amount in excess of S\$6.0 million	S\$70,000 and 4.0% of the amount in excess of S\$6.0 million	S\$64,000 and 3.7% of the amount in excess of S\$6.0 million
Exceeds S\$8.0 million	S\$90,000 and 3.0% of the amount in excess of S\$8.0 million	S\$150,000 and 4.5% of the amount in excess of S\$8.0 million	S\$138,000 and 4.2% of the amount in excess of S\$8.0 million

## Remuneration, payments and benefits to key management personnel

The remuneration received by key management personnel is made up of a fixed compensation consisting of an annual base salary and allowance. Included in the remuneration was also AWS and/or bonus to key management personnel for FY2022.

### Share-Based Incentive Plans

The Company has in place the Huatong PSP and the Huatong ESOS (collectively, the “**Share-Based Incentive Plans**”). The Share-Based Incentive Plans are administered by the NC and the RC (the “**Administration Committee**”).

The primary objective of establishing the Share-Based Incentive Plans is to recognise and reward the Directors and employees for their valuable contributions to the growth and success of the Group as well as to retain employees whose services are vital to the success and greater growth of the Group.

Under the ESOS, the total number of shares over which the Administration Committee may grant options on any date, when added to the number of shares issued and issuable in respect of (a) all options granted under the ESOS; (b) all awards granted under the Share Plan; and (c) any other share option schemes of the Company, shall not exceed 15% of the total number of issued shares (excluding treasury shares and subsidiary holdings of the Company) on the day immediately preceding the date of the relevant grant. Options under the ESOS may be granted with the exercise price set at market price or with the exercise price set at a discount to market price. The former shall only be exercisable after the first anniversary of the date of grant and expire on the fifth anniversary of such date of grant, while the latter shall only be exercisable after the second anniversary of the date of grant and expire on the fifth anniversary of such date of grant.

# CORPORATE GOVERNANCE REPORT

	<p>The PSP is designed to reward its participants through the issue of fully-paid shares according to the extent to which they complete certain time-based service conditions or achieve their performance targets over set performance periods. No minimum vesting periods are prescribed under the PSP for awards, and the length of the vesting period in respect of each award shall be determined on a case-by-case basis. The size of the Award granted to a participant will be determined based on, amongst others, his rank, job performance, potential for future development and his contribution to the success and development of the Group as determined by the Administration Committee prior to the date of grant. The performance period here is a forward-looking period for which performance conditions and targets are set and measured over the performance period. The final Award is determined by the performance achievement over the performance period. Awards may comprise fully paid shares, cash or a combination of fully paid shares and cash. The performance period, vesting period and other conditions will be determined by the Administration Committee.</p> <p>Since the implementation of the Share-Based Incentive Plans, no share awards or share options have been granted to the Directors, controlling shareholders of the Company or associates of controlling shareholders of the Company, and no employee of the Group has received 5% or more of the total number of share awards or share options (as the case may be) available under the Share-Based Incentive Plans. The Company had on 15 August 2022 granted Awards pursuant to which 855,000 shares were vested on the same day to eligible persons (none of whom are Directors / controlling shareholders) under the Huatong Performance Share Plan.</p>
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## PRINCIPLE 9: ACCOUNTABILITY AND AUDIT – RISK MANAGEMENT AND INTERNAL CONTROLS

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

<p>Provision 9.1</p>	<p><u>Risk assessment and evaluation</u></p> <p>Risk assessment and evaluation, which determines the nature and extent of the significant risks which the Company is willing to take in achieving its strategic objectives and value creation, has become an essential part of the business planning and monitoring process. To address this, the Board has set up a Risk Committee which comprises Mr Ng Kian Ann Patrick as the Chairman and Mr Yap Kian Peng, Mr Cheang You Kong and Mr Wee Heng Yi, Adrian as members.</p> <p>Nevertheless, the Board acknowledges that it is responsible for the governance of risks and the overall internal control framework, but recognises that no cost effective internal control system will preclude all errors and irregularities, as a system is designed to manage rather than eliminate the risk of failure to achieve business objectives, and can provide only reasonable and not absolute assurance against the occurrence of material errors or poor judgment in decision-making.</p> <p>The Group has put in place a documentation on its risk profile which summarises the material risks faced by the Group and the counter measures in place to manage or mitigate those risks for the review by the Board at least annually.</p> <p>Save for the above, the Board is of the view that the Company's internal controls (including financial, operational, compliance and information technology controls) and risk management systems were adequate and effective for FY2022.</p> <p>The bases for the Board's view are as follows:</p> <ul style="list-style-type: none"> <li>(i) assurance has been received from the CEO and CFO;</li> <li>(ii) an internal audit has been done by the Internal Auditor (the "IA") (who has unfettered access to all the Company's documents, records, properties and personnel) and significant matters highlighted to the AC and key management personnel were appropriately addressed;</li> <li>(iii) key management personnel regularly evaluates, monitors and reports to the AC and the Board on material risks;</li> </ul>
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# CORPORATE GOVERNANCE REPORT

	<p>(iv) the AC, on behalf of the Board, reviews the Group's system of internal controls, including financial, operational, compliance controls and information technology and risk management policies and systems established by Management;</p> <p>(v) discussions were held between the AC and auditors in the absence of the key management personnel to review and address any potential concerns; and</p> <p>(vi) an enterprise risk management framework was established to identify, manage and mitigate significant risks.</p>
Provision 9.2	<p><u>Assurance from the CEO, CFO, EA and IA</u></p> <p>The Board has obtained assurance from the CEO and CFO that in FY2022:</p> <p>(i) 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</p> <p>(ii) the Company's risk management and internal control systems are adequate and effective.</p> <p>The Board has further relied on the independent auditor's report as set out in this Annual Report as assurance that the financial records have been properly maintained and the financial statements give a true and fair view of the Company's finances.</p> <p>The Board has also relied on the reports of the IA's examination of the Company's system of internal control and risk management as assurance that the Company's risk management and internal control system are effective.</p>
Catalist Rule 1204(10)	<p><u>Confirmation of adequacy of internal controls</u></p> <p>Taking into account the nature and size of the Group's business and operations, the Board, with the concurrence of the AC, are of the opinion that the internal controls and risk management systems are adequate and effective to address the financial, operational, compliance and information technology risks based on the following:</p> <ul style="list-style-type: none"> <li>• internal controls and the risk management system established by the Company;</li> <li>• work performed by the IA and EA;</li> <li>• assurance from the CEO and CFO; and</li> <li>• reviews done by the various Board Committees and key management personnel.</li> </ul>

## PRINCIPLE 10: AUDIT COMMITTEE

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

Provision 10.1	<u>Duties and Functions of the AC</u>
Catalist Rule 406(3)(e)	<p>The duties and functions of the AC include the following:</p> <p>(a) assisting the Board in the discharge of its responsibilities on financial and reporting matters;</p> <p>(b) reviewing, with the IA and EA, the audit plans, scope of work, their evaluation of the system of internal accounting controls, their management letter and the management's response, and results of audits compiled by the IA and EA;</p> <p>(c) reviewing the assurance from the CEO and CFO on the financial records and financial statements;</p> <p>(d) reviewing the half-yearly and annual financial statements and results announcements before submission to the Board for approval, focusing in particular, on changes in accounting policies and practices, major risk areas, significant adjustments resulting from the audit, the going concern statement, compliance with financial reporting standards as well as compliance with the Catalist Rules and any other statutory/regulatory requirements;</p>

# CORPORATE GOVERNANCE REPORT

<p>LR 1204(18A) and LR 1204(18B)</p>	<ul style="list-style-type: none"> <li>(e) reviewing at least annually the effectiveness and adequacy of the internal control and procedures, including accounting and financial controls and procedures and ensure coordination between the IA and EA, and the Management, reviewing the assistance given by Management to the IA, and discuss problems and concerns, if any, arising from the interim and final audits, and any matters which the IA may wish to discuss (in the absence of Management where necessary);</li> <li>(f) reviewing the scope and results of the external audit, and the adequacy, effectiveness, independence and objectivity of the EA and IA;</li> <li>(g) reviewing and discuss with the EA any suspected fraud or irregularity, or suspected infringement of any relevant laws, rules or regulations, which has or is likely to have a material impact on the Group's operating results or financial position, and the Management's response;</li> <li>(h) making recommendations to the Board on (i) the proposals to the shareholders on the appointment, re-appointment and removal of the EA; and (ii) the remuneration and terms of engagement of the EA;</li> <li>(i) reviewing significant financial reporting issues and judgments with the CFO and the EA so as to ensure the integrity of the financial statements of the Group and any announcements relating to the Group's financial performance before their submission to the Board;</li> <li>(j) reviewing and reporting to the Board at least annually the adequacy and effectiveness of the Group's material internal controls and risk management systems with the CFO and the IA and EA, including financial, operation, compliance and information technology controls via reviews carried out by the IA;</li> <li>(k) reviewing and approving transactions falling within the scope of Chapter 9 and Chapter 10 of the Catalist Rules (if any);</li> <li>(l) reviewing any potential conflicts of interest;</li> <li>(m) reviewing and approving all hedging policies and instruments (if any) to be implemented by the Group;</li> <li>(n) undertaking such other reviews and projects as may be requested by the Board and report to the Board its findings from time to time on matters arising and requiring the attention of AC;</li> <li>(o) reviewing and establishing procedures for receipt, retention and treatment of complaints received by the Group, amongst others, criminal offences involving the Group or its employees, questionable accounting, auditing, business, safety or other matters that impact negatively on the Group; and</li> <li>(p) generally undertaking such other functions and duties as may be required by statute or the Catalist Rules, and by such amendments made thereto from time to time.</li> </ul> <p><u>Changes to accounting standards and issues</u></p> <p>In FY2022, the AC was provided with information such as updates on the changes to the Singapore Financial Reporting Standards, as and when there are material updates to the financial reporting standards when the AC meets with the EA during AC meetings and the AC members were encouraged to attend external courses conducted by relevant professional institutes as and when deemed necessary or upon request.</p> <p><u>Whistle-blowing policy</u></p> <p>The AC reviews 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.</p>
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# CORPORATE GOVERNANCE REPORT

	<p>The Company has a whistle-blowing policy whereby staff of the Group may, in confidence, raise concerns about possible irregularities in matters of financial reporting or other matters, such as suspected fraud, corruption, dishonest practices etc. The Company ensures that the identity of the whistleblower is kept confidential. The policy defines the processes clearly to ensure independent investigation of such matters and permits whistle blowers to submit complaints confidentially or anonymously to any of the whistle-blowing committee members. In the event that the whistle-blowing matter to be raised concerns any particular member of the whistleblowing committee, the whistle blower can direct the email to any other member of the whistle-blowing committee who has no conflict of interest. The whistle-blowing committee comprises of all members of the AC, of which all are Non-Executive and Independent Directors, is responsible for the oversight and monitoring of whistleblowing. The whistle-blowing committee will direct an independent investigation to be conducted on the complaint when received in writing, via email or in person. The AC has power to conduct or authorise investigations into any matter within the AC's scope of responsibility, and if it deems appropriate, may engage independent advisors at the Company's expense for the purpose of resolving the complaint. Findings from any investigations shall be reported to the AC for their further actions. The AC ensures that the whistleblower is protected against detrimental or unfair treatment.</p> <p>As of the date of this Corporate Governance Report, there were no whistle-blowing reports received in FY2022 by the whistle-blowing committee.</p>
Provision 10.2	<p><u>AC Composition</u></p> <p>The AC comprises three (3) Directors, all of whom are Non-Executive and Independent Directors. The AC Chairman, Mr Yap Kian Peng, is an Independent Director.</p> <p>Please refer to Provision 1.4 above for the names of the members and the composition of the AC.</p> <p>The Board considers Mr Yap Kian Peng, who has accounting and extensive financial management knowledge and experience, well qualified to chair the AC. At least two (2) members of the AC collectively have recent and relevant accounting and related financial management expertise or experience and are appropriately qualified to discharge their responsibilities.</p>
Provision 10.3	<p>None of the AC members was a former partner or director of the Company's existing auditing firm or auditing corporation: (a) within the previous 2 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.</p>
Provision 10.4 Catalist Rule 719(3) Catalist Rule 1204(10C)	<p><u>Internal Audit</u></p> <p>The Company's internal audit function is outsourced to CLA Global TS Risk Advisory Pte. Ltd. (formerly known as Nexia TS Risk Advisory Pte. Ltd.) ("<b>CLA Global TS</b>") who reports directly to the AC. CLA Global TS is a company of CLA Global TS Holdings Pte Ltd, an independent member firm of CLA Global Network. CLA Global TS possesses vast experience in providing internal audits, risk management services and advisory services in the region. The engagement team assigned comprises of 2 staff members led by the Manager of 8 years internal audit experience and headed by Ms Pamela Chen who has more than 16 years of experience in performing audits for listed companies.</p> <p>The AC is responsible for the hiring, removal and evaluation of the accounting or auditing firm or corporation which the internal audit function of the Company is outsourced to. The AC reviews and approves the internal audit plan annually to ensure the adequacy of the scope of audit and assess whether there are adequate resources for the IA to perform and discharge its functions during the financial year, whether the proposed work plan is aligned with the risk management framework of the Company and also the overall effectiveness of the IA.</p> <p>The internal audit function adheres to standards set by internationally recognised professional bodies including International Standards for the Professional Practice of Internal Auditing set by the Institute of Internal Auditors and is therefore staffed with persons with the relevant qualifications and experience.</p> <p>The internal audit function has unfettered access to all the Company's documents, records, properties and personnel, including access to the AC, and has appropriate standing within the Company.</p> <p>The AC is of the view that the Company's internal audit function is effective, adequately resourced and independent of the activities it audits.</p>
Provision 10.5	<p><u>Meeting Auditors without the Management</u></p> <p>The AC has met once with the Company's external auditors and internal auditors without the presence of Management during FY2022 to discuss on the findings and results of the audit, as well as to review and address any concerns if any.</p>

# CORPORATE GOVERNANCE REPORT

## PRINCIPLE 11: SHAREHOLDER RIGHTS AND ENGAGEMENT – SHAREHOLDER RIGHTS AND CONDUCT OF GENERAL MEETINGS

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

<p>Provision 11.1 &amp; Provision 11.2</p>	<p><u>Conduct of General Meetings</u></p> <p>Shareholders are entitled to attend the general meetings of the Company and are afforded the opportunity to participate effectively in and vote at general meetings of the Company.</p> <p>At general meetings of the Company, shareholders are informed of the rules, including voting procedures before all resolutions are put to vote by poll, and their detailed results of the number of votes for and against each resolution and their respective percentages will be announced via SGXNET after the conclusion of the general meeting.</p> <p>The Company provided necessary information on the resolutions to enable Shareholders to exercise their vote on an informed basis during the annual general meeting held during FY2022 and there were no other general meetings held during FY2022. The Company tabled separate resolutions on each substantially separate issue at the annual general meeting held during FY2022. There were no resolutions which were bundled.</p> <p>Due to Covid-19 advisories issued by the relevant authorities in Singapore and the related safe distancing measures in Singapore, the annual general meeting of the Company for FY2021 was held by way of electronic means and shareholders were not able to attend the annual general meeting in person. To enable shareholders to participate in and vote effectively at general meetings held by way of electronic means, the Company set out detailed information on the arrangements relating to attendance at the general meetings, submission of questions in advance of the general meetings, addressing of substantial and relevant questions at the general meetings, and voting procedures for the general meetings.</p>																										
<p>Provision 11.3</p>	<p><u>Interaction with Shareholders</u></p> <p>At general meetings of the Company, shareholders are given the opportunity to communicate their views and are encouraged to ask the Directors and the Management questions regarding matters affecting the Group.</p> <p>All Directors attend general meetings of shareholders, and the EA are also present to address shareholders' queries about the conduct of audit and the preparation and content of the auditors' report.</p> <p>The attendance of the Directors at the general meetings of the Company held in FY2022 are set out below:</p> <table border="1" data-bbox="411 1541 1458 1912"> <thead> <tr> <th rowspan="2">Name of Director</th> <th colspan="2">Annual General Meeting</th> </tr> <tr> <th>No. of meetings held</th> <th>No. of meetings attended</th> </tr> </thead> <tbody> <tr> <td>Mr Ng Hai Liong</td> <td>1</td> <td>1</td> </tr> <tr> <td>Mr Ng Kian Ann Patrick</td> <td>1</td> <td>1</td> </tr> <tr> <td>Mr Ng Kian Yeow, Vincent</td> <td>1</td> <td>1</td> </tr> <tr> <td>Mr Yuen Sou Wai<sup>(1)</sup></td> <td>1</td> <td>1</td> </tr> <tr> <td>Mr Wee Heng Yi, Adrian</td> <td>1</td> <td>1</td> </tr> <tr> <td>Mr Cheang You Kong</td> <td>1</td> <td>1</td> </tr> <tr> <td>Mr Yap Kian Peng<sup>(2)</sup></td> <td>N/A</td> <td>N/A</td> </tr> </tbody> </table> <p><b>Notes:</b></p> <p>(1) Mr Yuen Sou Wai resigned as an Independent Director with effect from 30 November 2022.</p> <p>(2) Mr Yap Kian Peng was appointed as an Independent Director with effect from 30 December 2022.</p>	Name of Director	Annual General Meeting		No. of meetings held	No. of meetings attended	Mr Ng Hai Liong	1	1	Mr Ng Kian Ann Patrick	1	1	Mr Ng Kian Yeow, Vincent	1	1	Mr Yuen Sou Wai <sup>(1)</sup>	1	1	Mr Wee Heng Yi, Adrian	1	1	Mr Cheang You Kong	1	1	Mr Yap Kian Peng <sup>(2)</sup>	N/A	N/A
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Mr Ng Hai Liong	1	1																									
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Mr Cheang You Kong	1	1																									
Mr Yap Kian Peng <sup>(2)</sup>	N/A	N/A																									

# CORPORATE GOVERNANCE REPORT

<p>Provision 11.4</p>	<p><u>Shareholders' Participation</u></p> <p>A shareholder may vote in person or appoint not more than two (2) proxies to attend and vote in his stead. In the case of a shareholder who is a relevant intermediary (as defined in the Companies Act), he may appoint more than two (2) proxies but each proxy must be appointed to exercise the rights attached to a different share or shares held by such shareholder.</p> <p>Pursuant to the introduction of the multiple proxies regime under the Singapore Companies (Amendment) Act 2014, indirect investors who hold the Company's shares through a nominee company or custodian bank or through a Central Provident Fund agent bank may appoint more than two (2) proxies to attend and vote at general meetings.</p> <p>Pursuant to Regulation 77(3)(c) of the Constitution of the Company, Shareholders who are unable to vote in person at any general meeting may, subject to the approval of the Directors, have the option of voting in absentia, including but not limited to voting by mail, electronic mail, or facsimile.</p>
<p>Provision 11.5</p>	<p><u>Minutes of General Meetings</u></p> <p>The Company prepares minutes of general meetings that include substantial and relevant comments or queries from shareholders relating to the agenda of the meeting, and responses from the Board and Management (the "<b>Minutes of General Meeting</b>").</p> <p>During FY2022, the minutes of the annual general meeting was published on SGXNET and the Company's corporate website within one (1) month after the annual general meeting.</p>
<p>Provision 11.6</p>	<p><u>Dividend Policy</u></p> <p>The Company does not have a fixed dividend policy at present. The Company is committed to enhancing value for its shareholders and strives to achieve an efficient capital structure that balances the returns to shareholders with the Company's capital needs for investment and growth. The declaration and payment of dividends by the Group is subject to many factors, including but not limited to, the level of the Group's cash and retained earnings, the Group's actual and projected performance, the projected levels of capital requirements and general financing conditions and restrictions on payment of dividends imposed on the Group by the financing arrangement (if any).</p> <p>As announced by the Company on 12 August 2022, the Company had declared and paid a tax-exempt (one-tier) interim dividend of S\$0.003 per ordinary share for FY2022.</p> <p>The Company will also be proposing a final (one-tier) tax exempt dividend of S\$0.005 per ordinary share for FY2022, subject to shareholders' approval during the forthcoming AGM.</p>

# CORPORATE GOVERNANCE REPORT

## PRINCIPLE 12: ENGAGEMENT WITH SHAREHOLDERS

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

<p>Provision 12.1, 12.2 &amp; 12.3</p>	<p><u>Communication between the Board and Shareholders</u></p> <p>The Company solicits feedback from and addresses the concerns of shareholders via the following:</p> <ul style="list-style-type: none"> <li>• a dedicated investor relations page on the Group’s website; and</li> <li>• annual general meetings.</li> </ul> <p>In addition, if the need arises, the Company may organise media/analyst briefings to enable a better appreciation of the Group’s performance and developments which will also act as platforms to solicit and understand the views of shareholders and investors.</p> <p><u>Investor Relations</u></p> <p>The Company’s CEO is responsible for the Company’s communication with shareholders and serves as the dedicated contact point for investor relations. Shareholders and investors can contact the Company by submitting their queries through the enquiry portal of our corporate website. The Company will follow up and respond to stakeholders’ queries as soon as practicable. The Company continues to enforce timely and accurate corporate disclosures and transparency. Relevant and timely disclosures are made via announcements through SGXNET where applicable. Annual General Meetings represent a platform where our Directors and Executive Officers engage with shareholders directly. Stakeholders can also email the Company via <a href="mailto:IR-enquiry2023@huatong.com.sg">IR-enquiry2023@huatong.com.sg</a>.</p> <p>Apart from SGXNET announcements and its annual report, the Company also updates shareholders on its corporate developments through its corporate website at <a href="http://www.huatong-global.com">www.huatong-global.com</a>.</p>
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## PRINCIPLE 13: MANAGING STAKEHOLDER RELATIONSHIPS – ENGAGEMENT WITH STAKEHOLDERS

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

<p>Provisions 13.1 &amp; 13.2</p>	<p><u>Stakeholders’ Engagement</u></p> <p>The Company actively engages its key stakeholders periodically through various mediums and channels to understand their needs and expectations, address their concerns so as to improve services and product’s standards, as well as to align the business interest with those of the stakeholders and ultimately to generate sustainable value in the long-run.</p> <p>The stakeholders have been identified as those who are impacted by the Group’s business and operations and those who are able to impact the Group’s business and operations. Six stakeholder groups have been identified through an assessment of their significance to the business operations. They are namely: customers, employees, suppliers/consultants/subcontractors, shareholders &amp; investors, Government &amp; regulators and the community.</p> <p>Having identified the stakeholders and the key topics, the Company has mapped out the key areas of focus in relation to the management of the respective stakeholder relationships. The key areas of focus include waste disposal and management, water and energy consumption, occupational health and safety, training and education as well as employment practices.</p>
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# CORPORATE GOVERNANCE REPORT

Provision 13.3	<p><u>Corporate Website</u></p> <p>The Company maintains a current corporate website, <a href="http://www.huatong-global.com">www.huatong-global.com</a>, which contains various information on the Group and the Company and serves as an important resource for investors and all stakeholders.</p>
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<b>Catalist Rule</b>	<b>Company's Compliance or Explanation</b>												
712 and 716 1204(6)(c)	<p><u>Appointment of Auditors</u></p> <p>The Company and all its Singapore-incorporated subsidiaries are audited by Baker Tilly TFW LLP, save for Banyan Capital Pte. Ltd., an insignificant wholly-owned indirect subsidiary of the Company, and Golden Empire-Huatong Pte. Ltd., the Group's joint venture Company, which are audited by RSM Chio Lim LLP, Singapore.</p> <p>Notwithstanding the above, the Board and the AC are satisfied that the appointment of a different auditing firm for its subsidiaries or significant associated companies would not compromise the standards and effectiveness of the audit of the Company. Therefore, the Company confirms its compliance with Catalist Rules 712 and 716.</p>												
1204(6)(a) and (b)	<p><u>Fees Paid/Payable to the EA for FY2022</u></p> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 70%;"></th> <th style="width: 15%; text-align: center;">S\$</th> <th style="width: 15%; text-align: center;">% of total</th> </tr> </thead> <tbody> <tr> <td><b>Audit fees</b></td> <td style="text-align: center;">145,000</td> <td style="text-align: center;">89.0</td> </tr> <tr> <td><b>Non-audit fees (Tax services)</b></td> <td style="text-align: center;">18,000</td> <td style="text-align: center;">11.0</td> </tr> <tr> <td><b>Total</b></td> <td style="text-align: center;"><b>163,000</b></td> <td style="text-align: center;"><b>100.0</b></td> </tr> </tbody> </table> <p>The AC confirms that it has undertaken a review of non-audit services provided by the EA and they will not, in the AC's opinion, affect the independence of the EA.</p>		S\$	% of total	<b>Audit fees</b>	145,000	89.0	<b>Non-audit fees (Tax services)</b>	18,000	11.0	<b>Total</b>	<b>163,000</b>	<b>100.0</b>
	S\$	% of total											
<b>Audit fees</b>	145,000	89.0											
<b>Non-audit fees (Tax services)</b>	18,000	11.0											
<b>Total</b>	<b>163,000</b>	<b>100.0</b>											
1204(8)	<p><u>Material Contracts</u></p> <p>Save as disclosed in Note 30 of the notes to the financial statements, there were no material contracts entered into by the Group involving the interest of the CEO, any Director or controlling shareholder, which are either still subsisting at the end of FY2022 or if not then subsisting, entered into since the end of the previous financial year.</p>												
711A, 711B	<p><u>Sustainability Reporting</u></p> <p>The Group recognises the importance of sustainability that creates long-term value to our stakeholders by embracing opportunities and managing risks derived from the environment, social developments and governance. The Group is committed towards implementing sustainable practices in order to achieve the right balance between the needs of the wider community and the requirements of stakeholders and business growth. The Group's sustainability report will be prepared in line with the requirements of the Catalist Rules on sustainability reporting. The report will highlight the environmental and social factors such as waste and energy consumption, occupational health and safety and training and education. Details of the sustainability practices are presented in our 2022 Sustainability Report which can be found in page 16 to 35 of this annual report.</p>												



# CORPORATE GOVERNANCE REPORT

1204(17)  907	<p><u>Interested Persons Transaction (“IPT”)</u></p> <p>The Group has procedures governing all IPTs to ensure that they are properly documented and reported in a timely manner to the AC and that they are carried out on normal commercial terms and are not prejudicial to the interests of the Company and its minority shareholders.</p> <p>Other than IPTs as disclosed at paragraph (c)(i) of page 156 of the Company’s offer document dated 1 December 2014, the update announcement in relation to the IPTs released on 8 November 2019 and the IPTs as set out in the table below, there were no additional IPTs of S\$100,000 and above for FY2022.</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="text-align: center;">Name of Interested Person</th> <th style="text-align: center;">Nature of relationship</th> <th style="text-align: center;">Aggregate value of all IPTs during the financial year under review (excluding transactions less than S\$100,000 and transactions conducted under shareholders’ mandate pursuant to Rule 920)</th> <th style="text-align: center;">Aggregate value of all IPTs during the financial year under review under shareholders’ mandate pursuant to Rule 920 (excluding transactions less than S\$100,000)</th> </tr> </thead> <tbody> <tr> <td></td> <td></td> <td style="text-align: center;">S\$’000</td> <td style="text-align: center;">S\$’000</td> </tr> <tr> <td>NHL Holding Pte. Ltd.</td> <td style="text-align: center;">#</td> <td style="text-align: center;">1,288</td> <td style="text-align: center;">N.A.</td> </tr> <tr> <td>NB Auto Pte. Ltd.</td> <td style="text-align: center;">#</td> <td style="text-align: center;">128</td> <td style="text-align: center;">N.A.</td> </tr> </tbody> </table> <p># These interested persons are regarded as associates of the Company’s controlling shareholder under Chapter 9 of the Catalyst Rules on IPTs.</p> <p>There was no subsisting general mandate from shareholders for IPTs pursuant to Catalyst Rule 920 during FY2022.</p>	Name of Interested Person	Nature of relationship	Aggregate value of all IPTs during the financial year under review (excluding transactions less than S\$100,000 and transactions conducted under shareholders’ mandate pursuant to Rule 920)	Aggregate value of all IPTs during the financial year under review under shareholders’ mandate pursuant to Rule 920 (excluding transactions less than S\$100,000)			S\$’000	S\$’000	NHL Holding Pte. Ltd.	#	1,288	N.A.	NB Auto Pte. Ltd.	#	128	N.A.
Name of Interested Person	Nature of relationship	Aggregate value of all IPTs during the financial year under review (excluding transactions less than S\$100,000 and transactions conducted under shareholders’ mandate pursuant to Rule 920)	Aggregate value of all IPTs during the financial year under review under shareholders’ mandate pursuant to Rule 920 (excluding transactions less than S\$100,000)														
		S\$’000	S\$’000														
NHL Holding Pte. Ltd.	#	1,288	N.A.														
NB Auto Pte. Ltd.	#	128	N.A.														
1204(19)	<p><u>Dealing in Company’s Securities</u></p> <p>In compliance with Rule 1204(19) of the Listing Manual of the SGX-ST, the Company has adopted its own internal compliance code to provide guidance to its officers with regard to dealing by the Company and its officers in the Company’s securities.</p> <p>The Company has in place a policy prohibiting dealings of the Company’s securities by the Company, its Directors and officers on short-term considerations or when they are in possession of price sensitive information. The Company, Directors and officers are also prohibited from dealing in the Company’s securities during the period commencing one (1) month before the announcement of the Company’s half-year and full-year financial results.</p> <p>The Company, Directors and officers are expected to observe the insider trading laws at all times even when dealing in securities within the permitted trading period.</p>																
1204(21)	<p><u>Non-sponsor fees</u></p> <p>No non-sponsorship fees were being paid/payable to its sponsor, PrimePartners Corporate Finance Pte. Ltd. in FY2022.</p>																
1204(22)	<p><u>Use of Placement proceeds</u></p> <p>The Company had, in its Corporate Governance report for FY2021, disclosed that an aggregate of S\$280,000 remains unutilised from the Placement of 25.0 million of ordinary shares on the Catalyst Board of the SGX-ST during FY2021.</p> <p>As at the date of this Corporate Governance report, the unutilised balance of the Placement net proceeds remains unchanged.</p>																

# DIRECTORS' STATEMENT

The Directors of Huatong Global Limited (the “Company”) are pleased to present their statement to the members together with the audited consolidated financial statements of the Company and its subsidiaries (the “Group”), the statement of financial position and statement of changes in equity of the Company for the financial year ended 31 December 2022.

## Opinion of the Directors

In the opinion of the Board of Directors,

- (i) the consolidated financial statements of the Group and the statement of financial position and statement of changes in equity of the Company as set out on pages 73 to 147 are properly drawn up so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2022 and of the financial performance, changes in equity and cash flows of the Group and the changes in equity of the Company for the financial year ended on that date in accordance with the provisions of the Companies Act 1967 (the “Act”) and Singapore Financial Reporting Standards (International) (“SFRS(I)”); and
- (ii) at the date of this statement, after considering the measures taken by the Group with respect to the Group’s ability to continue as a going concern as described in Note 3 to the financial statements, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

## Directors

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

Ng Hai Liong  
Ng Kian Ann Patrick  
Ng Kian Yeow, Vincent  
Yap Kian Peng (Appointed on 30 December 2022)  
Cheang You Kong  
Wee Heng Yi, Adrian

## Arrangements to enable Directors to acquire shares or debentures

Neither at the end of nor at any time during the financial year was the Company a party to any arrangement whose objects were, or one of whose objects was, to enable the Directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate, other than share options as disclosed in this statement.

# DIRECTORS' STATEMENT

## Directors' interests in shares or debentures

The Directors of the Company holding office at the end of the financial year had no interests in the shares or debentures of the Company or its related corporations as recorded in the Register of Directors' Shareholdings kept by the Company under Section 164 of the Act, except as follows:

	Shareholdings registered in the name of Directors		Shareholdings in which Directors are deemed to have an interest	
	Balance as at 1.1.2022	Balance as at 31.12.2022	Balance as at 1.1.2022	Balance as at 31.12.2022
			<b>Number of ordinary shares</b>	
<b>The Company</b>				
Ng Hai Liong	–	–	121,759,600	121,759,600
Ng Kian Ann Patrick	299,100	726,800	121,759,600	121,759,600
Ng Kian Yeow, Vincent	–	–	121,759,600	121,759,600
<b>Ultimate holding company</b>				
<i>Dandelion Capital Pte. Ltd.</i>				
Ng Hai Liong	17	17	35	35
Ng Kian Ann Patrick	25	25	–	–
Ng Kian Yeow, Vincent	23	23	–	–

The Directors, Mr Ng Hai Liong, Mr Ng Kian Ann Patrick and Mr Ng Kian Yeow, Vincent, by virtue of Section 7 of the Act are deemed to have an interest in the shares held by the Company in its wholly-owned subsidiary corporations.

Mr Ng Hai Liong, Mr Ng Kian Ann Patrick and Mr Ng Kian Yeow, Vincent, by virtue of their interest of not less than 20% of the issued share capital of the ultimate holding company are deemed to have an interest in the shares held by the Company in the following subsidiary corporations that are not wholly-owned by the Group:

	Balance as at 1.1.2022	Balance as at 31.12.2022
		<b>Number of ordinary shares</b>
HT Equipment Pte. Ltd.	375,000	375,000
Changi East Dorm Dwall Private Limited	51	51

The Directors' interests in the ordinary shares as at 21 January 2023 were the same as those as at 31 December 2022.

## Share options

### Huatong Employee Share Option Scheme

The Huatong Employee Share Option Scheme (the "Share Option Scheme") was approved and adopted at the Company's extraordinary general meeting held on 18 November 2014. The Share Option Scheme is administered by the members of both Remuneration Committee and Nominating Committee comprising Mr Cheang You Kong, Mr Yap Kian Peng, Mr Wee Heng Yi, Adrian and Mr Ng Kian Ann Patrick (collectively, the "Administration Committee"). The Share Option Scheme provides for the grant of incentive share options to employees and Directors of the Group.

# DIRECTORS' STATEMENT

## Share options (cont'd)

### Huatiang Employee Share Option Scheme (cont'd)

Under the Share Option Scheme, the total number of shares over which the Administration Committee may grant options on any date, when added to the number of shares issued and issuable in respect of (a) all options granted under the Share Option Scheme; (b) all awards granted under the Huatiang Performance Share Plan; and (c) any other share option schemes of the Company, shall not exceed 15% of the number of issued shares (excluding treasury shares and subsidiary holdings of the Company) on the day immediately preceding the date of the relevant grant.

Options granted with the exercise price set at market price shall only be exercisable after the first anniversary of the date of grant and expire on the fifth anniversary of such date of grant.

Options granted with the exercise price set at a discount to market price shall only be exercisable after the second anniversary of the date of grant and expire on the fifth anniversary of such date of grant.

There were no share options granted by the Company or its subsidiary corporations during the financial year.

There were no shares issued during the financial year by virtue of the exercise of options to take up unissued shares of the Company or its subsidiary corporations whether granted before or during the financial year.

There were no unissued shares of the Company or its subsidiary corporations under option at the end of the financial year.

## Share awards

### Huatiang Performance Share Plan

The Huatiang Performance Share Plan (the "Share Plan") was approved at the Company's extraordinary general meeting held on 18 November 2014. The Share Plan is administered by the Administration Committee, which provides for the grant of incentive share awards to employees and Directors of the Group.

The Share Plan is designed to reward its participants through the issue of fully-paid shares according to the extent to which they complete certain time-based service conditions or achieve their performance targets over set performance periods.

No minimum vesting periods are prescribed under the Share Plan for awards, and the length of the vesting period in respect of each award shall be determined on a case-by-case basis.

On 15 August 2022, the Company granted a total of 855,000 shares awarded to eligible participants under the Share Plan which were vested on the same day. The market price of the shares was determined based on the closing price of the shares of the Company as at 15 August 2022.

Following the allotment and issuance of these shares, the Company's issued and paid-up share capital has increased from 176,384,600 shares to 177,239,600 shares during the financial year. These shares shall be rank pari passu in all respects with all other existing ordinary shares in the share capital of the Company.

# DIRECTORS' STATEMENT

## Audit committee

The Audit Committee at the date of this statement comprises the following members, all of whom are non-executive independent Directors:

Yap Kian Peng (Chairman)  
Cheang You Kong  
Wee Heng Yi, Adrian

The Audit Committee performed the functions specified in Section 201B(5) of the Act, the Listing Manual - (Section B: Rules of Catalyst) of the SGX-ST and the Code of Corporate Governance.

In performing its functions, the Audit Committee met with the Company's independent and internal auditors to review the audit plans and overall scope of examination by the internal and independent auditors and the reports of the internal auditors' examination of the Group's systems of internal accounting control.

The Audit Committee also reviewed the following:

- (i) assistance provided by the Company's officers to the internal and independent auditors;
- (ii) consolidated financial statements of the Group and the statement of financial position and statement of changes in equity of the Company and independent auditor's report on those financial statements before their submission to the Directors of the Company;
- (iii) interested person transactions (as defined in Chapter 9 of the SGX Listing Manual);
- (iv) re-appointment of the independent and internal auditors of the Company; and
- (v) the half-yearly and full-year announcements as well as the related press releases on the results and financial position of the Group and the Company.

The Audit Committee has full access to management and is given the resources required for it to discharge its functions. It has full authority to invite any Director or executive officer to attend its meetings. The independent and internal auditors have unrestricted access to the Audit Committee.

The Audit Committee has carried out an annual review of non-audit services provided by the independent auditor to satisfy itself that the nature and extent of such services will not prejudice the independence and objectivity of the independent auditor.

The Audit Committee has recommended to the Board of Directors the nomination of Baker Tilly TFW LLP, for re-appointment as independent auditor of the Company at the forthcoming Annual General Meeting.

## Independent auditor

The independent auditor, Baker Tilly TFW LLP, has expressed its willingness to accept re-appointment.

On behalf of the Board of Directors

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Ng Hai Liong  
Director

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Ng Kian Ann Patrick  
Director

Singapore

6 April 2023



# INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF HUATIONG GLOBAL LIMITED

## Report on the Audit of the Financial Statements

### **Opinion**

We have audited the accompanying financial statements of Huatong Global Limited (the "Company") and its subsidiaries (the "Group") as set out on pages 73 to 147, which comprise the statements of financial position of the Group and of the Company as at 31 December 2022, and the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows of the Group and the statement of changes in equity of the Company for the financial year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements of the Group and the statement of financial position and statement of changes in equity of the Company are properly drawn up in accordance with the provisions of the Companies Act 1967 (the "Act") and Singapore Financial Reporting Standards (International) ("SFRS(I)") so as to give a true and fair view of the consolidated financial position of the Group and the financial position of the Company as at 31 December 2022, and of the consolidated financial performance, consolidated changes in equity and consolidated cash flows of the Group and the changes in equity of the Company for the financial year ended on that date.

### **Basis for Opinion**

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

### **Key Audit Matters**

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

# INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF HUATONG GLOBAL LIMITED

## Report on the Audit of the Financial Statements (cont'd)

### Key Audit Matters (cont'd)

#### Revenue from civil engineering contract works

##### *Description of key audit matter:*

For the financial year ended 31 December 2022, the Group recognises revenue from civil engineering contract works of \$100,642,000 (2021: \$153,069,000) over time by reference to the stage of completion as disclosed in Note 4 to the financial statements. The stage of completion is determined by reference to the contract costs incurred to-date relative to the estimated total costs for the contract.

We consider this area to be a key audit matter because significant assumptions are used in the estimation of the total contract revenue (including variation of claims) and total contract costs (including estimated costs to complete), and the determination of the stage of completion as disclosed in Note 3 to the financial statements.

##### *Our procedures to address the key audit matter:*

We have evaluated the Group's accounting policies for revenue recognition to be in compliance with SFRS(I) 15 *Revenue from Contracts with Customers* and obtained an understanding of internal controls over the revenue recognition process and performed test of design and implementation over relevant key operational and accounting controls.

On a sample basis, we read contracts and obtained an understanding of the key terms and conditions. For these contracts, we performed procedures with respect to the reasonableness of management estimates for total contract revenue (including variation of claims) and total contract costs (including estimated costs to complete). We held discussions with contract team to understand the basis of making key estimates in estimating total contract revenue (including variation of claims) and total contract costs (including estimated costs to complete), and also the progress of these projects to assess the appropriateness of the estimated costs to complete. We have checked the actual costs incurred to-date against supporting documents. We recomputed management's computation of the stage of completion. We reviewed the budgets for these projects for cost overruns, provision for onerous contract, liquidated damages and rectification costs.

We also assessed the adequacy and appropriateness of the Group's disclosures made in the financial statements.

# INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF HUATIONG GLOBAL LIMITED

## Report on the Audit of the Financial Statements (cont'd)

### Key Audit Matters (cont'd)

#### Expected credit loss for trade receivables (including retention sums) and contract assets

*Description of key audit matter:*

As at 31 December 2022, the Group has trade receivables (including retention sums) and contract assets of \$29,368,000 (2021: \$29,813,000) (Note 18) and \$65,606,000 (2021: \$76,044,000) (Note 15) respectively. During the financial year ended 31 December 2022, the Group recognises allowance for expected credit loss ("ECL") of \$5,759,000 (2021: \$2,340,000) on trade receivables (including retention sums) and contract assets. The Group determines the ECL of trade receivables (including retention sums) and contract assets by the credit profile and characteristics of the counterparties. The Group further categorises the trade receivables based on days past due. The ECL rates for each category of debtors are estimated based on historical credit loss experience adjusted as appropriate to reflect current condition and forward-looking information which is based on assumptions and forecasts of future economic conditions and how these conditions will affect the Group's ECL assessment as disclosed in Notes 3 and 33(b) to the financial statements.

We consider this area to be a key audit matter because it requires the application of significant estimates and judgements by management and trade receivables (including retention sums) and contract assets are significant to the Group's total assets.

*Our procedures to address the key audit matter:*

We obtained an understanding of management's basis for determination of ECL, factors for determination of default event, credit risk assessment process and credit risk management practices. We evaluated management's determination of the ECL rates, including assumptions surrounding current conditions and adjustment for forward looking information and recomputed ECL of trade receivables (including retention sums) and contract assets using the provision matrix. We assessed the historical ageing data and the key inputs used by management in the provision matrix.

We also assessed the adequacy and appropriateness of the Group's disclosures made in the financial statements.

#### Other Information

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

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

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

#### Responsibilities of Management and Directors for the Financial Statements

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

# INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF HUATONG GLOBAL LIMITED

## Report on the Audit of the Financial Statements (cont'd)

### *Auditor's Responsibilities for the Audit of the Financial Statements*

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

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

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

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

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

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

# INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF HUATIONG GLOBAL LIMITED

## 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 Lim Kok Heng.

Baker Tilly TFW LLP  
Public Accountants and  
Chartered Accountants  
Singapore

6 April 2023

# CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

		<b>Group</b>	
	Note	<b>2022</b> \$'000	2021 \$'000
Revenue	4	<b>151,703</b>	170,441
Cost of sales and services		<b>(115,785)</b>	(148,129)
Gross profit		<b>35,918</b>	22,312
<i>Other item of income</i>			
Other income	5	<b>7,189</b>	8,159
<i>Other items of expense</i>			
Administrative expenses		<b>(21,605)</b>	(19,868)
Other expenses		<b>(705)</b>	(1,119)
Loss allowance on trade receivables and contract assets		<b>(5,759)</b>	(2,340)
Finance costs	6	<b>(2,857)</b>	(2,778)
Share of results of a joint venture	13	<b>(151)</b>	1,016
Profit before income tax	7	<b>12,030</b>	5,382
Income tax expense	8	<b>(1,879)</b>	(196)
Profit for the financial year		<b>10,151</b>	5,186
<i>Other comprehensive (loss)/income:</i>			
<i>Items that are or may be reclassified subsequently to profit or loss:</i>			
Fair value (loss)/gain on financial assets at FVOCI	16	<b>(14)</b>	54
<i>Item that will not be reclassified subsequently to profit or loss:</i>			
Gain on revaluation of property, plant and equipment	9	<b>775</b>	544
Other comprehensive income, net of tax		<b>761</b>	598
Total comprehensive income for the financial year		<b>10,912</b>	5,784
<b>Profit/(loss) attributable to:</b>			
Owners of the parent		<b>10,219</b>	5,326
Non-controlling interests		<b>(68)</b>	(140)
		<b>10,151</b>	5,186
<b>Total comprehensive income/(loss) attributable to:</b>			
Owners of the parent		<b>10,980</b>	5,924
Non-controlling interests		<b>(68)</b>	(140)
		<b>10,912</b>	5,784
<b>Earnings per share attributable to owners of the parent:</b>			
- Basic and diluted (in cents)	29	<b>5.78</b>	3.44

Note:

(1) FVOCI: fair value through other comprehensive income

The accompanying notes form an integral part of these financial statements.



# STATEMENTS OF FINANCIAL POSITION

AT 31 DECEMBER 2022

		Group	
	Note	2022 \$'000	2021 \$'000
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	9	21,404	42,328
Right-of-use assets	10	42,955	54,191
Financial assets at FVTPL	11	2,825	2,949
Investment in a joint venture	13	271	1,722
Intangible assets	14	63	79
		<b>67,518</b>	<b>101,269</b>
<b>Current assets</b>			
Contract assets	15	65,606	76,044
Financial assets at FVTPL	11	3,037	2,744
Financial assets at FVOCI	16	806	829
Inventories	17	1,571	1,400
Trade and other receivables	18	32,424	31,393
Prepayments		2,178	2,680
Cash and cash equivalents	19	23,065	10,346
		<b>128,687</b>	<b>125,436</b>
Disposal group assets classified as held-for-sale	27	21,370	–
		<b>150,057</b>	<b>125,436</b>
<b>Total assets</b>		<b>217,575</b>	<b>226,705</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Share capital	20	41,157	41,081
Accumulated profits		57,906	48,219
Other reserves	21	(26,119)	(16,229)
Reserve of disposal group classified as held-for-sale	21	10,651	–
<b>Equity attributable to owners of the parent</b>		<b>83,595</b>	<b>73,071</b>
Non-controlling interests		(1,014)	(946)
<b>Total equity</b>		<b>82,581</b>	<b>72,125</b>
<b>Non-current liabilities</b>			
Trade and other payables	22	8,508	8,784
Lease liabilities	23	13,266	25,834
Bank borrowings	24	12,570	14,260
Deferred tax liabilities	26	1,858	3,557
		<b>36,202</b>	<b>52,435</b>
<b>Current liabilities</b>			
Contract liabilities	15	2,699	4,399
Trade and other payables	22	42,087	38,255
Lease liabilities	23	11,350	15,161
Bank borrowings	24	35,088	43,389
Deferred income	25	–	272
Current income tax payable		2,848	669
		<b>94,072</b>	<b>102,145</b>
Liabilities directly associated with disposal group classified as held-for-sale	27	4,720	–
		<b>98,792</b>	<b>102,145</b>
<b>Total liabilities</b>		<b>134,994</b>	<b>154,580</b>
<b>Total equity and liabilities</b>		<b>217,575</b>	<b>226,705</b>

Note:

(1) FVTPL: fair value through profit or loss

The accompanying notes form an integral part of these financial statements.

# STATEMENTS OF FINANCIAL POSITION

AT 31 DECEMBER 2022

	Note	Company	
		2022 \$'000	2021 \$'000
<b>ASSETS</b>			
<b>Non-current assets</b>			
Investments in subsidiaries	12	41,735	41,735
Intangible assets	14	8	11
Other receivable	18	12,710	10,798
		<b>54,453</b>	52,544
<b>Current assets</b>			
Other receivables	18	1,000	1,000
Prepayments		1	12
Cash and cash equivalents	19	217	319
		<b>1,218</b>	1,331
<b>Total assets</b>		<b>55,671</b>	53,875
<b>EQUITY AND LIABILITIES</b>			
Equity			
Share capital	20	41,157	41,081
Accumulated profits		3,284	4,170
<b>Total equity</b>		<b>44,441</b>	45,251
<b>Non-current liabilities</b>			
Other payables	22	10,432	8,370
<b>Current liabilities</b>			
Trade and other payables	22	798	254
<b>Total liabilities</b>		<b>11,230</b>	8,624
<b>Total equity and liabilities</b>		<b>55,671</b>	53,875

The accompanying notes form an integral part of these financial statements.

# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

	Note	Share capital \$'000	Accumulated profits \$'000	Other reserves \$'000	Reserve of disposal group classified as held-for-sale \$'000	Total equity attributable to owners of the parent \$'000	Non-controlling interests \$'000	Total equity \$'000
Balance as at 1.1.2022		41,081	48,219	(16,229)	–	73,071	(946)	72,125
Profit/(loss) for the financial year		–	10,219	–	–	10,219	(68)	10,151
<i>Other comprehensive income/(loss):</i>								
Gain on revaluation of property, plant and equipment	9	–	–	775	–	775	–	775
Fair value loss on financial assets at FVOCI	16	–	–	(14)	–	(14)	–	(14)
		–	–	761	–	761	–	761
Total comprehensive income/(loss) for the financial year		–	10,219	761	–	10,980	(68)	10,912
Reserve attributable to disposal group classified as held-for-sale	21	–	–	(10,651)	10,651	–	–	–
Issuance of ordinary shares	20	76	–	–	–	76	–	76
Dividend	28	–	(532)	–	–	(532)	–	(532)
<b>Balance as at 31.12.2022</b>		<b>41,157</b>	<b>57,906</b>	<b>(26,119)</b>	<b>10,651</b>	<b>83,595</b>	<b>(1,014)</b>	<b>82,581</b>

The accompanying notes form an integral part of these financial statements.

# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

Note	Share capital \$'000	Accumulated profits \$'000	Other reserves \$'000	Total equity attributable to owners of the parent \$'000	Non-controlling interests \$'000	Total equity \$'000
Balance as at 1.1.2021	38,676	42,893	(16,827)	64,742	(806)	63,936
Profit/(loss) for the financial year	–	5,326	–	5,326	(140)	5,186
<i>Other comprehensive income:</i>						
- Gain on revaluation of property, plant and equipment	9	–	544	544	–	544
- Fair value gain on financial assets at FVOCI	16	–	54	54	–	54
		–	598	598	–	598
Total comprehensive income/(loss) for the financial year	–	5,326	598	5,924	(140)	5,784
Issuance of ordinary shares	20	2,405	–	2,405	–	2,405
Balance as at 31.12.2021	41,081	48,219	(16,229)	73,071	(946)	72,125

The accompanying notes form an integral part of these financial statements.

# STATEMENT OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

	Note	Share capital \$'000	Accumulated profits \$'000	Total equity \$'000
<b>Company</b>				
Balance at 1.1.2022		41,081	4,170	45,251
Loss and total comprehensive loss for the financial year		–	(354)	(354)
Issuance of ordinary shares	20	76	–	76
Dividend	28	–	(532)	(532)
<b>Balance at 31.12.2022</b>		<b>41,157</b>	<b>3,284</b>	<b>44,441</b>
Balance at 1.1.2021		38,676	4,596	43,272
Loss and total comprehensive loss for the financial year		–	(426)	(426)
Issuance of ordinary shares	20	2,405	–	2,405
Balance at 31.12.2021		41,081	4,170	45,251

*The accompanying notes form an integral part of these financial statements.*

# CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

	Note	Group	
		2022 \$'000	2021 \$'000
<b>Cash flows from operating activities</b>			
Profit before income tax		12,030	5,382
Adjustments for:			
Reversal of allowance for impairment of financial assets at FVOCI upon redemption	5	(11)	(11)
Loss allowance on trade receivables and contract assets	7	5,759	2,340
Amortisation of intangible assets	14	16	16
Depreciation of property, plant and equipment	9	9,277	8,293
Depreciation of right-of-use assets	10	7,717	10,307
Property, plant and equipment written off	9	58	–
Gain on disposal of property, plant and equipment	5	(74)	(125)
(Gain)/loss on lease modification	23	(601)	272
Amortisation of gain on sale and leaseback transactions	5	(272)	(685)
Interest expenses	6	2,681	2,573
Interest income	5	(83)	(60)
Share of results of a joint venture	13	151	(1,016)
Fair value gain of financial assets at FVTPL	11	(205)	(185)
Performance share expenses	20	76	–
Unrealised exchange differences, net		9	(4)
Operating cash flows before working capital changes		36,528	27,097
Working capital changes:			
Trade and other receivables		(993)	13,950
Prepayments		502	1,888
Contract assets, net		2,942	(12,865)
Inventories		(171)	(129)
Trade and other payables		3,768	(11,551)
Cash from operations		42,576	18,390
Interest received		29	5
Income tax (paid)/refund		(530)	376
<b>Net cash from operating activities</b>		<b>42,075</b>	<b>18,771</b>
<b>Cash flows from investing activities</b>			
Purchase of property, plant and equipment	9	(3,255)	(1,763)
Interest received		54	54
Dividend received from a joint venture		1,300	–
Proceeds from disposal of property, plant and equipment		217	228
Proceeds from redemption of financial assets at FVOCI		20	20
Proceeds from settlement of derivative financial instruments		–	(28)
<b>Net cash used in investing activities</b>		<b>(1,664)</b>	<b>(1,489)</b>

The accompanying notes form an integral part of these financial statements.



# CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

		<b>Group</b>	
		<b>2022</b>	2021
	Note	<b>\$'000</b>	\$'000
<b>Cash flows from financing activities</b>			
Issuance of new ordinary shares	20	–	2,405
Proceeds from trust receipts/letters of credits	24	<b>66,829</b>	80,392
Repayments of trust receipts/letters of credits	24	<b>(73,020)</b>	(88,368)
Proceeds from bank loans	24	<b>2,500</b>	7,871
Repayments of bank loans	24	<b>(6,273)</b>	(21,617)
Interest paid		<b>(2,681)</b>	(2,344)
Repayments of lease liabilities	23	<b>(14,515)</b>	(18,171)
Dividend paid	28	<b>(532)</b>	–
<b>Net cash used in financing activities</b>		<b>(27,692)</b>	(39,832)
<b>Net changes in cash and cash equivalents</b>			
		<b>12,719</b>	(22,550)
Cash and cash equivalents as at the beginning of the financial year		<b>10,346</b>	32,896
<b>Cash and cash equivalents as at the end of the financial year</b>	19	<b>23,065</b>	10,346

*The accompanying notes form an integral part of these financial statements.*

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

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

## 1. General corporate information

Huatong Global Limited (the “Company”) is a limited liability company incorporated and domiciled in Singapore. The Company is listed on the Catalist board of the Singapore Exchange Securities Trading Limited (“SGX-ST”).

The Company’s registered office address and principal place of business is at 9 Benoi Crescent, Singapore 629972. The Company’s registration number is 201422395Z.

The Company’s immediate and ultimate holding company is Dandelion Capital Pte. Ltd., a company incorporated in Singapore, which is controlled by Ng Hai Liong, Ng Kian Ann Patrick and Ng Kian Yeow, Vincent.

The principal activity of the Company is that of investment holding company.

The principal activities of the Company’s subsidiaries are set out in Note 12.

## 2. Significant accounting policies

### (a) Basis of preparation

The financial statements are presented in Singapore dollar (“\$”), and all financial information presented in Singapore dollar are rounded to the nearest thousand (\$’000) except when otherwise indicated. The financial statements have been prepared in accordance with the provisions of the Companies Act 1967 and Singapore Financial Reporting Standards (International) (“SFRS(I”). The financial statements have been prepared under the historical cost convention except as disclosed in the accounting policies below.

The preparation of financial statements in conformity with SFRS(I) requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the financial year. Although these estimates are based on management’s best knowledge of current events and actions and historical experiences and various other factors that are believed to be reasonable under the circumstances, actual results may ultimately differ from these estimates.

#### *Use of estimates and judgements*

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

The areas involving a higher degree of judgement in applying accounting policies, or areas where assumptions and estimates have a significant risk of resulting in material adjustment within the next financial year are disclosed in Note 3.

The carrying amounts of cash and cash equivalents, trade and other current receivables and payables and current bank borrowings approximate their respective fair values due to the relatively short-term maturity of these financial instruments.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

## 2. Significant accounting policies (cont'd)

### (a) Basis of preparation (cont'd)

*New and revised standards that are adopted*

In the current financial year, the Group has adopted all the new and revised SFRS(I) and Interpretations of SFRS(I) ("INT SFRS(I)") that are relevant to its operations and effective for the current financial year. Changes to the Group's accounting policies have been made as required, in accordance with the transitional provisions in the respective SFRS(I) and INT SFRS(I).

The adoption of these new and revised SFRS(I) and INT SFRS(I) did not have any material effect on the financial results or position of the Group and the Company.

*New and revised standards not yet effective*

New standards, amendments to standards and interpretations that have been issued at the end of the reporting period but are not yet effective for the financial year ended 31 December 2022 have not been applied in preparing these financial statements. None of these are expected to have a significant effect on the financial statements of the Group and the Company.

### (b) Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries. Subsidiaries are consolidated from the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

The financial statements of the subsidiaries are prepared for the same reporting date as the parent company. Consistent accounting policies are applied for like transactions and events in similar circumstances.

Intragroup balances and transactions, including income, expenses and dividends, are eliminated in full. Profits and losses resulting from intragroup transactions that are recognised in assets, such as inventory and property, plant and equipment, are eliminated in full.

Business combinations are accounted for using the acquisition method. The consideration transferred for the acquisition comprises the fair value of the assets transferred, the liabilities incurred and the equity interests issued by the Group. The consideration transferred also includes the fair value of any contingent consideration arrangement and the fair value of any pre-existing equity interest in the subsidiary. Acquisition-related costs are recognised as expenses as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date.

Any excess of the fair value of the consideration transferred in the business combination, the amount of any non-controlling interest in the acquiree (if any) and the fair value of the Group's previously held equity interest in the acquiree (if any), over the fair value of the net identifiable assets acquired is recorded as goodwill. In instances where the latter amount exceeds the former and the measurement of all amounts has been reviewed, the excess is recognised as gain from bargain purchase in profit or loss on the date of acquisition.

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

For non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the acquiree's net assets in the event of liquidation, the Group elects on an acquisition-by-acquisition basis whether to measure them at fair value, or at the non-controlling interests' proportionate share of the acquiree's net identifiable assets, at the acquisition date. All other non-controlling interests are measured at acquisition date fair value or, when applicable, on the basis specified in another standard.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

## 2. Significant accounting policies (cont'd)

### (c) Subsidiaries

Subsidiaries are entities controlled by the Group. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

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

### (d) Property, plant and equipment

Leasehold properties are initially recorded at cost and subsequently carried at revalued amount less accumulated depreciation and accumulated impairment losses, if any. Their fair values are determined by an independent professional valuer annually and whenever their carrying amounts are likely to differ materially from their fair values.

Other property, plant and equipment are initially recognised at cost and subsequently carried at cost less accumulated depreciation and accumulated impairment losses, if any.

The cost of property, plant and equipment initially recognised includes its purchase price and any cost that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

Dismantlement, removal or restoration costs are included as part of the cost of property, plant and equipment if the obligation for dismantlement, removal or restoration is incurred as a consequence of acquiring or using the asset.

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 probably 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.

When an asset is revalued, any accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the asset. The net amount is then restated to the revalued amount of the asset. Any increase in the carrying amount arising from revaluation is recognised in other comprehensive income and accumulated in equity under the asset revaluation reserve unless it reverses a previous revaluation decrease relating to the same asset, which was previously recognised as an expense. In these circumstances the increase is recognised as income to the extent of the previous write down. When an asset's carrying amount is decreased as a result of a revaluation, the decrease is recognised as an expense unless it reverses a previous reserve relating to that asset, in which case it is charged against any related revaluation reserve, to the extent that the decrease does not exceed the amount held in the revaluation reserve in respect of that same asset.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

## 2. Significant accounting policies (cont'd)

### (d) Property, plant and equipment (cont'd)

On disposal of a property, plant and equipment, the difference between the net disposal proceeds and its carrying amount is taken to profit or loss. Any amount in the revaluation reserve relating to that asset is transferred to accumulated profits directly.

Depreciation is calculated on a straight-line method to allocate the depreciable amounts of the property, plant and equipment over their estimated useful lives. The estimated useful lives are as follows:

	<b>Years</b>
Leasehold properties	Remaining lease period of between 1 and 19 years
Renovation	10 years
Computers	3 years
Container offices	5 years
Office equipment and electrical fittings	10 years
Plant and machineries	10 years
Worksite equipment	5 years
Trucks and vehicles	10 years

The residual values, estimated useful lives and depreciation method of property, plant and equipment are reviewed, and adjusted as appropriate, at the end of each reporting period. The effects of any revision are recognised in profit or loss when the changes arise.

Fully depreciated assets are retained in the financial statements until they are no longer in use.

### (e) Intangible assets

#### *Club membership*

Club membership is initially measured at cost and is subsequently carried at cost less any accumulated impairment losses.

#### *Trademarks*

Trademarks represent costs associated with the protection of the Group's trademark registration. Trademarks are stated at cost less accumulated amortisation and accumulated impairment losses. Amortisation is calculated using the straight-line method to allocate the cost of trademarks over 10 years, which is the shorter of their estimated useful lives and periods of contractual rights.

The amortisation period and amortisation method of intangible assets other than goodwill are reviewed at least at the end of each reporting period. The effects of any revision are recognised in profit or loss when the changes arise.

### (f) Joint ventures

A joint venture is an arrangement in which the Group has joint control, whereby the Group has rights to the net assets of the arrangement, rather than rights to its assets and obligations for its liabilities.

Investments in joint ventures ("equity-accounted investees") are accounted for in the consolidated financial statements using the equity method of accounting, less impairment losses, if any.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

## 2. Significant accounting policies (cont'd)

### (f) Joint ventures (cont'd)

Investments in equity-accounted investees are initially recognised at cost. The cost of an acquisition is measured at the fair value of the assets given, equity instruments issued or liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition.

Subsequent to initial recognition, the consolidated financial statements include the Group's share of the post-acquisition profit or loss and other comprehensive income of equity-accounted investees, after adjustments to align the accounting policies with those of the Group, from the date that joint control commences until the date that joint control ceases.

Distributions received from equity-accounted investees are adjusted against the carrying amount of the investment. When the Group's share of losses in an equity-accounted investee equals or exceeds its interest in the equity-accounted investee, including any other unsecured non-current receivables, the Group does not recognise further losses, unless it has obligations or has made payments on behalf of the equity-accounted investee.

Any excess of the cost of acquisition over the Group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities of the equity-accounted investee recognised at the date of acquisition is recognised as goodwill. The goodwill is included within the carrying amount of the investment and is assessed for impairment as part of the investment. Any excess of the Group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities over the cost of acquisition, after reassessment, is recognised immediately as income in the Group's profit or loss.

Where a group entity transacts with an equity-accounted investee of the Group, unrealised gains are eliminated to the extent of the Group's interest in the equity-accounted investee. Unrealised losses are also eliminated unless the transactions provide evidence of impairment of the assets transferred.

### (g) Impairment of non-financial assets

At the end of each reporting period, the Group assesses the carrying amounts of its non-financial assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of its fair value less costs of disposal and value-in-use. In assessing value-in-use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

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

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (cash-generating unit) in prior years. A previously recognised impairment loss for an asset other than goodwill is only reversed if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.



# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

## 2. Significant accounting policies (cont'd)

### (h) Financial assets

#### ***Recognition and derecognition***

Regular way purchases and sales of financial assets are recognised on trade date - the date on which the Group commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership.

Financial assets are initially measured at fair value. Transaction costs that are directly attributable to the acquisition of financial assets (other than financial assets at fair value through profit or loss) are added to the fair value of the financial assets on initial recognition. Transaction costs directly attributable to acquisition of financial assets at fair value through profit or loss are recognised immediately in profit or loss. Trade receivables without a significant financing component is initially measured at transaction prices.

#### ***Classification and measurement***

All financial assets are subsequently measured in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

The Group classifies its financial assets in the following measurement categories:

- Amortised cost;
- Fair value through other comprehensive income ("FVOCI"); and
- Fair value through profit or loss ("FVTPL").

The classification is based on the Group's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets.

The Group reclassifies financial assets when and only when its business model for managing those assets changes.

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

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

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

## 2. Significant accounting policies (cont'd)

### (h) Financial assets (cont'd)

#### **Subsequent measurement**

##### (i) Debt instruments

Debt instruments include cash and cash equivalents, trade and other receivables (excluding non-refundable deposits) and quoted debt securities. There are three subsequent measurement categories, depending on the Group's business model for managing the asset and cash flow characteristics of the asset:

##### *Amortised cost*

The Group measures financial assets at amortised cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows; and
- The contractual terms of the financial asset give rise on specific dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at amortised cost are subsequently measured using the effective interest rate ("EIR") method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

Interest income from these financial assets is included in interest income using the EIR method.

##### *Fair value through other comprehensive income ("FVOCI")*

The Group measures debts instruments at FVOCI if both of the following conditions are met:

- The financial asset is held within a business model with the objective of both holding to collect contractual cash flows and selling; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Movements in fair values for debts instruments at FVOCI are recognised in other comprehensive income and accumulated in fair value reserve, except for the recognition of impairment gains or losses, interest income and foreign exchange gains and losses, which are recognised in profit or loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment and presented in "other income/expense". Interest income from these financial assets is recognised in profit or loss using the EIR method.

##### (ii) Investments in life insurances

The Group's investments in life insurances are classified as FVTPL. Movements in fair values and interest income are recognised in profit or loss in the period in which it arises and presented in "other income".

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

## 2. Significant accounting policies (cont'd)

### (h) Financial assets (cont'd)

#### *Impairment*

The Group recognises an allowance for expected credit losses (“ECLs”) for financial assets carried at amortised cost. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate.

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

For trade receivables and contract assets that do not have a significant financing component, the Group applies a simplified approach to recognise a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted as appropriate for current conditions and forward-looking factors specific to the debtors and the economic environment.

If the Group has measured the loss allowance for a financial asset at an amount equal to lifetime ECL in the previous reporting period, but determines at the current reporting date that the conditions for lifetime ECL are no longer met, the Group measures the loss allowance at an amount equal to 12-month ECL at the current reporting date.

The Group recognises an impairment gain or loss in profit or loss for all financial assets with a corresponding adjustment to their carrying amount through a loss allowance account.

#### *Offset*

Financial assets and liabilities are offset and the net amount presented on the statements of financial position when, and only when the Group has a legal right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

### (i) Inventories

Inventories are stated at the lower of cost and net realisable value. Cost comprises direct materials and, where applicable, direct labour costs, other direct costs and those overheads that have been incurred in bringing the inventories to their present location and condition. Cost is determined on a first-in, first-out basis. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and estimated costs necessary to make the sales.

### (j) Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, deposits with financial institutions which are subject to insignificant risk of change in value and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value and excludes pledged deposits.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

## 2. Significant accounting policies (cont'd)

### (k) Financial liabilities

Financial liabilities include trade and other payables (excluding goods and services tax payable and provision for unutilised leave), lease liabilities and bank borrowings. Financial liabilities are recognised on the statements of financial position when, and only when, the Group becomes a party to the contractual provisions of the financial instruments.

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

Subsequent to initial recognition, financial liabilities at FVTPL are measured at fair value. Other financial liabilities (except for the financial guarantees) are measured at amortised cost using the effective interest method.

For financial liabilities other than FVTPL, gains and losses are recognised in profit or loss when the liabilities are derecognised, and through the amortisation process. Any gains or losses arising from changes in fair value of financial liabilities at FVTPL are recognised in profit or loss. Net gains or losses on financial liabilities at FVTPL include exchange differences. A financial liability is derecognised when the obligation under the liability is extinguished.

### (l) Financial guarantees

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

Financial guarantee contracts are initially recognised at their fair values.

Subsequent to initial measurement, the financial guarantees are measured at the higher of the amount initially recognised less cumulative amount of income recognised in accordance with the principles of SFRS(I) 15 *Revenue from Contracts with Customers* and the amount of expected loss computed using the impairment methodology under SFRS(I) 9 *Financial Instruments*.

### (m) Provisions for other liabilities

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past event, and it is probable that an outflow of economic resources will be required to settle that obligation and the amount can be estimated reliably. Provisions are measured at the management's best estimate of the expenditure required to settle the obligation at the end of the reporting period. Where the effect of the time value of money is material, the amount of the provision shall be discounted to present value using a pre-tax discount rate that reflects the current market assessment of the time value of money and risks specific to the obligation.

When discounting is used, the increase in the provision due to passage of time is recognised as a finance cost in profit or loss.

### (n) Share capital

#### *Ordinary shares*

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

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

## 2. Significant accounting policies (cont'd)

### (o) Revenue recognition

Revenue is recognised when a performance obligation is satisfied. Revenue is measured based on the consideration to which the Group expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties (i.e. sales related taxes).

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

#### (i) *Revenue from civil engineering contract works*

The Group provides civil engineering contract works to customers. Revenue is recognised when the control over the contract work is transferred to the customer. At contract inception, the Group assesses whether the Group transfers control of the contract work over time or at a point in time by determining if the Group's performance creates or enhances an asset that the customer controls as the asset is created or enhanced or the customer simultaneously receives and consumes the benefits provided by the Group's performance as the work progresses. The Group recognises contract revenue over time by reference to the stage of completion of the contract work. The stage of completion is determined by reference to the contract costs incurred to-date relative to the estimated total contract costs for the contract.

The Group progressively invoices the customer on progress claims, where the Group has right over payment over the value of services transferred to the customer. Any amount previously recognised as a contract asset is reclassified to trade receivables at the point at which it is invoiced to the customer.

The period between the transfer of the promised service and invoicing to the customer may exceed one year. For such contracts, there is no significant financing component present as the payment terms is an industry practice to protect the customer from the Group's failure to adequately complete some or all of its obligations under the contract. As a consequence, the Group does not adjust any of the transaction prices for the time value of money.

#### (ii) *Inland logistics support service income*

Inland logistics support service income is recognised at point in time when services are provided.

#### (iii) *Sales of construction materials*

Revenue from the sales of construction materials is recognised at point in time when the goods are delivered to customers.

#### (iv) *Dormitory operations*

Dormitory services income is recognised over time when services are provided.

#### (v) *Rental income from operating leases*

Lease payments from operating leases are recognised on a straight-line basis over the lease term.

#### (vi) *Interest income*

Interest income is recognised using the effective interest method.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

## 2. Significant accounting policies (cont'd)

### (o) Revenue recognition (cont'd)

#### (vii) *Contract assets and contract liabilities*

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

### (p) Government grants

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

When the grant relates to an expense item, it is recognised in profit or loss over the period necessary to match them on a systematic basis to the costs that it is intended to compensate.

### (q) Borrowing costs

Borrowing costs are recognised in profit or loss in the period in which they are incurred using the effective interest method.

### (r) Employee benefits

#### *Employee leave entitlement*

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

#### *Defined contribution plans*

Defined contribution plans are post-employment benefit plans under which the Group pays fixed contributions into government-managed retirement benefit schemes, such as the Central Provident Fund, and will have no legal or constructive obligation to pay further contributions once the contributions have been paid. Contributions to defined contribution plans are recognised as an expense in the period in which the related service is performed.

### (s) Leases

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

#### ***When a Group entity is the lessee***

The Group applies a single recognition and measurement approach for all leases, except for short-term leases (i.e. for leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option) and leases of low-value assets (e.g. leases of tablet and personal computers, small items of office equipment and telephones). For these exempted leases, the Group recognises the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.



# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

## 2. Significant accounting policies (cont'd)

### (s) Leases (cont'd)

#### *When a Group entity is the lessee (cont'd)*

##### *Lease liabilities*

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

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

The lease liabilities are presented as a separate line in the statements of financial position.

The lease liabilities are subsequently measured by increasing the carrying amount to reflect interest on the lease liabilities using the effective interest method, and reducing the carrying amount to reflect the lease payments made.

The Group remeasures the lease liability (and makes a corresponding adjustment to the related right-of-use asset) whenever there is a modification, a change in the lease term, a change in the lease payments (e.g. changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

##### *Right-of-use assets*

The Group recognises right-of-use assets at the commencement date of the lease (i.e. the date the underlying asset is available for use). The right-of-use assets comprise the initial measurement of the corresponding lease liabilities, lease payments made at or before the commencement date, initial direct cost, less any lease incentive received.

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

Right-of-use assets are subsequently measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. Right-of-use assets are depreciated on a straight-line basis over the shorter period of the lease term and useful lives of the assets. If ownership of the leased asset transfers to the Group at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset. The depreciation starts at the commencement date of the lease.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

## 2. Significant accounting policies (cont'd)

### (s) Leases (cont'd)

#### ***When a Group entity is the lessee (cont'd)***

##### *Right-of-use assets (cont'd)*

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

The Group applies SFRS(I) 1-36 *Impairment of Assets* to determine whether a right-of-use asset is impaired and accounts for any identified impairment loss as described in Note 2(g).

As a practical expedient, SFRS(I) 16 *Leases* permits a lessee not to separate non-lease components, and instead account for any lease and associated non-lease component as a single arrangement. The Group has applied this practical expedient to its leases for land-use-rights.

#### ***When a Group entity is the lessor***

Where the Group acts as a lessor, it determines at lease inception whether each lease is a finance lease or operating lease. Whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee, the contract is classified as a finance lease. All other leases are classified as operating leases.

Rental income from operating leases is recognised on a straight-line basis over the terms of the relevant leases. Initial direct costs incurred in negotiating and arranging operating leases are added to the carrying amount of the leased assets and recognised as an expense in profit or loss on the same basis as the lease income.

Amounts due from lessees under finance leases are recognised as receivables at the amount of the net investment in the leases. Each lease payment received is applied against the gross investment in the financial lease receivable to reduce both the principal and the unearned finance income. The finance income is recognised in profit or loss on a basis that reflects a constant periodic rate of return on the net investment in the finance lease receivable.

Initial direct cost incurred in negotiating and arranging finance leases are added to finance lease receivables and reduce the amount of income recognised over the lease term.

### (t) Income taxes

Income tax on the profit or loss for the year comprises current and deferred tax. Current and deferred tax are recognised in profit or loss except to the extent that they relate to items recognised outside profit or loss, either in other comprehensive income or directly in equity in which the tax is also recognised outside profit or loss (either in other comprehensive income or directly in equity respectively).

Current tax is the expected tax payable or recoverable on the taxable income for the current year, using tax rates enacted or substantively enacted at the end of the reporting period, and any adjustment to tax payable or recoverable in respect of previous years. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions, where appropriate, on the basis of amounts expected to be paid to the tax authorities.

Deferred tax is provided using the liability method, on all temporary differences at the end of the reporting period arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements except where the deferred tax arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination, and at the time of the transaction, affects neither the accounting nor taxable profit or loss.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

## 2. Significant accounting policies (cont'd)

### (t) Income taxes (cont'd)

Deferred tax liability is provided on all taxable temporary differences arising on investments in subsidiaries and joint ventures, except where the timing of the reversal of the temporary difference can be controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences can be utilised.

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

### (u) Dividends

Interim dividends are recorded during the financial year in which they are declared payable.

Final dividends are recorded in the financial statements in the period in which they are approved by the Company's shareholders.

### (v) Foreign currencies

#### *Functional and presentation currency*

Items included in the financial statements of each entity in the Group are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The financial statements of the Group and the Company are presented in Singapore dollar, which is the Company's functional currency.

#### *Transactions and balances*

Transactions in a currency other than the functional currency ("foreign currency") are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Currency translation gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss, except for currency translation differences on net investment in foreign operations and borrowings and other currency instruments qualifying as net investment hedges for foreign operations, which are included in the foreign currency translation reserve within equity in the consolidated financial statements. The foreign currency translation reserve is reclassified from equity to profit or loss of the Group on disposal of the foreign operation.

### (w) Contingencies

A contingent liability is:

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

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

## 2. Significant accounting policies (cont'd)

### (w) Contingencies (cont'd)

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

Contingencies are not recognised on the consolidated statement of financial position, except for contingent liabilities assumed in a business combination that are present obligations and for which the fair value can be reliably determined.

### (x) Disposal group held-for-sale

Disposal group is classified as held-for-sale and stated at the lower of carrying amount and fair value less costs to sell if its carrying amount is recovered principally through a sale transaction rather than through continuing use. Any impairment loss on initial classification and subsequent measurement is recognised as an expense. Any subsequent increase in fair value less costs to sell (not exceeding the accumulated impairment loss that has been previously recognised) is recognised in profit or loss.

The assets are not depreciated or amortised while it is classified as held-for-sale.

### (y) 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 other components of the Group. Operating segments are reported in a manner consistent with the internal reporting provided to the Group's chief operating decision makers for making decisions about allocating resources and assessing performance of the operating segments.

## 3. Critical accounting judgements and key sources of estimation uncertainty

In the application of the Group's accounting policies, which are described in Note 2, management made judgements, estimates and assumptions about the carrying amounts of assets and liabilities that were not readily apparent from other sources. The estimates and associated assumptions were based on historical experience and other factors that were considered to be reasonable under the circumstances. Actual results may differ from these estimates.

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

### ***Critical judgements in applying the Group's accounting policies***

In the process of applying the Group's accounting policies which are described in Note 2, management has made the following judgements that have the most significant effect on the amounts recognised in the financial statements (apart from those involving estimations).

#### *Going concern assumption*

As at 31 December 2022, included in the Group's net current assets of \$51,265,000 (2021: \$23,291,000) were contract assets of \$65,606,000 (2021: \$76,044,000) which will be converted to trade receivables upon issuance of invoices. The Group progressively invoices the customers on progress claims based on progress milestone as agreed by customers, where the Group has right over payment over the value of services transferred to the customer.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

## 3. Critical accounting judgements and key sources of estimation uncertainty (cont'd)

### **Critical judgements in applying the Group's accounting policies (cont'd)**

#### *Going concern assumption (cont'd)*

Notwithstanding the above, management is of the view that the Group has adequate resources to continue in operation for at least the next 12 months and that the going concern basis of preparation of these financial statements remains appropriate based on the following factors:

- i. The Group is able to generate sufficient cash flows from their operations to meet their current and future obligations;
- ii. The banking facilities from their bankers for their working capital requirements for the next twelve months will be available as and when required; and
- iii. Two of the directors of the Company have voluntarily undertake to provide financial support to Huatong Contractor Pte Ltd, a subsidiary of the Group up to a maximum amount of \$8,000,000 to ensure Huatong Contractor Pte Ltd will be able to meet its obligations as when they fall due for at least 12 months from 20 March 2023.

Based on the above factors, the financial statements have been prepared on a going concern basis.

#### *Disposal group classified as held-for-sale*

Management has determined that the assets and liabilities related to the leasehold property located at 9 Benoi Crescent, Singapore 629972 have been presented as held-for-sale as the Board of Directors of Huatong Contractor Pte Ltd, a wholly owned subsidiary of the Company, is committed to complete the proposed sale transaction (Note 27). In making its judgement, management considered the detailed criteria and related guidance as set out in SFRS(I) 5 *Non-current Assets Held-for-Sale and Discontinued Operations*.

### **Key sources of estimation uncertainty**

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

#### *Civil engineering contract works*

The Group recognises contract revenue over time by reference to the stage of completion of the contract work. The stage of completion is determined by reference to the contract costs incurred to-date relative to the estimated total contract costs for the contract.

Significant assumptions are used to estimate the total contract revenue (including variation of claims) and total contract costs (including estimated costs to complete), at the inception of the contract and at the end of each reporting period and the determination of the stage of completion. In making these estimates, management has relied on past experience and knowledge of the contract team.

The carrying amounts of the Group's contract assets and contract liabilities as at 31 December 2022 were \$65,606,000 (2021: \$76,044,000) and \$2,699,000 (2021: \$4,399,000) respectively (Note 15).

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

## 3. Critical accounting judgements and key sources of estimation uncertainty (cont'd)

### **Key sources of estimation uncertainty (cont'd)**

#### *Estimating expected credit loss allowance on trade receivables (including retention sums) and contract assets*

The Group has applied the simplified approach within SFRS(I) 9, based on lifetime ECL, in determining the loss allowance on trade receivables (including retention sums) and contract assets at the end of each reporting period.

The Group determined the ECL of trade receivables (including retention sums) and contract assets by segregating amounts due from government agencies and debtors who are also the Group's suppliers with amounts due from are lower than amount due to the same counterparties where the associated credit risk is not significant and credit-impaired debtors, and using a provision matrix for the remaining trade receivables (including retention sums) and contract assets. The Group further categorises the remaining trade receivables based on days past due. The ECL rates for each category of the remaining debtors are estimated based on historical credit loss experience adjusted as appropriate to reflect current condition and forward-looking information which is based on assumptions and forecasts of future economic conditions and how these conditions will affect the Group's ECL assessment as disclosed in Note 33(b).

As the calculation of loss allowance on trade receivables (including retention sums) and contract assets is subject to assumptions and forecasts, any changes to these estimations will affect the amounts of loss allowance recognised and the carrying amounts of trade receivables (including retention sums) and contract assets.

During the financial year, a reversal of loss allowance on trade receivables (including retention sums) of \$37,000 (2021: \$25,000) was recognised in the Group's profit or loss. The carrying amount of the Group's trade receivables (including retention sums) as at 31 December 2022 was approximately \$29,368,000 (2021: \$29,813,000) (Note 18).

During the financial year, the loss allowance on contract assets of \$5,796,000 (2021: \$2,365,000) was recognised in the Group's profit or loss. The carrying amount of the Group's contract assets as at 31 December 2022 was approximately \$65,606,000 (2021: \$76,044,000) (Note 15).

#### *Impairment of investments in subsidiaries*

The Company assesses at the end of each reporting period whether there are any indicators of impairment for investments in subsidiaries. Investments in subsidiaries are tested for impairment when there are indicators that the carrying amounts may not be recoverable. An impairment exists when the carrying amount of the investment exceeds its recoverable amount, which is the higher of its fair value less costs to sell and its value-in-use.

When value-in-use calculations are undertaken, management is required to estimate the expected future cash flows from the business and a suitable terminal growth rate and discount rate, in order to determine the present value of those cash flows.

The carrying amount of the Company's investments in subsidiaries as at 31 December 2022 was \$41,735,000 (2021: \$41,735,000) (Note 12).

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

## 3. Critical accounting judgements and key sources of estimation uncertainty (cont'd)

### **Key sources of estimation uncertainty (cont'd)**

#### *Impairment of non-financial assets*

The Group assesses whether there are any indicators of impairment for all non-financial assets at the end of each reporting period. Non-financial assets are tested for impairment when there are indicators that the carrying amounts may not be recoverable. An impairment exists when the carrying amount of an asset or cash-generating unit exceeds its recoverable amount, which is the higher of its fair value less costs to sell and its value-in-use.

When value-in-use calculations are undertaken, management is required to estimate the expected future cash flows from the asset or cash-generating unit and a suitable discount rate, in order to determine the present value of those cash flows.

The carrying amounts of the Group's property, plant and equipment and right-of-use assets as at 31 December 2022 were \$21,404,000 (2021: \$42,328,000) (Note 9) and \$42,955,000 (2021: \$54,191,000) (Note 10) respectively.

#### *Depreciation of property, plant and equipment*

The Group depreciates property, plant and equipment on a straight-line method, over their estimated useful lives after taking into account of their estimated residual values. The estimated useful life reflects management's estimate of the period that the Group intends to derive future economic benefits from the use of the Group's property, plant and equipment. The residual value reflects management's estimated amount that the Group would currently obtain from the disposal of the asset, after deducting the estimated costs of disposal, as if the asset were already of the age and in the condition expected at the end of its useful life. Changes in the expected level of usage and technological developments could affect the economic, useful lives and the residual values of these assets which could then consequentially impact future depreciation charges.

The carrying amounts of the Group's property, plant and equipment as at 31 December 2022 was \$21,404,000 (2021: \$42,328,000) (Note 9).

#### *Income taxes*

Significant judgement is involved in determining the provision for income taxes. The Group recognises expected liabilities for income tax based on an estimation of the likely taxes due, which requires significant judgement as to the ultimate tax determination of certain items. Where the actual liability arising from these issues differs from these estimates, such differences will have an impact on income tax and deferred tax provisions in the period when such determination is made.

The carrying amounts of the Group's current income tax payable and deferred tax liabilities as at 31 December 2022 were \$2,848,000 (2021: \$669,000) and \$1,858,000 (2021: \$3,557,000) respectively.



# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

## 4. Revenue

### (a) Disaggregation of revenue

	<b>Group</b>	
	<b>2022</b>	2021
	<b>\$'000</b>	\$'000
<b>By nature</b>		
Revenue from civil engineering contract works	<b>100,642</b>	153,069
Inland logistics support service income	<b>23,379</b>	12,070
Sales of construction materials	<b>2,982</b>	4,173
Dormitory operations	<b>24,700</b>	1,129
	<b>151,703</b>	170,441
<b>By timing of revenue recognition</b>		
At a point in time	<b>26,361</b>	16,243
Over time	<b>125,342</b>	154,198
	<b>151,703</b>	170,441

### (b) Transaction price allocated to remaining performance obligations

The transaction price allocated to performance obligations that are unsatisfied (or partially unsatisfied) in relation to civil engineering contract works are as follows:

	<b>Remaining performance obligations</b>	
	<b>2022</b>	2021
	<b>\$'000</b>	\$'000
<b>Group</b>		
Within two years	<b>132,712</b>	180,032
Later than two years and not later than five years	<b>40,166</b>	52,454
Later than five years	<b>-</b>	854
	<b>172,878</b>	233,340

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

## 5. Other income

	Group	
	2022	2021
	\$'000	\$'000
Amortisation of gain on sale and leaseback transactions	272	685
Fair value gain of financial assets at FVTPL (Note 11)	205	185
Foreign exchange gain, net	49	–
Gain on settlement of derivative financial instruments	–	20
Government grants income*	1,704	3,800
Insurance claim monies received	780	800
Gain on disposal of property, plant and equipment	74	125
Gain on lease modification (Note 23)	601	–
Bad debts recovered	35	–
Interest income from		
- Banks	16	5
- Financial assets at FVOCI (Note 16)	54	55
- Others	13	–
Lease income from other operating facilities	317	685
Reversal of allowance for impairment of financial assets at FVOCI upon redemption (Note 16)	11	11
Sundry income	3,058	1,788
	<b>7,189</b>	<b>8,159</b>

\* During the previous financial year ended 31 December 2021, government grants income of \$2,028,000 was recognised under the Jobs Support Scheme (the “JSS”). Under the JSS, the Singapore Government will co-fund gross monthly wages paid to each local employee through cash subsidies with the objective of helping employers retain local employees during the period of economic uncertainty. The JSS is a temporary scheme introduced in the Singapore Budget 2020 and had been extended up to 2021 by the Singapore Government.

Government grants income of \$1,162,000 (2021: \$1,425,000) was recognised during the financial year under the Foreign Worker Levy (“FWL”) rebate. The FWL rebate is a cash grant from the Singapore Government to support businesses employing foreign workers on work permits and S-passes that had to suspend operations during the circuit breaker period and it was further extended for businesses that were not able to resume operations after the circuit breaker period and all businesses in the Construction, Marine Shipyard, and Process (“CMP”) sectors.

## 6. Finance costs

	Group	
	2022	2021
	\$'000	\$'000
Interest expenses		
- Bank overdrafts	2	1
- Lease liabilities (Note 23)	1,084	1,389
- Late payment	4	5
- Revolving loans (Note 24)	505	351
- Term loans (Note 24)	484	400
- Trust receipts/letter of credits (Note 24)	602	427
	<b>2,681</b>	<b>2,573</b>
Bank charges	176	205
	<b>2,857</b>	<b>2,778</b>

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

## 7. Profit before income tax

In addition to those disclosed elsewhere in the financial statements, profit before income tax is arrived at after charging/ (crediting) the following:

		Group	
	Note	2022 \$'000	2021 \$'000
<i>Cost of sales and services</i>			
Employee benefits expense			
- Salaries, wages and other benefits		20,030	19,533
- Contribution to Central Provident Fund		245	257
Depreciation of property, plant and equipment	9	8,876	7,933
Depreciation of right-of-use assets	10	7,520	10,070
Property, plant and equipment written off	9	56	–
Diesel/fuel costs		22,616	13,725
Material costs		13,316	22,143
Short-term lease expense			
- Trucks and equipment	23	2,712	3,021
- Rental of premises	23	37	38
Repair and maintenance		9,898	9,071
Subcontract costs		18,688	55,440
Management fee		1,852	–
<i>Administrative expenses</i>			
Employee benefits expense			
- Salaries, wages and other benefits		15,297	14,363
- Contribution to Central Provident Fund		756	784
- Performance share expenses	20	76	–
Directors' fees		121	125
Directors' remuneration			
- Salaries, wages and other benefits		2,507	1,478
- Contribution to Central Provident Fund		64	51
Audit fees paid/payable to:			
- Auditor of the Company		145	125
- Other auditors		5	5
Non-audit fees by auditor of the Company		18	25
Depreciation of property, plant and equipment	9	401	360
Depreciation of right-of-use assets	10	197	237
Property, plant and equipment written off	9	2	–
Amortisation of intangible assets	14	16	16
Short-term lease expense			
- Construction site and other operating facilities	23	467	424
<i>Other expenses</i>			
Loss on lease modification	23	–	272
Penalty and fine		59	28
Foreign exchange loss, net		–	90
<i>(Reversal of)/loss allowance on trade receivables and contract assets</i>			
Reversal of loss allowance on trade receivables	18	(37)	(25)
Loss allowance on contract assets	15	5,796	2,365

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

## 8. Income tax expense

	Group	
	2022	2021
	\$'000	\$'000
Current income tax		
- Current financial year	2,803	648
- (Over)/under provision in prior financial years	(94)	74
	<u>2,709</u>	<u>722</u>
Deferred tax (Note 26)		
- Current financial year	(716)	(54)
- Under/(over) provision in prior financial years	45	(424)
- Reversal of deferred tax liabilities on revaluation upon depreciation	(159)	(48)
	<u>(830)</u>	<u>(526)</u>
	<u>1,879</u>	<u>196</u>
Deferred tax charged to other comprehensive income		
- Current financial year (Note 26)	159	111

### Reconciliation of effective income tax rate

Singapore income tax is calculated at 17% (2021: 17%) of the estimated assessable profit for the financial year. The income tax expense varied from the amount of income tax expense determined by applying the Singapore income tax rate to profit before income tax as a result of the following differences:

	Group	
	2022	2021
	\$'000	\$'000
Profit before income tax	<u>12,030</u>	<u>5,382</u>
Income tax calculated at Singapore's statutory tax rate	2,045	915
Tax effects of:		
- Income not subject to tax	(316)	(407)
- Expenses not deductible for tax purposes	369	261
- Tax rebates and enhanced allowances	(11)	(39)
- Singapore statutory income exemption and incentives	(17)	(43)
- Effects of results of joint venture presented net of tax	26	(173)
- Deferred tax asset not recognised	-	31
- (Over)/under provision of current income tax in prior financial years	(94)	74
- Under/(over) provision of deferred tax in prior financial years	45	(424)
- Others	(168)	1
	<u>1,879</u>	<u>196</u>

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

## 9. Property, plant and equipment

	Leasehold properties \$'000	Renovation \$'000	Computers \$'000	Container offices \$'000	Office equipment and electrical fittings \$'000	Plant and machineries \$'000	Worksite equipment \$'000	Trucks and vehicles \$'000	Total \$'000
<b>Group</b>									
<b>Cost or valuation</b>									
Balance as at 1.1.2022	17,750	–	657	459	877	74,209	6,504	26,471	126,927
Additions	–	83	10	8	61	3,309	307	2,800	6,578
Reclassified to disposal group held- for-sale (Note 27)	(17,750)	(83)	–	–	–	–	–	–	(17,833)
Reclassified to right- of-use assets upon obtaining financing through leases (Note 10)	–	–	–	–	–	(2,356)	–	(1,180)	(3,536)
Reclassified from right- of-use assets upon full payment (Note 10)	–	–	–	–	–	5,962	–	2,517	8,479
Disposals	–	–	–	–	(47)	(241)	–	(668)	(956)
Written off	–	–	–	–	(26)	(68)	(17)	(144)	(255)
Balance as at 31.12.2022	–	–	<b>667</b>	<b>467</b>	<b>865</b>	<b>80,815</b>	<b>6,794</b>	<b>29,796</b>	<b>119,404</b>

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

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

	Leasehold properties \$'000	Renovation \$'000	Computers \$'000	Container offices \$'000	Office equipment and electrical fittings \$'000	Plant and machineries \$'000	Worksite equipment \$'000	Trucks and vehicles \$'000	Total \$'000
<b>Group</b>									
<b>Accumulated depreciation</b>									
Balance as at 1.1.2022	-	-	548	353	731	56,814	4,960	21,044	84,450
Depreciation (Note 7)	934	1	49	39	66	5,053	665	2,470	9,277
Reclassified to disposal group held-for-sale (Note 27)	-	(1)	-	-	-	-	-	-	(1)
Reclassified to right-of-use assets upon obtaining financing through leases (Note 10)	-	-	-	-	-	(13)	-	(10)	(23)
Reclassified from right-of-use assets upon full payment (Note 10)	-	-	-	-	-	4,782	-	1,281	6,063
Disposals	-	-	-	-	(15)	(213)	-	(557)	(785)
Written off	-	-	-	-	(25)	(56)	(6)	(110)	(197)
Elimination of depreciation on revaluation	(934)	-	-	-	-	-	-	-	(934)
Balance as at 31.12.2022	-	-	597	392	757	66,367	5,619	24,118	97,850
<b>Accumulated impairment losses</b>									
Balance as at 1.1.2022	-	-	-	-	-	149	-	-	149
Reclassified from right-of-use assets upon full payment (Note 10)	-	-	-	-	-	29	-	-	29
Disposals	-	-	-	-	-	(28)	-	-	(28)
Balance as at 31.12.2022	-	-	-	-	-	150	-	-	150
<b>Net carrying amount</b>									
Balance as at 31.12.2022	-	-	70	75	108	14,298	1,175	5,678	21,404

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

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

	Leasehold properties \$'000	Computers \$'000	Container offices \$'000	Office equipment and electrical fittings \$'000	Plant and machineries \$'000	Worksite equipment \$'000	Trucks and vehicles \$'000	Total \$'000
<b>Group</b>								
<b>Cost or valuation</b>								
Balance as at 1.1.2021	18,000	548	445	839	54,969	6,496	22,111	103,408
Additions	-	110	14	46	3,508	1,396	946	6,020
Reclassified to right- of-use assets upon obtaining financing through leases (Note 10)	-	-	-	-	(2,731)	(1,294)	(366)	(4,391)
Reclassified from right- of-use assets upon full payment (Note 10)	-	-	-	-	18,881	-	3,847	22,728
Disposals	-	(1)	-	(8)	(418)	(94)	(67)	(588)
Revaluation	(250)	-	-	-	-	-	-	(250)
Balance as at 31.12.2021	17,750	657	459	877	74,209	6,504	26,471	126,927
Representing:								
At cost	-	657	459	877	74,209	6,504	26,471	109,177
At valuation	17,750	-	-	-	-	-	-	17,750
	17,750	657	459	877	74,209	6,504	26,471	126,927



# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

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

	Leasehold properties \$'000	Computers \$'000	Container offices \$'000	Office equipment and electrical fittings \$'000	Plant and machineries \$'000	Worksite equipment \$'000	Trucks and vehicles \$'000	Total \$'000
<b>Group</b>								
<b>Accumulated depreciation</b>								
Balance as at 1.1.2021	-	493	307	695	42,675	4,232	16,862	65,264
Depreciation (Note 7)	905	56	46	37	4,051	901	2,297	8,293
Reclassified to right-of-use assets upon obtaining financing through leases (Note 10)	-	-	-	-	(73)	(126)	(3)	(202)
Reclassified from right-of-use assets upon full payment (Note 10)	-	-	-	-	10,537	-	1,944	12,481
Disposals	-	(1)	-	(1)	(376)	(47)	(56)	(481)
Elimination of depreciation on revaluation	(905)	-	-	-	-	-	-	(905)
Balance as at 31.12.2021	-	548	353	731	56,814	4,960	21,044	84,450
<b>Accumulated impairment losses</b>								
Balance as at 1.1.2021	-	-	-	-	116	-	-	116
Reclassified from right-of-use assets upon full payment (Note 10)	-	-	-	-	37	-	-	37
Disposals	-	-	-	-	(4)	-	-	(4)
Balance as at 31.12.2021	-	-	-	-	149	-	-	149
<b>Net carrying amount</b>								
Balance as at 31.12.2021	17,750	109	106	146	17,246	1,544	5,427	42,328

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

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

The Group's leasehold properties as at 31 December 2022 with a fair value of \$17,750,000 (2021: \$17,750,000) were pledged as securities for the banking facilities granted to the Group (Note 24).

During the financial year, the Group's additions to property, plant and equipment were financed as follows:

	Group	
	2022	2021
	\$'000	\$'000
Additions to property, plant and equipment	6,578	6,020
Reclassified to right-of-use assets upon obtaining financing through leases	(3,536)	(3,809)
Changes in unpaid amount included under trade and other payables*	213	(448)
Cash payments to acquire property, plant and equipment	<u>3,255</u>	<u>1,763</u>

\* The amount could subsequently be either financed through leases or settled in cash.

Particulars of the leasehold properties held by the Group are as follows:

Location	Description	Tenure
3 Kranji Loop Singapore 739539	Industrial building with a floor area of 2,213 square metre	30 years from 1 April 1981 (extended until 30 June 2022)
9 Benoi Crescent Singapore 629972*	Industrial building, including a 3-storey dormitory, with a floor area of 8,457 square metre	52 years from 1 January 1989 (expiring 31 December 2040)

The Group's leasehold properties were revalued on 31 December 2022 and 31 December 2021 by an accredited independent valuation firm. The fair value of the Group's leasehold properties on 31 December 2022 has been determined based on the market comparison approach that reflects most recent transaction prices for similar properties, after adjusting for relevant factors such as property size. The revaluation increase of \$934,000 (2021: \$655,000) net of tax charge of \$159,000 (2021: \$111,000) arising from the revaluations have been credited to other comprehensive income and accumulated in equity under asset revaluation reserve (Note 21). The valuation conforms to International Valuation Standards and is based on the asset's highest and best use, which is in line with their actual use. There were no changes to the valuation techniques during the financial year. Details of valuation techniques and inputs used are disclosed in Note 35.

If the revalued leasehold properties of the Group had been included in the financial statements at historical cost less accumulated depreciation and accumulated impairment loss, if any, the carrying amount as at 31 December 2022 would have been approximately \$11,080,000 (2021: \$11,702,000).

\* The leasehold property is reclassified to disposal group held-for-sale as at 31 December 2022 (Note 27).

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

## 10. Right-of-use assets

The Group has lease contracts for land-use-rights for leasehold properties and construction sites, machineries, trucks and vehicles and worksite equipment. The Group's obligation under these leases are secured by the lessor's title to the leased assets. There are no externally imposed restrictions on these lease arrangements for right-of-use assets. Except for the land-use-rights for leasehold properties and construction sites, the Group is not restricted from assigning and subleasing the leased assets.

	Land-use- rights \$'000	Machineries \$'000	Worksite equipment \$'000	Trucks and vehicles \$'000	Total \$'000
<b>Group</b>					
<b>Cost</b>					
Balance as at 1.1.2022	4,242	55,538	1,369	13,906	75,055
Additions	629	1,069	–	768	2,466
Reclassified to disposal group held-for-sale (Note 27)	(4,046)	–	–	–	(4,046)
Reclassified from property, plant and equipment upon obtaining financing through leases (Note 9)	–	2,356	–	1,180	3,536
Modification to lease terms	(197)	(463)	–	(3,372)	(4,032)
Reclassified to property, plant and equipment upon full payment (Note 9)	–	(5,962)	–	(2,517)	(8,479)
Balance as at 31.12.2022	<b>628</b>	<b>52,538</b>	<b>1,369</b>	<b>9,965</b>	<b>64,500</b>
<b>Accumulated depreciation</b>					
Balance as at 1.1.2022	508	16,913	301	3,113	20,835
Depreciation (Note 7)	406	5,907	274	1,130	7,717
Reclassified to disposal group held-for-sale (Note 27)	(508)	–	–	–	(508)
Reclassified from property, plant and equipment upon obtaining financing through leases (Note 9)	–	13	–	10	23
Modification to lease terms	(197)	(171)	–	(91)	(459)
Reclassified to property, plant and equipment upon full payment (Note 9)	–	(4,782)	–	(1,281)	(6,063)
Balance as at 31.12.2022	<b>209</b>	<b>17,880</b>	<b>575</b>	<b>2,881</b>	<b>21,545</b>
<b>Accumulated impairment losses</b>					
Balance as at 1.1.2022	–	29	–	–	29
Reclassified to property, plant and equipment upon full payment (Note 9)	–	(29)	–	–	(29)
Balance as at 31.12.2022	–	–	–	–	–
<b>Net carrying amount</b>					
Balance as at 31.12.2022	<b>419</b>	<b>34,658</b>	<b>794</b>	<b>7,084</b>	<b>42,955</b>

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

## 10. Right-of-use assets (cont'd)

	Land-use- rights \$'000	Machineries \$'000	Worksite equipment \$'000	Trucks and vehicles \$'000	Total \$'000
<b>Group</b>					
<b>Cost</b>					
Balance as at 1.1.2021	4,242	69,942	75	20,052	94,311
Additions	–	1,746	–	1,148	2,894
Reclassified from property, plant and equipment upon obtaining financing through leases (Note 9)	–	2,731	1,294	366	4,391
Modification to lease terms	–	–	–	(3,813)	(3,813)
Reclassified to property, plant and equipment upon full payment (Note 9)	–	(18,881)	–	(3,847)	(22,728)
Balance as at 31.12.2021	4,242	55,538	1,369	13,906	75,055
<b>Accumulated depreciation</b>					
Balance as at 1.1.2021	250	19,978	30	4,227	24,485
Depreciation (Note 7)	258	7,399	145	2,505	10,307
Reclassified from property, plant and equipment upon obtaining financing through leases (Note 9)	–	73	126	3	202
Modification to lease terms	–	–	–	(1,678)	(1,678)
Reclassified to property, plant and equipment upon full payment (Note 9)	–	(10,537)	–	(1,944)	(12,481)
Balance as at 31.12.2021	508	16,913	301	3,113	20,835
<b>Accumulated impairment losses</b>					
Balance as at 1.1.2021	–	66	–	–	66
Reclassified to property, plant and equipment upon full payment (Note 9)	–	(37)	–	–	(37)
Balance as at 31.12.2021	–	29	–	–	29
<b>Net carrying amount</b>					
Balance as at 31.12.2021	3,734	38,596	1,068	10,793	54,191

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

## 10. Right-of-use assets (cont'd)

The useful life of the right-of-use assets are as follows:

	Years
Land-use-rights	Remaining lease period of between 1 and 19 years
Machineries	6-10 years
Worksite equipment	5 years
Trucks and vehicles	6-10 years

Included in the above, machineries with net carrying amount of \$34,658,000 (2021: \$38,305,000), trucks and vehicles with net carrying amount of \$6,950,000 (2021: \$7,510,000) and worksite equipment with net carrying amount of \$794,000 (2021: \$1,068,000) are secured over the lease liabilities of \$24,047,000 (2021: \$32,969,000) as at 31 December 2022.

The carrying amounts of lease liabilities, movements during the financial year and the maturity analysis of lease liabilities are disclosed in Note 23 and Note 33(b) respectively.

The Group has several lease contracts that include extension options. The options are negotiated by management to provide flexibility in managing the leased assets portfolio and align with the Group's business needs.

## 11. Financial assets at FVTPL

	Group	
	2022	2021
	\$'000	\$'000
Investments in life insurances, at fair value		
<b>Current</b>		
- Life Insurance Policy I	-	2,744
- Life Insurance Policy II	<b>3,037</b>	-
	<b>3,037</b>	2,744
<b>Non-current</b>		
- Life Insurance Policy I	<b>2,825</b>	-
- Life Insurance Policy II	-	2,949
	<b>2,825</b>	2,949
	<b>5,862</b>	5,693

Movements of investments in life insurances are as follows:

	Group	
	2022	2021
	\$'000	\$'000
Balance as at the beginning of the financial year	<b>5,693</b>	5,387
Unrealised foreign exchange (loss)/gain recognised in profit or loss	<b>(36)</b>	121
Fair value gain recognised in profit or loss (Note 5)	<b>205</b>	185
Balance as at the end of the financial year	<b>5,862</b>	5,693

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

## 11. Financial assets at FVTPL (cont'd)

During the financial year ended 31 December 2014, the Group entered into a Flexible Premium Universal Life Insurance Policy - Asian Wealth Prestige Plus (the "Policy I") for an Executive Director of the Company with a single premium amounting to US\$1,929,910 (approximately \$2,410,458) by taking up a term loan (Note 24). Policy I's total initial sum insured is US\$10,000,000, and has a guaranteed return of 4.20% per annum within the 5 years lock-in period.

During the financial year ended 31 December 2015, the Group entered into a Life Insurance Policy - PruUniversal Vantage Zenith (the "Policy II") for an Executive Director of the Company with a single premium amounting to US\$2,296,910 (approximately \$3,116,447) by taking up a revolving loan (Note 24). Policy II's total initial sum insured is US\$12,000,000, and has a guaranteed return of 3.60% per annum within the 1 year lock-in period.

Policy I and Policy II (collectively known as the "Policies") both provide the Group with the sum insured or return on investment when the Policies are surrendered to the insurer based on the cash value as determined by the insurer.

5 years from the date of the Policies taken up by the Group on the life of the Director, the Director shall become the beneficiary of the Policies and be entitled to (a) all payments and other benefits arising therefrom after deducting for the amounts paid under the respective loans (Note 24), as well as (b) the surrender value of the insurance policies.

During the financial year ended 31 December 2019, the Group and the Director agreed to extend the transfer of the beneficiary of Policy I to the Director for 3 years to 2022. During the current financial year, the Group and the Director agreed to further extend the transfer of the beneficiary of Policy I to the Director for another 3 years to 2025.

During the financial year ended 31 December 2020, the Group and the Director also agreed to extend the transfer of the beneficiary of Policy II to the Director for 3 years to 2023.

The initial cash value of the Policies was recognised as financial assets at FVTPL. The difference between the premium paid and the initial cash value was recognised as prepayments and amortised over 5 years.

The investments in life insurances are denominated in United States dollars.

## 12. Investments in subsidiaries

	<b>Company</b>	
	<b>2022</b>	2021
	<b>\$'000</b>	\$'000
Unquoted equity shares, at cost	<b>41,735</b>	41,735

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

## 12. Investments in subsidiaries (cont'd)

Country of incorporation and principal place of business for all the subsidiaries are in Singapore. The details of the subsidiaries are as follows:

Name of companies	Principal activities	Proportion of ownership interest held by the Group		Proportion of ownership interest held by the non-controlling interests	
		2022 %	2021 %	2022 %	2021 %
<u>Held by the Company</u>					
Huatong Contractor Pte. Ltd. <sup>(1)</sup>	Provision of civil engineering services and inland construction logistics support	100	100	–	–
Soil Engineering Pte. Ltd. <sup>(1)</sup>	Supply of construction materials	100	100	–	–
HT Equipment Pte. Ltd. <sup>(1)</sup>	Provision of industrial machinery and equipment rental services	75	75	25	25
Changi East Dorm Private Limited <sup>(1)</sup>	Provision of dormitory operating services	100	100	–	–
<u>Held by Huatong Contractor Pte Ltd</u>					
Banyan Capital Pte. Ltd. <sup>(2)</sup>	General contractors and other investment holding company	100	100	–	–
<u>Held by Changi East Dorm Private Limited</u>					
Changi East Dorm Dwall Private Limited <sup>(1)</sup>	Dormant	51	51	49	49

<sup>(1)</sup> Audited by Baker Tilly TFW LLP, Singapore

<sup>(2)</sup> Audited by RSM Chio Lim LLP, Singapore



# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

## 12. Investments in subsidiaries (cont'd)

### Non-controlling interests

Summarised financial information in relation to the subsidiary that has non-controlling interests ("NCI") that are considered by management to be material to the Group, before intra-group eliminations and together with amounts attributed to NCI, is presented below:

	<b>HT Equipment Pte. Ltd.</b>	
	<b>2022</b>	2021
	<b>\$'000</b>	\$'000
Revenue	<b>2,330</b>	1,926
Loss before income tax	<b>(351)</b>	(623)
Income tax credit	<b>88</b>	71
Loss for the financial year	<b>(263)</b>	(552)
Total comprehensive loss for the financial year	<b>(263)</b>	(552)
Loss allocated to NCI	<b>(66)</b>	(138)
Total comprehensive loss allocated to NCI	<b>(66)</b>	(138)
Cash flows (used in)/from operating activities	<b>(345)</b>	265
Cash flows used in investing activities	<b>(2)</b>	-
Cash flows from/(used in) financing activities	<b>726</b>	(376)
Net cash inflows/(outflows)	<b>379</b>	(111)
Assets:		
Current assets	<b>1,243</b>	504
Non-current assets	<b>1,327</b>	1,712
Liabilities:		
Current liabilities	<b>6,587</b>	5,881
Non-current liabilities	<b>21</b>	109
Net liabilities	<b>(4,038)</b>	(3,774)
Accumulated non-controlling interests	<b>(1,010)</b>	(944)

### **Company level - Impairment review of investments in subsidiaries**

During the financial year, management performed an impairment test for the investment in HT Equipment Pte. Ltd. ("HTE") and Soil Engineering Pte. Ltd. ("SEPL"). HTE had been making net losses during the current financial year and HTE's total liabilities also exceeded its total assets as at 31 December 2022. The cost of investment in SEPL exceeded SEPL's net assets as at 31 December 2022. The cost of investment in HTE and SEPL amounted to \$1,016,000 and \$9,703,000 respectively as at 31 December 2022. Based on management's assessment, no allowance for impairment loss on investments in these subsidiaries is necessary at the end of the reporting period.

The recoverable amounts of these investments are determined from value-in-use calculations. The key assumptions for the value-in-use calculations are those regarding the budgeted revenue growth rate, budgeted gross margin, terminal year growth rate and discount rate. Management estimates discount rate using pre-tax rate that reflects current market assessment of the time value of money and the risks specific to their industry. The budgeted revenue growth rate is based on past performances and management's assessment of future trends and developments in the market. Budgeted gross margin is based on past performances.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

## 12. Investments in subsidiaries (cont'd)

### Company level - Impairment review of investments in subsidiaries (cont'd)

*Key assumptions used in value-in-use calculations*

#### HTE

The value-in-use calculations as at 31 December 2022 used cash flow forecasts derived from the most recent financial budgets approved by management covering a five-year period using estimated average annual budgeted revenue growth rate of 16% (2021: 21%) and average budgeted gross margin of 10% (2021: 6%) over the next 5 years. Cash flows beyond the five-year period were extrapolated using an estimated terminal value growth rate of 3% (2021: 2%). This rate does not exceed the average long-term growth rate for the relevant markets. The pre-tax rate used to discount the forecast cash flows is 10.28% (2021: 8.78%).

#### SEPL

The value-in-use calculations as at 31 December 2022 used cash flow forecasts derived from the most recent financial budgets approved by management covering a five-year period using estimated average annual budgeted revenue growth rate of 19% (2021: 16%) and average budgeted gross margin of 30% (2021: 31%) over the next 5 years. Cash flows beyond the five-year period were extrapolated using an estimated terminal value growth rate of 3% (2021: 2%). This rate does not exceed the average long-term growth rate for the relevant markets. The pre-tax rate used to discount the forecast cash flows is 9.50% (2021: 7.90%).

*Sensitivity to changes in assumptions*

With regards to the assessment of value-in-use for the investments in HTE and SEPL, management believes that the change in the estimated recoverable amounts from any reasonably possible changes in any of the above key assumptions would not cause the recoverable amounts to be materially lower than the carrying values of the investments in HTE and SEPL.

## 13. Investment in a joint venture

	Group	
	2022	2021
	\$'000	\$'000
<i>Unquoted equity shares</i>		
Balance as at the beginning of the financial year	1,722	706
Share of post-acquisition results	(151)	1,016
Dividend paid	(1,300)	–
Balance as at the end of the financial year	<u>271</u>	<u>1,722</u>

The details of the joint venture are as follows:

Name of joint venture	Country of incorporation and principal place of business	Principal activities	Effective equity interest held by the Group	
			2022	2021
			%	%
Golden Empire-Huatong Pte. Ltd. <sup>(1)</sup>	Singapore	Civil engineering and mixed construction and land reclamation works	33.3	33.3

<sup>(1)</sup> Audited by RSM Chio Lim LLP, Singapore

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

## 13. Investment in a joint venture (cont'd)

Summarised financial information of the joint venture is presented below:

	<b>Group</b>	
	<b>2022</b>	2021
	<b>\$'000</b>	\$'000
Assets:		
Current assets	<b>837</b>	7,773
Non-current assets	–	16
Liabilities:		
Current liabilities	<b>24</b>	2,622
Non-current liabilities	–	1
Net assets	<b>813</b>	5,166
Included in the above amounts are:		
Cash and cash equivalents	<b>823</b>	6,150
Reconciliation to carrying amounts:		
Opening net assets	<b>5,166</b>	2,118
(Loss)/profit for the financial year	<b>(453)</b>	3,048
Dividend appropriation	<b>(3,900)</b>	–
Closing net assets	<b>813</b>	5,166
Group's share in %	<b>33.3%</b>	33.3%
Group's share in \$	<b>271</b>	1,722
Carrying amount	<b>271</b>	1,722

	<b>Group</b>	
	<b>2022</b>	2021
	<b>\$'000</b>	\$'000
The Group's share of (loss)/profit for the financial year	<b>(151)</b>	1,016

### *Summarised statement of comprehensive income*

	<b>Group</b>	
	<b>2022</b>	2021
	<b>\$'000</b>	\$'000
Revenue	<b>2,047</b>	13,925
(Loss)/profit for the financial year representing total comprehensive (loss)/income	<b>(453)</b>	3,048
Included in the above amounts are:		
Depreciation and amortisation	<b>9</b>	19
Income tax (credit)/expense	<b>(2)</b>	622

On 10 February 2022, the joint venture declared a first interim exempt (one-tier) dividend of \$5.88 per ordinary share paid out to the Group which amounted to \$1,000,000.

On 21 December 2022, the joint venture declared a second interim exempt (one-tier) dividend of \$1.76 per ordinary share paid out to the Group which amounted to \$300,000.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

## 14. Intangible assets

Group	Trademarks	Club membership	Total
	\$'000	\$'000	\$'000
<b>Cost</b>			
Balance as at 1.1.2022 and 31.12.2022	141	54	195
<b>Accumulated amortisation</b>			
Balance as at 1.1.2022	(73)	–	(73)
Amortisation for the financial year (Note 7)	(16)	–	(16)
Balance as at 31.12.2022	<b>(89)</b>	<b>–</b>	<b>(89)</b>
<b>Accumulated impairment losses</b>			
Balance as at 1.1.2022 and 31.12.2022	–	<b>(43)</b>	<b>(43)</b>
<b>Net carrying amount</b>			
Balance as at 31.12.2022	<b>52</b>	<b>11</b>	<b>63</b>
<b>Cost</b>			
Balance as at 1.1.2021 and 31.12.2021	141	54	195
<b>Accumulated amortisation</b>			
Balance as at 1.1.2021	(57)	–	(57)
Amortisation for the financial year (Note 7)	(16)	–	(16)
Balance as at 31.12.2021	(73)	–	(73)
<b>Accumulated impairment losses</b>			
Balance as at 1.1.2021 and 31.12.2021	–	(43)	(43)
<b>Net carrying amount</b>			
Balance as at 31.12.2021	68	11	79
		<b>Trademarks</b>	
		<b>2022</b>	2021
		<b>\$'000</b>	\$'000
<b>Company</b>			
<b>Cost</b>			
Balance as at the beginning and end of the financial year		<b>26</b>	26
<b>Accumulated amortisation</b>			
Balance as at the beginning of the financial year		<b>(15)</b>	(12)
Amortisation for the financial year		<b>(3)</b>	(3)
Balance as at the end of the financial year		<b>(18)</b>	(15)
<b>Net carrying amount</b>			
Balance as at the end of the financial year		<b>8</b>	11

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

## 15. Contract assets/Contract liabilities

	<b>31.12.2022</b>	<b>Group</b> 31.12.2021	1.1.2021
	<b>\$'000</b>	\$'000	\$'000
Contract assets	<b>79,037</b>	83,679	77,749
Less: Loss allowance	<b>(13,431)</b>	(7,635)	(5,270)
	<b>65,606</b>	76,044	72,479
Contract liabilities	<b>2,699</b>	4,399	11,334

The contract assets and contract liabilities arose from contracts with customers for civil engineering contract works, inland logistics support services, sales of construction materials and dormitory operations.

The contract assets/contract liabilities are denominated in Singapore dollar.

Movements in loss allowance on contract assets were as follows:

	<b>2022</b>	<b>Group</b> 2021
	<b>\$'000</b>	\$'000
Balance as at the beginning of the financial year	<b>7,635</b>	5,270
Loss allowance made - simplified approach (Note 7)	<b>5,796</b>	2,365
Balance as at the end of the financial year	<b>13,431</b>	7,635

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

	<b>2022</b>	<b>Group</b> 2021
	<b>\$'000</b>	\$'000
Revenue recognised that was included in the contract liabilities balance at beginning of financial year	<b>4,382</b>	11,198
Transfers from the contract assets recognised at the beginning of financial year to trade receivables	<b>29,816</b>	40,869

## 16. Financial assets at FVOCI

	<b>2022</b>	<b>Group</b> 2021
	<b>\$'000</b>	\$'000
<i>Financial assets measured at FVOCI</i>		
Quoted debt securities, at fair value		
- Instrument I	<b>788</b>	797
- Instrument II	<b>18</b>	32
	<b>806</b>	829

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

## 16. Financial assets at FVOCI (cont'd)

Movements of investments in quoted debt securities are as follows:

	Group	
	2022 \$'000	2021 \$'000
Balance as at the beginning of the financial year	829	783
Redemption during the financial year	(9)	(9)
Interest earned	54	55
Interest received	(54)	(54)
Fair value (loss)/gain recognised in other comprehensive income, net (Note 21)	(14)	54
Balance as at the end of the financial year	<u>806</u>	<u>829</u>

During the financial year, there was a redemption of 20,000 (2021: 20,000) units of the quoted debt security Instrument I at \$20,000 (2021: \$20,000) with a carrying amount of \$9,000 (2021: \$9,000). The Group has recognised a reversal of \$11,000 (2021: \$11,000), being part of allowance for impairment for financial assets at FVOCI made in the previous year.

### Quoted debt securities

	Group			
	2022	2021		
	Coupon rate	Maturity	Coupon rate	Maturity
Instrument I*	<u>3.00%</u>	<u>1 October 2026</u>	3.00%	1 October 2026

\* Pursuant to the passing of consent solicitation exercise on 30 January 2019 by the issuer of Instrument I, amongst other changes made relevant to Instrument I included:

- (1) extension of the tenor of its existing note by another five years from the last maturity dates to 1 October 2026; and
- (2) revision of coupon rate to a base rate of 3% per annum and mandatory redemption rate to 1% per annum, payable semi-annually.

Management has the intention to dispose the remaining quoted debt securities within 12 months after the end of the reporting period.

The fair value of the above-mentioned debt securities is presented in Note 35.

The interest earned on the quoted debt securities amounting to \$54,000 (2021: \$55,000) is recognised in profit or loss under the "Other income" line item (Note 5).

The investments in quoted debt securities are denominated in Singapore dollar.

## 17. Inventories

	Group	
	2022 \$'000	2021 \$'000
Raw materials	206	222
Hardware parts and consumables	1,365	1,178
	<u>1,571</u>	<u>1,400</u>

The cost of inventories recognised as expenses and recorded in "cost of sales and services" in profit or loss amounted to \$27,709,000 (2021: \$18,023,000).

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

## 18. Trade and other receivables

	Group		Company	
	2022 \$'000	2021 \$'000	2022 \$'000	2021 \$'000
<b>Current</b>				
Trade receivables				
- Third parties	27,757	22,340	-	-
- Joint venture	-	257	-	-
Retention sums on construction contracts	11,431	17,322	-	-
	<b>39,188</b>	39,919	-	-
Less:				
Loss allowance <sup>1</sup>	(9,820)	(10,106)	-	-
	<b>29,368</b>	29,813	-	-
Other receivables				
- Third parties	1,631	445	-	-
- Employees	144	102	-	-
- A related party	32	-	-	-
- Subsidiaries	-	-	1,000	1,000
	<b>1,807</b>	547	<b>1,000</b>	1,000
Deposits				
- Refundable	776	706	-	-
- Non-refundable	473	327	-	-
	<b>1,249</b>	1,033	-	-
	<b>32,424</b>	31,393	<b>1,000</b>	1,000
<b>Non-current</b>				
Other receivable				
- A subsidiary	-	-	12,710	10,798
Trade and other receivables	32,424	31,393	13,710	11,798
Add/(less):				
Cash and cash equivalents (Note 19)	23,065	10,346	217	319
Goods and services tax receivables	(1,347)	(62)	-	-
Non-refundable deposits	(473)	(327)	-	-
Financial assets at amortised cost	<b>53,669</b>	41,350	<b>13,927</b>	12,117

<sup>1</sup> Includes loss allowance for retention sums on construction contracts of \$1,478,000 (2021: \$1,505,000).

Trade receivables from third parties and joint venture are unsecured, non-interest bearing and generally on 30 to 60 days' (2021: 30 to 60 days') credit terms.

Current amounts due from subsidiaries and a related party are unsecured, non-trade, non-interest bearing and repayable on demand.

Non-current amount due from subsidiary is quasi-equity in nature and non-interest bearing. This amount will be used for subsequent subscription in the share capital of subsidiary in the foreseeable future.

These receivables are not secured by any collateral or credit enhancements.



# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

## 18. Trade and other receivables (cont'd)

Movements in loss allowance on trade receivables and retention sums were as follows:

	Group		Company	
	2022 \$'000	2021 \$'000	2022 \$'000	2021 \$'000
Balance as at the beginning of the financial year	10,106	10,376	-	-
Reversal of loss allowance made - simplified approach (Note 7)	(37)	(25)	-	-
Bad debts written off	(249)	(245)	-	-
Balance as at the end of the financial year	<b>9,820</b>	10,106	-	-

As at 31 December 2022, trade receivables of \$249,000 (2021: \$245,000) were past due and fully impaired and written off. The receivables written off at the end of the financial year relate to customers which the recoverability is remote.

Trade receivables of approximately \$4,575,000 (2021: \$4,835,000) are subject to a negative pledge as security for the banking facilities as set out in Note 24.

Trade and other receivables are denominated in Singapore dollar.

## 19. Cash and cash equivalents

Cash and cash equivalents are denominated in the following currencies:

	Group		Company	
	2022 \$'000	2021 \$'000	2022 \$'000	2021 \$'000
Singapore dollar	22,233	10,105	217	319
United States dollar	775	228	-	-
Euro	57	13	-	-
	<b>23,065</b>	10,346	<b>217</b>	319

## 20. Share capital

	Group and Company			
	Number of ordinary shares		\$'000	\$'000
	2022	2021	2022	2021
<b>Issued and fully-paid</b>				
Balance as at the beginning of the financial year	176,384,600	151,384,600	41,081	38,676
Issued during the financial year	855,000	25,000,000	76	2,405
Balance as at the end of the financial year	<b>177,239,600</b>	176,384,600	<b>41,157</b>	41,081

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

## 20. Share capital (cont'd)

On 15 August 2022, the Company granted a total of 855,000 shares awarded to eligible participants under the Share Plan which were vested on the same day. The market price of the shares was determined based on the closing price of the shares of the Company as at 15 August 2022. These allotted and issued shares shall be rank pari passu in all respects with all other existing ordinary shares in the share capital of the Company.

During the previous financial year ended 31 December 2021, the Company issued 25,000,000 placement shares at a placement price of S\$0.09621 per placement share. The placement shares when allotted and issued will be free from encumbrances and shall be rank pari passu in all respects with all other existing ordinary shares in the share capital of the Company.

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

## 21. Other reserves

	Group	
	2022	2021
	\$'000	\$'000
Asset revaluation reserve	–	9,876
Merger reserve	<b>(26,160)</b>	(26,160)
Fair value reserve	<b>41</b>	55
	<b>(26,119)</b>	(16,229)
Reserve of disposal group classified as held-for-sale (Note 27)	<b>10,651</b>	–
	<b>(15,468)</b>	(16,229)

### Asset revaluation reserve

The asset revaluation reserve arises from the revaluation of leasehold properties under property, plant and equipment and is not available for distribution.

	Group	
	2022	2021
	\$'000	\$'000
Balance as at the beginning of the financial year	<b>9,876</b>	9,332
Gain on revaluation (Note 9)	<b>775</b>	544
Reserve attributable to disposal group classified as held-for-sale (Note 27)	<b>(10,651)</b>	–
Balance as at the end of the financial year	<b>–</b>	9,876

### Merger reserve

Merger reserve represents the difference between the consideration paid and the share capital of subsidiaries acquired.

	Group	
	2022	2021
	\$'000	\$'000
Balance as at the beginning and end of the financial year	<b>(26,160)</b>	(26,160)

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

## 21. Other reserves (cont'd)

### Fair value reserve

Fair value reserve represents the cumulative fair value changes of financial assets until they are derecognised or impaired.

	Group	
	2022	2021
	\$'000	\$'000
Balance as at the beginning of the financial year	55	1
Fair value (loss)/gain on financial assets at FVOCI (Note 16)	(14)	54
Balance as at the end of the financial year	<b>41</b>	<b>55</b>

## 22. Trade and other payables

	Group		Company	
	2022	2021	2022	2021
	\$'000	\$'000	\$'000	\$'000
<b>Current</b>				
Trade payables				
- Third parties	<b>22,748</b>	26,309	-	-
- Related parties	<b>1,800</b>	174	-	-
Retention sums payable to subcontractors	<b>3,450</b>	4,398	-	-
	<b>27,998</b>	30,881	-	-
Other payables				
- Third parties	<b>135</b>	852	<b>67</b>	157
- Related parties	<b>2</b>	-	-	-
- A subsidiary	<b>-</b>	-	<b>638</b>	14
- Staff retention monies	<b>112</b>	120	-	-
- Directors	<b>241</b>	63	<b>41</b>	63
	<b>490</b>	1,035	<b>746</b>	234
Refundable deposits	<b>7,439</b>	1,449	-	-
Accrued operating expenses	<b>6,160</b>	4,890	<b>52</b>	20
	<b>42,087</b>	38,255	<b>798</b>	254
<b>Non-current</b>				
Trade payables				
- A related party	<b>2,343</b>	3,550	-	-
Other payables				
- Related parties*	<b>4,140</b>	4,168	-	-
- Subsidiaries	<b>-</b>	-	<b>10,432</b>	8,370
- Directors	<b>2,025</b>	1,066	-	-
	<b>8,508</b>	8,784	<b>10,432</b>	8,370
Trade and other payables	<b>50,595</b>	47,039	<b>11,230</b>	8,624
Add/(less):				
Goods and services tax payable	<b>(3,011)</b>	(316)	-	-
Provision for unutilised leave	<b>(377)</b>	(301)	-	-
Lease liabilities (Note 23)	<b>24,616</b>	40,995	-	-
Bank borrowings (Note 24)	<b>47,658</b>	57,649	-	-
Financial liabilities at amortised cost	<b>119,481</b>	145,066	<b>11,230</b>	8,624

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

## 22. Trade and other payables (cont'd)

\* Included balances of \$3,140,000 (2021: \$3,140,000) relating to amounts owing to former shareholders of subsidiaries (who are currently certain Directors of the Company and their immediate family members) for dividends declared by these subsidiaries before the shares of the Company were listed. As the related parties have undertaken to not demand repayment within the next 12 months from 31 December 2022 and 31 December 2021, hence these balances are reclassified to non-current as at 31 December 2022 and 31 December 2021.

Trade payables due to third parties are unsecured, non-interest bearing and generally on 30 to 60 days' (2021: 30 to 60 days') credit terms. Current trade payables due to related parties are unsecured, non-interest bearing and repayable on demand.

Non-current trade payables due to a related party is unsecured, non-interest bearing and the related party has undertaken to not demand repayment within the next 12 months from 31 December 2022.

Non-current amounts due to directors, related parties and subsidiaries are unsecured, non-interest bearing and these parties have undertaken to not demand repayment within the next 12 months from 31 December 2022.

Based on the discounted cash flow analysis using a discount rate based upon market lending rate for similar types of lending arrangement which the management expects would be available to the Group and the Company at the end of the reporting period, the fair values of the Group's and the Company's non-current trade and other payables at the end of the reporting period approximate their carrying amounts at the end of the reporting period. This fair value measurement for disclosure purposes is categorised in the Level 3 of the fair value hierarchy.

Trade and other payables are denominated in Singapore dollar.

## 23. Lease liabilities

Represented by:

	Group	
	2022	2021
	\$'000	\$'000
Non-current	<b>13,266</b>	25,834
Current	<b>11,350</b>	15,161
	<b>24,616</b>	40,995

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

## 23. Lease liabilities (cont'd)

Reconciliation of movement of lease liabilities to cash flows arising from financing activities:

	<b>2022</b>	<b>Group</b>
	<b>\$'000</b>	2021 \$'000
Balance as at the beginning of the financial year	<b>40,995</b>	53,484
Settlement of acquisition of property, plant and equipment under trade and other payables via leases	<b>3,536</b>	4,422
Additions	<b>2,466</b>	2,894
Modifications to lease terms	<b>(3,573)</b>	(2,135)
Reclassified to disposal group held-for-sale (Note 27)	<b>(3,692)</b>	–
(Gain)/loss on lease modification (Notes 5 and 7)	<b>(601)</b>	272
Interest expense (Note 6)	<b>1,084</b>	1,389
Lease payments		
- Principal portion	<b>(14,515)</b>	(18,171)
- Interest portion	<b>(1,084)</b>	(1,160)
Balance as at the end of the financial year	<b>24,616</b>	40,995

Amounts recognised in profit or loss:

Depreciation of right-of-use assets (Notes 7 and 10)	<b>7,717</b>	10,307
Interest expense on lease liabilities (Note 6)	<b>1,084</b>	1,389
Short-term lease expense not recognised in lease liabilities:		
- Trucks and equipment (Note 7)	<b>2,712</b>	3,021
- Rental of premises (Note 7)	<b>37</b>	38
- Construction site and other operating facilities (Note 7)	<b>467</b>	424
(Gain)/loss on lease modification (Notes 5 and 7)	<b>(601)</b>	272
Total amount recognised in profit or loss	<b>11,416</b>	15,451

Total Group's cash flows for leases amounted to \$18,815,000 (2021: \$22,814,000).

The Group leases land-use-rights, machineries, worksite equipment, trucks and vehicles. The annual rental are subject to annual revision based on prevailing market rate. Certain lease of machineries contains a purchase option. The Group will only include this option in determining the lease liability when it is reasonably certain that the option will be exercised.

During the current financial year, the lease terms for certain machineries, trucks and vehicles were revised which result in a gain on lease modification of \$601,000. During the previous financial year ended 31 December 2021, the rental rates for certain machineries, trucks and vehicles were revised based on prevailing market rate, resulting in a loss on lease modification of \$272,000. The lease terms were 1 to 19 years (2021: 1 to 20 years).

The Group's lease liabilities of \$24,047,000 (2021: \$32,969,000) are secured by certain machineries, trucks and vehicles and worksite equipment (Note 10) and a corporate guarantee by the Company (Note 33).

The maturity analysis of the lease liabilities is disclosed in Note 33.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

## 24. Bank borrowings

	Group	
	2022	2021
	\$'000	\$'000
<b>Current</b>		
<u>Secured</u>		
Revolving loan I	6,000	6,000
Revolving loan II	2,752	2,767
Term loan I	660	660
Term loan II	–	590
Term loan V	–	2,608
Term loan VI	1,934	1,933
Temporary bridging loan	436	393
Trust receipts/letter of credits I	8,531	13,753
	<b>20,313</b>	<b>28,704</b>
<u>Unsecured</u>		
Trust receipts/letter of credits II	6,054	7,023
Revolving loan III	500	–
Revolving loan IV	4,000	2,000
Revolving loan V	1,400	1,600
Revolving loan VI	1,500	1,500
Revolving loan VII	–	625
Term loan III	571	1,128
Term loan IV	–	59
Temporary bridging loan	750	750
	<b>14,775</b>	<b>14,685</b>
Total current bank borrowings	<b>35,088</b>	<b>43,389</b>
<b>Non-current</b>		
<u>Secured</u>		
Term loan I	5,390	6,050
Term loan V	2,595	–
Term loan VI	2,768	4,670
Temporary bridging loan	692	1,094
<u>Unsecured</u>		
Term loan III	–	571
Temporary bridging loan	1,125	1,875
Total non-current bank borrowings	<b>12,570</b>	<b>14,260</b>
Total bank borrowings	<b>47,658</b>	<b>57,649</b>

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

## 24. Bank borrowings (cont'd)

The weighted average effective interest rates per annum of the borrowings were as follows:

	Group	
	2022	2021
	%	%
Revolving loans	<b>2.98</b>	1.73
Term loans	<b>2.47</b>	1.78
Temporary bridging loans	<b>2.09</b>	2.09
Trust receipts/letter of credits	<b>5.14</b>	1.74

Revolving loan I is secured through the legal mortgage over a leasehold property of the Group (Note 9) and first legal assignment of all the rights, title, interests and benefits arising from Policy I (Note 11).

Revolving loan II is secured through the first legal assignment of all the rights, title, interests and benefits arising from Policy II (Note 11).

Term loan I is repayable over a period of 20 years by monthly instalments till February 2032. Term loan I is secured through the legal mortgage over a leasehold property of the Group (Note 9).

Term loan II was repayable over a period of 4 years by monthly instalments till June 2022. Term loan II was secured through the legal mortgage over a leasehold property of the Group (Note 9). The term loan was fully settled during the financial year.

Term loan III is repayable over a period of 3.5 years by monthly instalments commencing from July 2020.

Term loan IV was repayable over a period of 3 years by monthly instalments commencing from February 2019. The term loan was fully settled during the financial year.

During the current financial year, the settlement period for term loan V is extended by another 3 years and as a result, term loan V is repayable in full in year 2025. Term loan V is secured through the legal mortgage over a leasehold property of the Company (Note 9) and first legal assignment of all the rights, title, interests and benefits arising from Policy I (Note 11).

Term loan VI is repayable over a period of 4 years by monthly instalments till April 2025. Term loan VI is secured through fixed charge over machineries (Note 10).

Temporary bridging loans are facilities under the Enterprise Financing Scheme Temporary Bridging Loan Programme administered by the Enterprise Singapore which the Government provides 90% risk-share on these loans. Temporary bridging loans are repayable over a period of 5 years by monthly instalments.

The trust receipts/letter of credits I are secured through the legal mortgage over a leasehold property of the Group (Note 9), first legal assignment of all the rights, title, interests and benefits arising from Policies I and II (Note 11) and by a negative pledge on trade receivables (Note 18) for a subsidiary.

All the bank borrowings are supported by a corporate guarantee from the Company (Note 33).

Bank borrowings are denominated in the following currencies:

	Group	
	2022	2021
	\$'000	\$'000
Singapore dollar	<b>42,311</b>	52,274
United States dollar	<b>5,347</b>	5,375
	<b>47,658</b>	57,649



# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

## 24. Bank borrowings (cont'd)

*Reconciliation of movements of liabilities to cash flows arising from financing activities*

	Bank loans \$'000	Trust receipts/letter of credits \$'000	Total \$'000
<b>Group</b>			
<b>2022</b>			
At beginning of financial year	36,873	20,776	57,649
Changes from financing cash flows:			
- Proceeds	2,500	66,829	69,329
- Repayments	(6,273)	(73,020)	(79,293)
- Interest paid	(989)	(602)	(1,591)
Non-cash changes:			
- Interest expense (Note 6)	989	602	1,591
Effect of changes in foreign exchange rates	(27)	-	(27)
At end of financial year	<b>33,073</b>	<b>14,585</b>	<b>47,658</b>
<b>2021</b>			
At beginning of financial year	50,502	28,752	79,254
Changes from financing cash flows:			
- Proceeds	7,871	80,392	88,263
- Repayments	(21,617)	(88,368)	(109,985)
- Interest paid	(751)	(427)	(1,178)
Non-cash changes:			
- Interest expense (Note 6)	751	427	1,178
Effect of changes in foreign exchange rates	117	-	117
At end of financial year	36,873	20,776	57,649

## 25. Deferred income

	Group	
	2022 \$'000	2021 \$'000
<b>Current</b>		
Deferred gain on sale and leaseback transactions	-	272

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

## 26. Deferred tax liabilities

The following are the major deferred tax liabilities and assets recognised by the Group and movements thereon during the financial year:

	Accelerated tax depreciation \$'000	Revaluation of leasehold properties \$'000	Total \$'000
<b>Group</b>			
Balance as at 1.1.2022	2,529	1,028	3,557
Credited to profit or loss (Note 8)	(671)	(159)	(830)
Charged to other comprehensive income (Note 8)	–	159	159
Reclassified to disposal group held-for-sale (Note 27)	–	(1,028)	(1,028)
Balance as at 31.12.2022	<b>1,858</b>	<b>–</b>	<b>1,858</b>
Balance as at 1.1.2021	3,007	965	3,972
Credited to profit or loss (Note 8)	(478)	(48)	(526)
Charged to other comprehensive income (Note 8)	–	111	111
Balance as at 31.12.2021	<b>2,529</b>	<b>1,028</b>	<b>3,557</b>

## 27. Disposal group classified as held-for-sale

On 31 December 2022, the Board of Directors of Huatong Contractor Pte Ltd, a wholly owned subsidiary of the Company, has resolved that the leasehold property at 9 Benoi Crescent Singapore 629972 (the "Property") be made available for sale and has engaged property agent to source for potential buyers.

The Group is of the view that the sale of the Property is highly probable. The sale is expected to qualify for recognition as a completed sale within one year from the date of classification. The assets and liabilities related to the Property have been presented as disposal group classified as held-for-sale in accordance with SFRS(I) 5 *Non-current Assets Held for Sale and Discontinued Operations*.

As at the date of these financial statements, the sale has not been completed. However, the Group remains keen and committed to complete its plan to sell the Property.

The proceeds of disposal are expected to exceed the net carrying amount of the relevant assets and liabilities and, accordingly, no impairment loss has been recognised on the remeasurement of disposal group classified as held-for-sale.

Details of disposal group assets classified as held-for-sale are as follows:

	<b>Group 2022 \$'000</b>
Leasehold property (Note 9)	17,750
Renovation in relation to leasehold property (Note 9)	82
Land-use-rights in relation to leasehold property (Note 10)	3,538
	<b>21,370</b>

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

## 27. Disposal group classified as held-for-sale (cont'd)

Liabilities directly associated with disposal group classified as held-for-sale are as follows:

	<b>Group 2022 \$'000</b>
Lease liabilities in relation to leasehold property (Note 23)	3,692
Deferred tax liabilities on revaluation of leasehold property (Note 26)	1,028
	<u>4,720</u>

Reserve attributable to disposal group classified as held-for-sale is as follows:

	<b>Group 2022 \$'000</b>
Asset revaluation reserve (Note 21)	<u>10,651</u>

## 28. Dividend

	<b>Group and Company</b>	
	<b>2022</b>	2021
	<b>\$'000</b>	\$'000
<b>Ordinary dividend paid</b>		
Interim exempt dividend of \$0.003 per share paid in respect of the current financial year	<u>532</u>	–

The directors have proposed a final exempt dividend for the financial year ended 31 December 2022 of \$0.005 per share amounting to \$886,000. These financial statements do not reflect this dividend payable, which will be accounted for in the shareholders' equity as an appropriation of accumulated profits in the financial year ending 31 December 2023.

## 29. Earnings per share

The calculation of the basic and diluted earnings per share attributable to the owners of the parent is based on the following data:

	<b>Group</b>	
	<b>2022</b>	2021
Profit attributable to owners of the parent (\$'000)	<u>10,219</u>	5,326
Weighted average number of ordinary shares outstanding	<u>176,707,860</u>	154,740,764
Basic and diluted earnings per share (in cents)	<u>5.78</u>	3.44

The calculations for basic earnings per share for the relevant periods are based on the profit attributable to owners of the parent for the financial years ended 31 December 2022 and 31 December 2021 divided by the weighted average number of ordinary shares in the relevant periods.

### *Diluted earnings per share*

The dilutive earnings per share for the relevant periods are the same as the basic earnings per share as the Group does not have any dilutive potential ordinary shares for the relevant periods.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

## 30. Significant related party transactions

During the financial year, in addition to the information disclosed elsewhere in these financial statements, the Group entered into the following transactions with related parties at rates and terms agreed between the parties:

	<b>Group</b>	
	<b>2022</b>	2021
	<b>\$'000</b>	\$'000
<i>With a joint venture</i>		
Provision of subcontract services to a joint venture	-	1,272
Omission of subcontract services to a joint venture	<b>3,787</b>	-
	<hr/>	<hr/>
<i>With related parties*</i>		
Rental of equipment and trucks from related parties	<b>1,416</b>	1,938
	<hr/>	<hr/>

The outstanding balances as at 31 December 2022 and 31 December 2021 with related parties and joint venture are disclosed in Note 18 and Note 22.

\* The related parties refer to entities controlled by or associated with the Executive Directors of the Company which are not within the Group.

### *Compensation of key management personnel*

Key management personnel are Directors of the Group and those persons having authority and responsibility for planning, directing and controlling the activities of the Group, directly, or indirectly.

The remuneration of key management personnel of the Group during the financial years ended 31 December 2022 and 31 December 2021 were as follows:

	<b>Group</b>	
	<b>2022</b>	2021
	<b>\$'000</b>	\$'000
Directors of the Company		
- Directors' fees	<b>121</b>	125
- Short-term employee benefits	<b>2,507</b>	1,478
- Post-employment benefits	<b>64</b>	51
	<hr/>	<hr/>
	<b>2,692</b>	1,654
Directors of subsidiaries		
- Short-term employee benefits	<b>107</b>	103
- Post-employment benefits	<b>8</b>	7
	<hr/>	<hr/>
	<b>115</b>	110
Other key management personnel		
- Short-term employee benefits	<b>312</b>	310
- Post-employment benefits	<b>36</b>	40
	<hr/>	<hr/>
	<b>348</b>	350
	<hr/>	<hr/>
	<b>3,155</b>	2,114
	<hr/>	<hr/>

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

## 31. Capital commitments

As at 31 December 2022, commitments in respect of capital expenditure, are as follows:

	<b>Group</b>	
	<b>2022</b>	2021
	<b>\$'000</b>	\$'000
Capital expenditure approved and contracted for but not provided for in the financial statements		
- Commitments for the acquisition of property, plant and equipment	<b>1,040</b>	1,509

## 32. Segment information

Management has determined the operating segments based on the reports reviewed by the chief operating decision maker (Note 2(y)). For management purposes, the Group is organised into business units based on its services, and has four reportable operating segments as follows:

- (a) Civil engineering contract works;
- (b) Inland logistics support;
- (c) Sales of construction materials; and
- (d) Dormitory operation.

Civil engineering contract works includes construction projects on earthworks, infrastructure works, external works, demolition and excavation works, drainage works and road diversion. The Group also operates and manages entire stockpile sites.

Inland logistics support includes rental of construction equipment including tipper trucks, compactors and excavators.

Sales of construction materials includes the supplies of liquefied soil stabiliser, as well as other construction related equipment and consumables.

Dormitory operation involves the maintenance and operation of dormitory.

The Group's reportable segments are strategic business units that are organised based on their function.

Management monitors the operating results of the segment separately for the purposes of making decisions about resources to be allocated and of assessing performance. Segment performance is evaluated based on operating profit or loss which is similar to the accounting profit or loss.

The accounting policies of the operating segments are the same of those described in the summary of significant accounting policies. There is no asymmetrical allocation to reportable segments.

There is no change from prior periods in the measurement methods used to determine reported segment profit or loss.

Segment results include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise other corporate expenses which are not directly attributable to a particular reporting segment.

Due to the nature of the Group's operations, no segment assets and liabilities are presented to the chief operating decision maker. Chief operating decision maker manages the assets, liabilities, interest income, finance costs and income taxes on a Group basis.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

## 32. Segment information (cont'd)

Operating segments	Civil engineering contract works \$'000	Inland logistics support \$'000	Sales of construction materials \$'000	Dormitory operation \$'000	Unallocated \$'000	Elimination \$'000	Consolidated \$'000
<b>2022</b>							
<i>Revenue</i>							
External revenue	100,642	23,379	2,982	24,700	-	-	151,703
Inter-segment revenue	18,965	5,239	929	-	-	(25,133)	-
	<b>119,607</b>	<b>28,618</b>	<b>3,911</b>	<b>24,700</b>	<b>-</b>	<b>(25,133)</b>	<b>151,703</b>
<i>Results</i>							
Segment results	3,225	5,676	310	20,948	(15,380)	-	14,779
Share of results of a joint venture	(151)	-	-	-	-	-	(151)
Interest income							83
Interest expenses							(2,681)
Profit before income tax							12,030
Income tax expense							(1,879)
Profit for the financial year							<b>10,151</b>
<i>Non-cash items</i>							
Amortisation of gain on sale and leaseback transactions	272	-	-	-	-	-	272
Gain on disposal of property, plant and equipment	-	-	-	-	74	-	74
Depreciation of property, plant and equipment	(7,559)	(1,053)	(265)	-	(474)	74	(9,277)
Depreciation of right-of-use assets	(7,273)	(183)	(64)	-	(197)	-	(7,717)
Amortisation of intangible assets	-	-	-	-	(16)	-	(16)
Property, plant and equipment written off	(22)	(34)	-	-	(2)	-	(58)
Fair value gain of financial assets at FVTPL	-	-	-	-	205	-	205
Reversal of allowance for impairment of financial assets at FVOCI upon redemption	-	-	-	-	11	-	11
Loss allowance on trade receivables and contract assets	(5,583)	(130)	(15)	(31)	-	-	(5,759)

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

## 32. Segment information (cont'd)

Operating segments	Civil engineering contract works \$'000	Inland logistics support \$'000	Sales of construction materials \$'000	Dormitory operation \$'000	Unallocated \$'000	Elimination \$'000	Consolidated \$'000
2021							
<i>Revenue</i>							
External revenue	153,069	12,070	4,173	1,129	-	-	170,441
Inter-segment revenue	7,184	2,286	684	-	-	(10,154)	-
	<u>160,253</u>	<u>14,356</u>	<u>4,857</u>	<u>1,129</u>	<u>-</u>	<u>(10,154)</u>	<u>170,441</u>
<i>Results</i>							
Segment results	21,552	(2,786)	1,023	965	(13,092)	(783)	6,879
Share of results of a joint venture	1,016	-	-	-	-	-	1,016
Interest income							60
Interest expenses							<u>(2,573)</u>
Profit before income tax							5,382
Income tax expense							<u>(196)</u>
Profit for the financial year							<u>5,186</u>
<i>Non-cash items</i>							
Amortisation of gain on sale and leaseback transactions	685	-	-	-	-	-	685
Gain on disposal of property, plant and equipment	-	-	-	-	125	-	125
Depreciation of property, plant and equipment	(6,666)	(1,065)	(203)	-	(476)	117	(8,293)
Depreciation of right-of-use assets	(9,956)	(29)	(84)	-	(238)	-	(10,307)
Amortisation of intangible assets	-	-	-	-	(16)	-	(16)
Fair value gain of financial assets at FVTPL	-	-	-	-	185	-	185
Reversal of allowance for impairment of financial assets at FVOCI upon redemption	-	-	-	-	11	-	11
Loss allowance on trade receivables and contract assets	(2,405)	20	45	-	-	-	<u>(2,340)</u>



# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

## 32. Segment information (cont'd)

### Major customers

For the financial year ended 31 December 2022, the revenue from 2 (2021: 1) major customers of the Group amounted to approximately \$36,746,000 (2021: \$71,360,000) of the total revenue from civil engineering contract works are tabled below:

	Group	
	2022 \$'000	2021 \$'000
Customer 1	20,078	71,360
Customer 2	16,668	–
	<b>36,746</b>	<b>71,360</b>

### Geographical information

The Group's sales and assets are mainly derived and located in Singapore. Accordingly, no geographical segment information is presented during the financial years ended 31 December 2022 and 31 December 2021.

## 33. Financial instruments

### (a) Categories of financial instruments

Financial instruments at their carrying amounts at the end of the reporting period are as follows:

	Group		Company	
	2022 \$'000	2021 \$'000	2022 \$'000	2021 \$'000
<i>Financial assets</i>				
Financial assets at amortised cost	53,669	41,350	13,927	12,117
Financial assets at FVTPL	5,862	5,693	–	–
Financial assets at FVOCI	806	829	–	–
<i>Financial liabilities</i>				
Financial liabilities at amortised cost	119,481	145,066	11,230	8,624

### (b) Financial risk management

The Group's activities expose it to credit risks, market risks (including foreign currency risks, interest rate risks and equity price risks) and liquidity risks. The Group's overall risk management strategy seeks to minimise adverse effects from the volatility of financial markets on the Group's financial performance.

The Board of Directors is responsible for setting the objectives and underlying principles of financial risk management for the Group. The management then establishes the detailed policies such as authority levels, oversight responsibilities, risk identification and measurement, exposure limits and hedging strategies, in accordance with the objectives and underlying principles approved by the Board of Directors.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

## 33. Financial instruments (cont'd)

### (b) Financial risk management (cont'd)

There have been no changes to the Group's exposure to these financial risks or the manner in which it manages and measures the risk. Market risk exposures are measured using sensitivity analysis as indicated below.

#### **Credit risks**

Credit risk refers to the risk that the counterparty will default on its contractual obligations resulting in a loss to the Group. The Group has adopted a policy of only dealing with creditworthy counterparties as a means of mitigating the risk of financial loss from defaults. The Group performs ongoing credit evaluation of its counterparties' financial condition and generally does not require collateral.

The Group's major classes of financial assets are financial assets at FVTPL and FVOCI, trade and other receivables (excluding non-refundable deposits) and cash and cash equivalents.

#### *Maximum exposure and concentration of credit risk*

As at 31 December 2022, approximately 50% (2021: 35%) of the Group's trade receivable from third parties (including retention sums on construction contracts) were due from 2 customers (2021: 1 customer).

As at 31 December 2022, approximately 50% (2021: 56%) of the Group's contract assets were due from 2 customers (2021: 4 customers).

As at 31 December 2022 and 31 December 2021, the Company has no concentration of credit risk other than the amounts due from subsidiaries.

The following sets out the Group's internal credit evaluation practices and basis for recognition and measurement of ECL:

<b>Description of evaluation of financial assets</b>	<b>Basis for recognition and measurement of ECL</b>
Counterparty has a low risk of default and does not have any past due amounts	12-month ECL
Contractual payments are more than 30 days past due or where there has been a significant increase in credit risk since initial recognition	Lifetime ECL - not credit-impaired
Contractual payments are more than 90 days past due or there is evidence of credit impairment	Lifetime ECL - credit-impaired
There is evidence indicating that the Group has no reasonable expectation of recovery of payments such as when the debtor has been placed under liquidation or has entered into bankruptcy proceedings	Write-off

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

## 33. Financial instruments (cont'd)

### (b) Financial risk management (cont'd)

#### *Credit risks (cont'd)*

##### *Significant increase in credit risk*

In assessing whether the credit risk on a financial asset has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial asset as at the reporting date with the risk of a default occurring on the financial asset as at the date of initial recognition. In making this assessment, the Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information such as future economic and industry outlook, that is available without undue cost or effort.

In particular, the Group considers the following information when assessing whether credit risk has increased significantly since initial recognition:

- Actual or expected significant adverse changes in business, financial or economic conditions that are expected to cause a significant change to the customer's ability to meet its obligations;
- Actual or expected significant change in the operating results of the customer; and
- Significant changes in the expected performance and behaviour of the customer, including changes in the payment status of customer in the Group and changes in operating results of the customer.

The Group regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying significant increase in credit risk before the amount becomes past due.

Regardless of the evaluation of the above factors, the Group presumes that the credit risk on a financial asset has increased significantly since initial recognition when contractual payments are more than 30 days past due, unless the Group has reasonable and supportable information that demonstrates otherwise.

The Group also assumes that the credit risk on a financial instrument has not increased significantly since initial recognition if the financial asset is determined to have low credit risk at the reporting date. A financial instrument is determined to have low credit risk if it has an internal or external credit rating of "investment grade" as per globally understood definition, or the financial asset has a low risk of default; the borrower has a strong capacity to meet its contractual cash flow obligations in the near term; and adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations.

##### *Definition of default*

The Group considers information developed internally or obtained from external sources that indicates that the customer is unlikely to pay its creditor, including the Group as constituting an event of default for internal credit risk management purpose. Based on historical experience, it indicates that receivables that meet the criteria are generally not recoverable.

Irrespective of the above analysis, the Group considers that default has occurred when a financial asset is more than 90 days past due unless the Group has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

## 33. Financial instruments (cont'd)

### (b) Financial risk management (cont'd)

#### ***Credit risks (cont'd)***

##### *Credit-impaired financial assets*

A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred such as evidence that the borrower is in significant financial difficulty, there is a breach of contract such as default or past due event; there is information that it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation; the disappearance of an active market for that financial asset because of financial difficulties; or the purchase or origination of a financial asset at a deep discount that reflects the incurred credit losses.

##### *Estimation techniques and significant assumptions*

There has been no significant change in the estimation techniques or significant assumptions made during the current financial year for recognition and measurement of credit loss allowances.

##### *Trade receivables (including retention sums) and contract assets*

The Group has applied the simplified approach by using a provision matrix to measure the lifetime expected credit loss allowance for trade receivables (including retention sums) and contract assets.

Under the simplified approach, for trade receivables (including retention sums) and contract assets that do not contain a significant financing component, the loss allowance is measured at initial recognition and throughout the life of the receivable at an amount equal to lifetime ECL.

The Group determined the ECL of trade receivables (including retention sums) and contract assets by segregating amounts due from government agencies and debtors who are also the Group's suppliers with amounts due from that are lower than amounts due to the same counterparties where the associated credit risk is not significant and credit-impaired debtors, and using a provision matrix for the remaining trade receivables (including retention sums) and contract assets. Amounts due from debtors where the associated credit risk is not significant amounted to \$8,661,000 (2021: \$6,357,000), \$4,405,000 (2021: \$9,391,000) and \$11,632,000 (2021: \$22,990,000) as included in the gross carrying amount of the Group's trade receivables, retention sums and contract assets respectively. The Group does not expect material credit losses to arise on these amounts due from these debtors in view of good payment records with the Group.

The Group categorises the remaining trade receivables based on days past due. The Group estimates the expected credit loss rates for each category of the debtors based on historical credit loss experience adjusted as appropriate to reflect current conditions and forecasts of future economic conditions affecting the ability of the customers to settle the receivables.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

## 33. Financial instruments (cont'd)

### (b) Financial risk management (cont'd)

#### Credit risks (cont'd)

*Trade receivables (including retention sums) and contract assets (cont'd)*

The Group has recognised a loss allowance of 100% against all credit-impaired trade receivables (including retention sums) and contract assets. A trade receivable is written off when there is information indicating that there is no realistic prospect of recovery from the debtor.

The Group's credit risk exposure in relation to trade receivables, retention sums and contract assets excluding amounts due to debtors where the associated credit risk is not significant under SFRS(I) 9 at the reporting date are set out in the provision matrix below:

*Trade receivables*

	Not past due \$'000	1 to 30 days \$'000	31 to 60 days \$'000	61 to 90 days \$'000	More than 90 days \$'000	Credit-impaired \$'000	Total \$'000
<b>2022</b>							
Gross receivables	6,150	2,276	1,841	416	2,075	6,338	19,096
Loss allowance	12	16	27	21	1,928	6,338	8,342

2021

Gross receivables	5,777	1,307	342	176	1,932	6,706	16,240
Loss allowance	22	24	10	10	1,829	6,706	8,601

*Retention sums*

	Non-credit-impaired \$'000	Credit-impaired \$'000	Total \$'000
<b>2022</b>			
Gross retention sums	5,720	1,306	7,026
Loss allowance	172	1,306	1,478

2021

Gross retention sums	6,625	1,306	7,931
Loss allowance	199	1,306	1,505

*Contract assets*

	Non-credit-impaired \$'000	Credit-impaired \$'000	Total \$'000
<b>2022</b>			
Gross contract assets	66,794	611	67,405
Loss allowance	12,820	611	13,431

2021

Gross contract assets	60,078	611	60,689
Loss allowance	7,024	611	7,635

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

## 33. Financial instruments (cont'd)

### (b) Financial risk management (cont'd)

#### Credit risks (cont'd)

*Credit quality of the financial assets at amortised cost and contract assets*

The table below details the credit quality of the Group's and the Company's financial assets at amortised cost and contract assets at the reporting date:

Group 2022	12-month or lifetime ECL	Gross carrying amount \$'000	Loss allowance \$'000	Net carrying amount \$'000
Trade receivables and contract assets - credit risk not significant	Lifetime ECL	24,698	–	24,698
Other receivables and refundable deposits	12-month ECL	1,236	–	1,236
Cash and cash equivalents	N.A. Exposure limited	23,065	–	23,065
<b>Group 2021</b>				
Trade receivables and contract assets - credit risk not significant	Lifetime ECL	38,738	–	38,738
Other receivables and refundable deposits	12-month ECL	1,191	–	1,191
Cash and cash equivalents	N.A. Exposure limited	10,346	–	10,346
<b>Company 2022</b>				
Amounts due from subsidiaries	12-month ECL	13,710	–	13,710
Cash and cash equivalents	N.A. Exposure limited	217	–	217
<b>2021</b>				
Amounts due from subsidiaries	12-month ECL	11,798	–	11,798
Cash and cash equivalents	N.A. Exposure limited	319	–	319

Credit risk exposure in relation to financial assets at amortised cost (other than trade receivables and contract assets) are insignificant, and accordingly no credit loss allowance is recognised as at 31 December 2022 and 31 December 2021.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

## 33. Financial instruments (cont'd)

### (b) Financial risk management (cont'd)

#### Credit risks (cont'd)

##### Other receivables

For the Company's non-trade receivables due from subsidiaries amounting \$13,710,000 (2021: \$11,798,000) (Note 18), management has taken into account the available internal information on the subsidiaries' past, current and expected operating performance and cash flow position. The management monitors and assesses at each reporting date on any indicator of change in credit risk on the amounts due from the subsidiaries, by considering its financial performance and any default in external debts. The risks of default is considered to be minimal and subject to immaterial credit loss.

##### Financial guarantee

The Company has issued corporate guarantee to several banks for banking facilities granted to subsidiaries. As the Company does not hold any collateral, the maximum exposure to credit risk for each class of financial instruments is the carrying amount of that class of financial instruments presented on the statement of financial position, except for the corporate guarantees provided to banks on subsidiaries' loans. Based on management's assessment at the end of the reporting period, the Group considers the 12-month expected credit loss for corporate guarantee to be immaterial as its subsidiaries have the financial capacity to meet the contractual cash flow obligations.

#### Market risks

##### Foreign currency risks

The Group incurs foreign currency risk on transactions and balances that are denominated in currencies other than the functional currency of entities within the Group. The currencies giving rise to this risk are primarily from United States dollar. Exposure to foreign currency risk is monitored on an on-going basis to ensure that the net exposure is at an acceptable level.

At the end of the reporting period, monetary items denominated in a currency other than the respective entities' functional currency comprise cash and cash equivalents (Note 19), financial assets at FVTPL (Note 11) and bank borrowings (Note 24).

The Group is not exposed to significant financial risks on changes in foreign currency exchange rates as the Group's transactions are mainly denominated in its functional currency.

The carrying amounts of the Group's significant monetary assets and monetary liabilities in foreign currency at the end of the reporting period are as follows:

	<b>Group</b>	
	<b>2022</b>	2021
	<b>\$'000</b>	\$'000
<i>Monetary assets</i>		
Euro	<b>57</b>	13
United States dollar	<b>6,636</b>	5,921
	<hr/>	<hr/>
<i>Monetary liabilities</i>		
United States dollar	<b>5,347</b>	5,375
	<hr/>	<hr/>

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

## 33. Financial instruments (cont'd)

### (b) Financial risk management (cont'd)

#### Market risks (cont'd)

##### Foreign currency risks (cont'd)

##### Foreign currency sensitivity analysis

The following table details the Group's sensitivity to a 10% (2021: 10%) change in Singapore dollar against the Euro and United States dollar. The sensitivity analysis assumes an instantaneous 10% (2021: 10%) change in the foreign currency exchange rates from the end of the reporting period, with all other variables held constant. The results of the model are also constrained by the fact that only monetary items, which are denominated in Euro and United States dollar are included in the analysis.

	<b>Increase/(decrease) profit after tax</b>	
	<b>2022</b>	2021
	<b>\$'000</b>	\$'000
<b>Group</b>		
<u>Euro</u>		
Strengthened against Singapore dollar	<b>5</b>	1
Weakened against Singapore dollar	<b>(5)</b>	(1)
<u>United States dollar</u>		
Strengthened against Singapore dollar	<b>107</b>	45
Weakened against Singapore dollar	<b>(107)</b>	(45)

##### Interest rate risks

The Group's exposure to market risk for changes in interest rates relates primarily to lease liabilities and bank borrowings as shown in Notes 23 and 24 respectively.

The Group's results are affected by changes in interest rates due to the impact of such changes on interest expenses from lease liabilities and bank borrowings which are at floating interest rates. It is the Group's policy to obtain quotes from banks to ensure that the most favourable rates are made available to the Group.

If the interest rate increases or decreases by 0.5% (2021: 0.5%), the Group's profit after tax and equity will decrease or increase by approximately \$185,000 (2021: \$205,000) as at 31 December 2022, arising mainly as a result of higher or lower interest on floating rates for lease liabilities and bank borrowings. The interest expense from lease liabilities and bank borrowings are recognised as an expense under "Finance costs" line item in the consolidated statement of comprehensive income.

##### Price risk

The Group is exposed to price risks arising from debt securities. The Group does not actively trade the debt securities.

##### Debt securities price sensitivity analysis

The sensitivity analysis below has been determined based on the exposure to debt securities price risks at the end of the financial year. The sensitivity analysis assumes an instantaneous 10% (2021: 10%) change in the debt securities prices from the end of the financial year, with all variables held constant.



# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

## 33. Financial instruments (cont'd)

### (b) Financial risk management (cont'd)

#### Market risks (cont'd)

Price risk (cont'd)

Debt securities price sensitivity analysis (cont'd)

	Increase/(decrease) equity	
	2022 \$'000	2021 \$'000
<b>Group</b>		
<b>Quoted debt securities</b>		
Increase by 10% (2021: 10%)	67	69
Decrease by 10% (2021: 10%)	(67)	(69)

#### Liquidity risks

Liquidity risks refer to the risks in which the Group and the Company encounter difficulties in meeting their short-term obligations. Liquidity risks are managed by matching the payment and receipt cycle.

The following table details the Group's and the Company's remaining contractual maturity for its non-derivative financial instruments. The table has been drawn up based on undiscounted cash flows of financial instruments based on the earlier of the contractual date or when the Group is expected to pay. The table includes both expected interest and principal cash flows.

	Effective interest rate %	Within one financial year \$'000	After one financial year but within five financial years \$'000	More than five financial years \$'000	Total \$'000
<b>Group</b>					
<b>2022</b>					
<b>Financial liabilities</b>					
Trade and other payables	–	38,699	8,508	–	47,207
Lease liabilities	3.67 - 3.90	11,804	13,928	–	25,732
Bank loans, floating interest rates:					
- Revolving loans	2.98	16,118	–	–	16,118
- Term loans	2.47	4,135	8,884	3,016	16,035
Bank loans, fixed interest rates:					
- Temporary bridging loans	2.09	1,204	1,894	–	3,098
Trust receipts/letter of credits	5.14	14,806	–	–	14,806
		<b>86,766</b>	<b>33,214</b>	<b>3,016</b>	<b>122,996</b>

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

## 33. Financial instruments (cont'd)

### (b) Financial risk management (cont'd)

#### Liquidity risks (cont'd)

	Effective interest rate %	Within one financial year \$'000	After one financial year but within five financial years \$'000	More than five financial years \$'000	Total \$'000
<b>Group</b>					
2021					
<b>Financial liabilities</b>					
Trade and other payables	–	37,638	8,784	–	46,422
Lease liabilities	3.12 - 3.51	15,979	24,301	3,596	43,876
Bank loans, floating interest rates:					
- Revolving loans	1.73	14,742	–	–	14,742
- Term loans	1.78	7,232	8,836	3,818	19,886
Bank loans, fixed interest rates:					
- Temporary bridging loans	2.09	1,173	3,004	–	4,177
Trust receipts/letter of credits	1.74	20,879	–	–	20,879
		<u>97,643</u>	<u>44,925</u>	<u>7,414</u>	<u>149,982</u>
<b>Company</b>					
<b>2022</b>					
Other payables	–	<b>798</b>	<b>10,432</b>	–	<b>11,230</b>
Financial guarantee contracts*	–	<b>71,705</b>	–	–	<b>71,705</b>
		<u><b>72,503</b></u>	<u><b>10,432</b></u>	<u>–</u>	<u><b>82,935</b></u>
2021					
Other payables	–	254	8,370	–	8,624
Financial guarantee contracts*	–	90,618	–	–	90,618
		<u>90,872</u>	<u>8,370</u>	<u>–</u>	<u>99,242</u>

The Group's operations are financed mainly through accumulated profits and bank borrowings. Adequate lines of credits are maintained to ensure the necessary liquidity is available when required.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

## 33. Financial instruments (cont'd)

### (b) Financial risk management (cont'd)

#### Liquidity risks (cont'd)

The repayment terms of the lease liabilities and bank borrowings are disclosed in Notes 23 and 24 respectively.

\* The Company has issued corporate guarantees of \$175,682,000 (2021: \$148,219,000) to several banks for banking facilities granted to its subsidiaries. The amounts of banking facilities utilised by its subsidiaries as at 31 December 2022 are \$71,705,000 (2021: \$90,618,000). These guarantees are financial guarantee contracts as they require the Company to reimburse the banks if the subsidiary fails to make principal or interest payments when due in accordance with the terms of the facilities drawn. The earliest period that the guarantees could be called is within 1 year (2021: 1 year) from the end of the reporting period. The Company considers that it is more likely than not that no amount will be payable in respect of the financial guarantees as its subsidiaries have the financial capacity to meet the contractual cash flow obligations, hence the Company has not recognised any liability in respect of the corporate guarantees.

## 34. Capital management policies and objectives

The Group and the Company manage capital to ensure that the Group and the Company are able to continue as going concerns and maintain an optimal capital structure so as to maximise shareholders' value.

The capital structure of the Group consists of equity attributable to owners of the parent, comprising issued capital and reserves as disclosed in Notes 20 and 21 respectively.

The management reviews the capital structure to ensure that the Group and the Company are able to service any debt obligations (including principal repayment and interest) based on their operating cash flows. Upon review, the Group and the Company will balance their overall capital structure through new share issues and the issue of new debt or the redemption of existing debt, if necessary. The Group's overall strategy remains unchanged from the previous financial year.

The Group and the Company monitor capital based on a gearing ratio, which is net debt divided by total equity plus net debt. The Group and the Company include within net debt, trade and other payables, lease liabilities and borrowings less cash and cash equivalents. Total equity comprises of share capital and reserves after netting off non-controlling interests.

	<b>Group</b>	
	<b>2022</b>	2021
	<b>\$'000</b>	\$'000
Trade and other payables	<b>50,595</b>	47,039
Lease liabilities	<b>24,616</b>	40,995
Bank borrowings	<b>47,658</b>	57,649
Less: Cash and cash equivalents	<b>(23,065)</b>	(10,346)
Net debt	<b>99,804</b>	135,337
Total equity	<b>82,581</b>	72,125
Total capital	<b>182,385</b>	207,462
Gearing ratio	<b>55%</b>	65%

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

## 35. Fair value measurement

### *Fair value of financial assets and financial liabilities*

Except as disclosed below, the carrying amounts of the Group's and the Company's current financial assets and current financial liabilities approximate their respective fair values as at the end of the reporting period due to the relatively short-term maturity of these financial instruments.

The carrying amounts of the Group's non-current financial liabilities in relation to bank borrowings approximate their respective fair values as these are at floating interest rates and repriced regularly, or the fixed interest rates approximate market interest rates for similar borrowings as at the end of the reporting period.

The carrying amounts of the Group's and the Company's non-current trade and other payables approximate their fair values at the end of the reporting period. The basis of determining fair values for disclosure purposes at the end of the reporting period are disclosed in Note 22.

Financial instruments carried at fair value classified by level of fair value hierarchy are as follows:

	<b>Recurring fair value measurement using:</b>		
	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
<b>Group</b>			
<b>2022</b>			
<i>Assets</i>			
Financial assets at FVOCI			
- Quoted debt securities	806	-	-
Financial assets at FVTPL			
- Investments in life insurances	-	-	5,862
<b>Total</b>	<b>806</b>	<b>-</b>	<b>5,862</b>
2021			
<i>Assets</i>			
Financial assets at FVOCI			
- Quoted debt securities	829	-	-
Financial assets at FVTPL			
- Investments in life insurances	-	-	5,693
<b>Total</b>	<b>829</b>	<b>-</b>	<b>5,693</b>

There were no transfers between levels during the financial year. The financial instruments included in Level 1 are traded in active markets and their fair values are based on quoted market prices at the end of the reporting period.

The fair value measurements categorised within Level 3 includes unobservable inputs that are not developed by the Group.

The fair value of the investment in life insurance is based on the cash value provided by the insurer without adjustment. There have been no changes in the valuation techniques of the various classes of financial instruments during the financial year.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

## 35. Fair value measurement (cont'd)

### **Fair value of leasehold properties**

The fair value of leasehold properties have been determined based on the market comparison approach that reflects most recent transaction prices for similar properties, after adjusting for relevant factors such as land tenure, physical attributes, location and the date of transaction.

#### *Level 3 recurring fair value measurements*

#### (i) *Information about significant unobservable inputs used in Level 3 recurring fair value measurements*

The valuation conforms to International Valuation Standards and is based on the assets' highest and best use, which is in line with their actual use. The resulting fair values of leasehold properties are considered Level 3 recurring fair value measurements.

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

	<b>Fair value</b>	<b>Valuation techniques</b>	<b>Unobservable inputs</b>	<b>Relationship of unobservable inputs to fair value</b>
<b>2022</b>				
<b>Leasehold properties</b>				
Held for-sale*	<b>\$17,750,000</b>	Market comparable approach	Yield adjustments <sup>^</sup>	The higher the yield adjustments, the higher the fair value
2021				
Leasehold properties				
Held for own use	\$17,750,000	Market comparable approach	Yield adjustments <sup>^</sup>	The higher the yield adjustments, the higher the fair value

\* The leasehold property is reclassified to disposal group held-for-sale as at 31 December 2022 (Note 27).

<sup>^</sup> The yield adjustments are made for differences in the nature, location, age, condition, tenure, design and layout, dates of transaction and the prevailing economic conditions affecting the property market of the specific property.

#### (ii) *Valuation policies and procedures*

Management of the Group oversees the Group's financial reporting valuation process and is responsible for setting and documenting the Group's valuation policies and procedures.

For all significant financial reporting valuations using valuation models and significant unobservable inputs, it is the Group's policy to engage external valuation experts to perform the valuation. Management is responsible for selecting and engaging valuation experts that possess the relevant credentials and knowledge on the subject of valuation, valuation methodologies, and SFRS(I) 13 *Fair Value Measurement* guidance.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

## 35. Fair value measurement (cont'd)

### (ii) Valuation policies and procedures (cont'd)

For valuations performed by external valuation experts, the management reviews the appropriateness of the valuation methodologies and assumptions adopted. The management also evaluates the appropriateness and reliability of the inputs used in the valuations.

Significant changes in fair value measurements from period to period are evaluated by the management for reasonableness. Key drivers of the changes are identified and assessed for reasonableness against relevant information from independent sources, or internal sources if necessary and appropriate.

### **Reconciliation of opening and closing fair value balance**

The reconciliation of the opening and closing fair value balance of Levels 1 and 3 financial and non-financial assets are provided below:

- Revalued leasehold property - Property, plant and equipment and Disposal group classified as held-for-sale (Note 9 and Note 27)
- Financial assets at fair value (Note 11 and Note 16)

## 36. Authorisation of financial statements

The consolidated financial statements of the Group and the statement of financial position and statement of changes in equity of the Company for the financial year ended 31 December 2022 were authorised for issue in accordance with a Directors' resolution dated 6 April 2023.

# STATISTICS OF SHAREHOLDINGS

AS AT 23 MARCH 2023

Issued and fully paid-up capital	:	S\$41,156,638
Class of Shares	:	Ordinary Shares
Voting Rights	:	One vote per ordinary share
Number of Issued and Paid-up Shares	:	177,239,600
Number of Treasury Shares	:	NIL
Number of Subsidiary Holdings	:	NIL

## DISTRIBUTION OF SHAREHOLDINGS

SIZE OF SHAREHOLDINGS	NO. OF SHAREHOLDERS		NO. OF SHARES	
		%		%
1 - 99	0	0.00	0	0.00
100 - 1,000	12	5.17	6,200	0.00
1,001 - 10,000	46	19.83	296,100	0.17
10,001 - 1,000,000	161	69.40	21,249,000	11.99
1,000,001 AND ABOVE	13	5.60	155,688,300	87.84
<b>TOTAL</b>	<b>232</b>	<b>100.00</b>	<b>177,239,600</b>	<b>100.00</b>

## TWENTY LARGEST SHAREHOLDERS

NO.	NAME	NO. OF SHARES	%
1	DANDELION CAPITAL PTE. LTD.	121,759,600	68.70
2	BON WEEN FOONG	7,000,000	3.95
3	DBS NOMINEES (PRIVATE) LIMITED	5,599,900	3.16
4	IFAST FINANCIAL PTE. LTD.	4,231,200	2.39
5	CGS-CIMB SECURITIES (SINGAPORE) PTE LTD	3,500,000	1.97
6	ANG KONG MENG	3,400,000	1.92
7	PHILLIP SECURITIES PTE LTD	2,385,100	1.35
8	MAYBANK SECURITIES PTE. LTD.	2,183,300	1.23
9	TAN WEIREN VINCENT (CHEN WEIREN VINCENT)	1,240,000	0.70
10	OH ENG CHYE	1,141,000	0.64
11	ABN AMRO CLEARING BANK N.V.	1,100,500	0.62
12	OCBC SECURITIES PRIVATE LIMITED	1,089,400	0.61
13	RAMESH S/O PRITAMDAS CHANDIRAMANI	1,058,300	0.60
14	WU CHUNG SHOU	900,000	0.51
15	NG KIAN ANN PATRICK	726,800	0.41
16	SEOW JING TI JONAH	601,000	0.34
17	MEHTA VIMESH PIYUSH	600,000	0.34
18	TAN YAM HON (CHEN YANHUANG)	600,000	0.34
19	LEE TONG HONG	596,000	0.34
20	CITIBANK NOMINEES SINGAPORE PTE LTD	561,200	0.32
	<b>TOTAL</b>	<b>160,273,300</b>	<b>90.44</b>

# STATISTICS OF SHAREHOLDINGS

AS AT 23 MARCH 2023

## SUBSTANTIAL SHAREHOLDERS

As recorded in the Register of Substantial Shareholders

NAME	DIRECT INTEREST		DEEMED INTEREST	
	NO. OF SHARES	%	NO. OF SHARES	%
Dandelion Capital Pte. Ltd.	121,759,600	68.70	–	–
Ng Hai Liong <sup>1</sup>	–	–	121,759,600	68.70
Ng Kian Ann Patrick <sup>2</sup>	726,800	0.41	121,759,600	68.70
Ng Kian Yeow, Vincent <sup>3</sup>	–	–	121,759,600	68.70

### Notes:-

1. Mr Ng Hai Liong holds 17.0% of the shares in Dandelion Capital Pte. Ltd. ("**Dandelion**"). Mr Ng Hai Liong and his family members (who are not Directors or key executive officers of the Company) hold an aggregate of 52.0% of the shares in Dandelion. Accordingly, Mr Ng Hai Liong is deemed interested in the shares of the Company held by Dandelion by virtue of Section 7 of the Companies Act, Chapter 50 of Singapore. ("**Act**").
2. Mr Ng Kian Ann Patrick holds 25.0% of the shares in Dandelion and accordingly is deemed interested in the shares of the Company held by Dandelion by virtue of Section 7 of the Act.
3. Mr Ng Kian Yeow, Vincent holds 23.0% of the shares in Dandelion and accordingly is deemed interested in the shares of the Company held by Dandelion by virtue of Section 7 of the Act.

## RULE 723 OF THE CATALIST RULES – FREE FLOAT

As at 23 March 2023, approximately 30.83% of the issued shares of the Company was held by the public. Accordingly, the Company has complied with Rule 723 of the SGX-ST Listing Manual Section B: Rules of Catalist.



# NOTICE OF ANNUAL GENERAL MEETING

**NOTICE IS HEREBY GIVEN** that the Annual General Meeting (“**AGM**”) of Huatong Global Limited (the “**Company**”) will be convened and held by way of electronic means on Friday, 28 April 2023 at 2:30 p.m., for the following purposes:

## AS ORDINARY BUSINESS

1. To receive and adopt the Directors’ Statement and the Audited Financial Statements of the Company for the financial year ended 31 December 2022 together with the Auditors’ Report thereon. **(Resolution 1)**
2. To declare a final one-tier tax exempt dividend of S\$0.005 per ordinary share for the financial year ended 31 December 2022. **(Resolution 2)**
3. To re-elect the following Directors retiring pursuant to Regulation 117 of the Company’s Constitution:
  - (a) Mr Ng Hai Liong **(Resolution 3)**

*Mr Ng Hai Liong, if re-elected as Director, will remain as an Executive Director and Chairman of the Company. Further information on Mr Ng Hai Liong can be found under the sections entitled “Board of Directors”, “Corporate Governance Report” and “Directors’ Statement” in the Annual Report 2022.*
  - (b) Mr Ng Kian Yeow, Vincent **(Resolution 4)**

*Mr Ng Kian Yeow, Vincent will, upon re-election as a Director of the Company, remain as an Executive Director and Chief Operating Officer of the Company. Further information on Mr Ng Kian Yeow, Vincent can be found under the sections entitled “Board of Directors” and “Corporate Governance Report” in the Annual Report 2022.*
4. To re-elect Mr Yap Kian Peng who is retiring pursuant to Regulation 122 of the Company’s constitution. **(Resolution 5)**

*Mr Yap Kian Peng will, upon re-election as a Director of the Company, remain as the Lead Independent Director, the Chairman of Audit Committee, and a member of the Remuneration Committee and Nominating Committee and will be considered independent for the purposes of Rule 704(7) of the Singapore Exchange Securities Trading Limited (“**SGX-ST**”) Listing Manual Section B: Rules of Catalist (“**Catalist Rules**”). Further information on Mr Yap Kian Peng can be found under the sections entitled “Board of Directors” and “Corporate Governance Report” in the Annual Report 2022.*
5. To approve the payment of Directors’ fees of S\$125,000 for the financial year ending 31 December 2023, payable half yearly in arrears (2022: S\$125,000). **(Resolution 6)**
6. To re-appoint Baker Tilly TFW LLP as the Company’s Auditors and to authorise the Directors to fix their remuneration. **(Resolution 7)**
7. To transact any other ordinary business which may properly be transacted at an Annual General Meeting.

## AS SPECIAL BUSINESS

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

### 8. **Authority to allot and issue shares in the capital of the Company (“Shares”) - Share Issue Mandate**

“That, pursuant to Section 161 of the Companies Act 1967 and Rule 806 of the Catalist Rules, authority be and is hereby given to the Directors of the Company to:-

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

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

# NOTICE OF ANNUAL GENERAL MEETING

- (b) notwithstanding that the authority conferred by this Resolution may have ceased to be in force, issue Shares in pursuance of any Instrument made or granted by the Directors while this Resolution is in force, provided that:-
- (1) the aggregate number of Shares (including Shares to be issued in pursuance of the Instruments, made or granted pursuant to this Resolution), to be issued pursuant to this Resolution does not exceed one hundred per cent (100%) of the total number of issued Shares excluding treasury shares and subsidiary holdings of the Company (as calculated in accordance with sub-paragraph (2) below), of which the aggregate number of Shares to be issued other than on a pro-rata basis to existing shareholders of the Company (including Shares to be issued in pursuance of Instruments made or granted pursuant to this Resolution) does not exceed fifty per cent (50%) of the total number of issued Shares excluding treasury shares and subsidiary holdings of the Company (as calculated in accordance with sub-paragraph (2) below);
  - (2) (subject to such manner of calculations as may be prescribed by the SGX-ST), for the purpose of determining the aggregate number of Shares that may be issued under sub-paragraph (1) above, the percentage of the total number of issued Shares excluding treasury shares and subsidiary holdings shall be based on the total number of issued Shares excluding treasury shares and subsidiary holdings of the Company at the time this Resolution is passed after adjusting for:-
    - (i) new Shares arising from the conversion or exercise of any Instruments or any convertible securities;
    - (ii) new Shares arising from exercising of share options or vesting of share awards, provided that the share options or share awards were granted in compliance with Part VIII of Chapter 8 of the Catalist Rules; and
    - (iii) any subsequent bonus issue, consolidation or sub-division of Shares.Any adjustments made in accordance with sub-paragraphs (2)(i) or (2)(ii) above shall only be made in respect of new Shares arising from convertible securities and Instruments which were issued and outstanding and/or subsisting at the time of the passing of this Resolution.
  - (3) in exercising the authority conferred by this Resolution, the Company shall comply with the provisions of the Catalist Rules for the time being in force (unless such compliance has been waived by the SGX-ST) and the Regulation for the time being of the Company; and
  - (4) (unless revoked or varied by the Company in general meeting), the authority conferred by this Resolution shall continue in force until the conclusion of the next AGM or the date by which the next AGM of the Company is required by law to be held, whichever is the earlier.”  
*[See Explanatory Note (i)]*

**(Resolution 8)**

9. **Authority to allot and issue shares under the Huatong Employee Share Option Scheme (the “Option Scheme”)**

“That pursuant to Section 161 of the Companies Act 1967, the Directors of the Company be authorised to allot and issue from time to time such number of shares in the capital of the Company as may be required to be issued pursuant to the exercise of options under the Option Scheme provided always that the aggregate number of new shares to be allotted and issued pursuant to the Option Scheme, Huatong Performance Share Plan, and all options granted under any other share option, share incentive, performance share or restricted share plan implemented by the Company shall not exceed fifteen per centum (15%) of the total number of issued shares (including treasury shares) in the capital of the Company from time to time, as determined in accordance with the provisions of the Option Scheme.”

*[See Explanatory Note (ii)]*

**(Resolution 9)**

# NOTICE OF ANNUAL GENERAL MEETING

## 10. Authority to allot and issue shares under the Huatong Performance Share Plan

“That pursuant to Section 161 of the Companies Act 1967, the Directors of the Company be authorised and empowered to grant awards in accordance with the provisions of the Huatong Performance Share Plan and to allot and issue from time to time, such number of shares in the capital of the Company as may be required to be issued pursuant to the vesting of awards under the Huatong Performance Share Plan, provided always that the aggregate number of shares issued and issuable pursuant to vesting of awards granted under the Huatong Performance Share Plan, when added to (i) the number of shares issued and issuable in respect of all awards granted or awarded thereunder; and (ii) all shares issued and issuable in respect of all options granted or awards granted under the Option Scheme, all options granted under any other share option, share incentive, performance share or restricted share plan implemented by the Company for the time being in force, shall not exceed fifteen per centum (15%) of the total number of issued shares (including treasury shares) in the capital of the Company on the day preceding the relevant date of the award.”

*[See Explanatory Note (iii)]*

**(Resolution 10)**

By Order of the Board

Ng Kian Ann Patrick  
Executive Director and Chief Executive Officer

Singapore, 12 April 2023

# NOTICE OF ANNUAL GENERAL MEETING

## Explanatory Notes:

- (i) The Ordinary Resolution 8 proposed in item 8 above, if passed, will empower the Directors from the date of the above AGM until the date of the next AGM, to allot and issue Shares, make or grant instruments convertible into Shares and to issue Shares pursuant to such instruments. The aggregate number of Shares and convertible instruments which the Directors may allot and issue under this Resolution shall not exceed 100% of the total number of issued Shares (excluding treasury shares and subsidiary holdings) of the Company at the time of passing this Resolution. For allotment and issuance of Shares and convertible instruments other than on a pro-rata basis to all shareholders of the Company, the aggregate number of Shares and convertible securities to be allotted and issued shall not exceed 50% of the total number of issued Shares (excluding treasury shares and subsidiary holdings) of the Company. This authority will, unless previously revoked or varied at a general meeting, expire at the next AGM.

For determining the aggregate number of Shares that may be issued, the total number of issued Shares (excluding treasury shares and subsidiary holdings) will be calculated based on the total number of issued Shares (excluding treasury shares and subsidiary holdings) in the capital of the Company at the time this Ordinary Resolution is passed after adjusting for new Shares arising from the conversion or exercise of any convertible securities or share options or vesting of share awards which are outstanding or subsisting at the time when this Ordinary Resolution 8 is passed and any subsequent bonus issue, consolidation or subdivision of Shares.

- (ii) The Ordinary Resolution 9 in item 9 above, if passed, will empower the Directors of the Company, effective until the conclusion of the next AGM of the Company, or the date by which the next AGM of the Company is required by law to be held or such authority is varied or revoked by the Company in a general meeting, whichever is the earlier, to grant options under the Huatong Employee Share Option Scheme in accordance with the provisions of the Huatong Employee Share Option Scheme and to allot and issue from time to time such number of fully-paid shares as may be required to be issued arising from the exercise of the share options under the Huatong Employee Share Option Scheme subject to the maximum number of shares prescribed under the terms and conditions of the Huatong Employee Share Option Scheme.

The aggregate number of ordinary shares which may be allotted and issued pursuant to the Huatong Employee Share Option Scheme and under any other share incentive scheme or share plan adopted by the Company for the time being in force, is limited to fifteen per centum (15%) of the issued shares (including treasury shares) in the capital of the Company on the day preceding the date of the relevant grant. This authority is in addition to the general authority to issue shares sought under Ordinary Resolution No. 8.

- (iii) The Ordinary Resolution 10 in item 10 above, if passed, will empower the Directors of the Company, effective until the conclusion of the next AGM of the Company, or the date by which the next AGM of the Company is required by law to be held or such authority is varied or revoked by the Company in a general meeting, whichever is the earlier, to grant awards under the Huatong Performance Share Plan in accordance with the provisions of the Huatong Performance Share Plan and to allot and issue from time to time such number of fully-paid shares as may be required to be issued pursuant to the vesting of the awards under the Huatong Performance Share Plan subject to the maximum number of shares prescribed under the terms and conditions of the Huatong Performance Share Plan.

The aggregate number of ordinary shares which may be allotted and issued pursuant to the Huatong Performance Share Plan and under any other share incentive scheme or share plan adopted by the Company for the time being in force, is limited to fifteen per centum (15%) of the issued shares (including treasury shares) in the capital of the Company on the day preceding the relevant date of the award. This authority is in addition to the general authority to issue shares sought under Ordinary Resolution No. 8.

# NOTICE OF ANNUAL GENERAL MEETING

## Important Notes to Shareholders on arrangements for the AGM:

1. 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, the AGM will be held by way of electronic means.
2. Printed copies of this Notice of AGM, the Annual Report for the financial year ended 31 December 2022 (the “FY2022 Annual Report”) and the Proxy Form will not be sent to members. Instead, this Notice of AGM, the FY2022 Annual Report and the Proxy Form may be accessed at the Company’s website at the URL <https://huationg.listedcompany.com> and will also be available on SGXNET at the URL <https://www.sgx.com/securities/company-announcements>.
3. Alternative arrangements relating to attendance at the AGM of the Company via electronic means (including arrangements by which the meeting may be electronically accessed via live audio-visual webcast or live audio-only stream), submission of questions to the Chairman of the Meeting in advance of and live at the AGM, addressing of substantial and relevant questions prior to or at the AGM and voting live at the AGM or by appointing proxy(ies) (other than the Chairman of the Meeting) or appointing the Chairman of the Meeting as proxy at the AGM, are set out in this Notice of AGM. Please refer to the details set out below for the relevant steps and details for members to participate at the AGM.
4. **As the AGM will be held by way of electronic means, members will not be able to attend the AGM in person. A member (whether individual or corporate) must vote live at the AGM or must appoint proxy(ies) (other than the Chairman of the Meeting) or appoint the Chairman of the Meeting as his/her/its proxy to attend, submit questions and vote on his/her/its behalf at the AGM if such member wishes to exercise his/her/its voting rights at the AGM.** The Proxy Form may be accessed at the Company’s website at the URL <https://huationg.listedcompany.com> and is also available on SGXNET at the URL <https://www.sgx.com/securities/company-announcements>. Where a member (whether individual or corporate) appoints proxy(ies) (other than the Chairman of the Meeting) or the Chairman of the Meeting as his/her/its proxy, he/she/it must give specific instructions as to voting, or abstentions from voting in respect of a resolution in the Proxy Form, failing which the appointment of proxy(ies) (other than the Chairman of the Meeting) or the Chairman of the Meeting as proxy for that resolution will be treated as invalid.
5. Duly appointed proxy(ies), including the Chairman of the Meeting as proxy, need not be a member of the Company.
6. The Proxy Form must be submitted to the Company in the following manner:
  - (i) if submitted by post, be deposited at registered office of the Company at No. 9 Benoi Crescent, Singapore 629972; or
  - (ii) if submitted by electronic means:
    - (a) via email in Portable Document Format (PDF) format to the Company at [IR-enquiry2023@huationg.com.sg](mailto:IR-enquiry2023@huationg.com.sg); or
    - (b) via the pre-registration website at the URL <https://conveneagm.sg/HuationgGlobalAGM2023>,

in any case, by 2:30 p.m. on Tuesday, 25 April 2023 which is at least 72 hours before the time fixed for holding the AGM and/or any adjournment thereof. A member who wishes to submit the Proxy Form must first download, complete and sign the Proxy Form, before submitting it by post to the address provided above, or by scanning and submitting it through electronic means provided above. A member who submitted his/her/its Proxy Form via the pre-registration website and wishes to withdraw his/her/its proxy(ies), may do so by logging in to the pre-registration website stated above to request for such a withdrawal.

**Members are strongly encouraged to submit the completed Proxy Forms by way of electronic means (i) via email in Portable Document Format (PDF) format to the Company at [IR-enquiry2023@huationg.com.sg](mailto:IR-enquiry2023@huationg.com.sg); or (ii) via the pre-registration website at the URL <https://conveneagm.sg/HuationgGlobalAGM2023>.**

SRS investors who wish to appoint the Chairman of the Meeting as proxy should approach their respective SRS Operators to submit their votes by 5:00 p.m. on Tuesday, 18 April 2023 which is at least seven (7) working days before the AGM.

Investors who hold Shares through depository agents (as defined in Section 81SF of the Securities and Futures Act 2001 of Singapore) and wish to watch the live audio-visual webcast or listen to the live audio-only stream of the AGM must approach their respective depository agents to pre-register by 5:00 p.m. on Tuesday, 18 April 2023 which is at least seven (7) working days before the AGM in order to allow sufficient time for their respective depository agents to in turn pre-register their interest with the Company.

7. The Proxy Form appointing proxy(ies) (other than the Chairman of the Meeting) or the Chairman of the Meeting as proxy must be under the hand of the appointor or of his attorney duly authorised in writing. Where the Proxy Form appointing proxy(ies) (other than the Chairman of the Meeting) or the Chairman of the Meeting as proxy is executed by a corporation, it must be executed either under its common seal or under the hand of its attorney or duly authorised officer.
8. Where the Proxy Form appointing proxy(ies) (other than the Chairman of the Meeting) or the Chairman of the Meeting as proxy is signed on behalf of the appointor by an attorney, the letter or power of attorney or a duly certified copy thereof must (failing previous registration with the Company) be lodged with the instrument of proxy, failing which the instrument may be treated as invalid.
9. A corporation which is a member may authorise by resolution of its directors or other governing body such person as it thinks fit to act as its representative at the AGM, in accordance with Section 179 of the Companies Act 1967 of Singapore.
10. The resolutions put to vote at the AGM shall be decided by way of poll.
11. **The Company may be required to change the AGM arrangements at short notice. Members should check the Company’s website at the URL <https://huationg.listedcompany.com> for the latest updates on the status of the AGM, if any.**

# NOTICE OF ANNUAL GENERAL MEETING

## Key dates/deadlines:

The key dates/deadlines which shareholders should take note of are summarised in the table below:

Key dates	Events
<b>18 April 2023, 5:00 p.m. (Tuesday)</b>	<p><b>Deadline for SRS investors.</b> Deadline for SRS investors who wish to appoint the Chairman of the Meeting as proxy to approach their respective SRS operators to submit their votes.</p> <p>Investors who hold Shares through depository agents (as defined in Section 81SF of the Securities and Futures Act 2001 of Singapore) and wish to watch the live audio-visual webcast or listen to the live audio-only stream of the AGM must approach their respective depository agents to pre-register at least seven (7) working days before the AGM in order to allow sufficient time for their respective depository agents to in turn pre-register their interest with the Company.</p>
<b>20 April 2023, 9:00 a.m. (Thursday)</b>	<p><b>Deadline to submit questions.</b> Members may submit questions related to the resolutions to be tabled for approval at the AGM to the Chairman of the Meeting in advance of the AGM of the Company by submitting their questions:</p> <ul style="list-style-type: none"> <li>(i) by post to the Company's registered office at 9 Benoi Crescent, Singapore 629972,</li> <li>(ii) via email in Portable Document Format (PDF) format to the Company at <a href="mailto:IR-enquiry2023@huatong.com.sg">IR-enquiry2023@huatong.com.sg</a>; or</li> <li>(iii) via the pre-registration website at the URL <a href="https://conveneagm.sg/HuatongGlobalAGM2023">https://conveneagm.sg/HuatongGlobalAGM2023</a>,</li> </ul> <p>from the date of this Notice of AGM until <b>9:00 a.m. on 20 April 2023</b>.</p>
<b>23 April 2023, 2:30 p.m. (Sunday)</b>	<p><b>Addressing questions.</b> The Company will endeavour to address all substantial and relevant questions received from members relating to the agenda of the AGM prior to the AGM which will be published on the Company's website at the URL <a href="https://huatong.listedcompany.com">https://huatong.listedcompany.com</a> and SGXNET at the URL <a href="https://www.sgx.com/securities/company-announcements">https://www.sgx.com/securities/company-announcements</a>. The Company may address any subsequent clarifications sought, or follow-up questions, prior to, or at general meetings in respect of substantial and relevant matters.</p>
<b>25 April 2023, 2:30 p.m. (Tuesday)</b>	<p><b>Deadline for pre-registration and submission of Proxy Forms.</b> Members must pre-register at the URL <a href="https://conveneagm.sg/HuatongGlobalAGM2023">https://conveneagm.sg/HuatongGlobalAGM2023</a> between the date of this Notice of AGM and Tuesday, 25 April 2023, 2.30 p.m. to enable the Company's Shares Registrar to verify their status as members of the Company.</p> <p>Deadline for members to:</p> <ul style="list-style-type: none"> <li>(a) pre-register for the live audio-visual webcast or live audio-only stream of the AGM proceedings via the pre-registration website at the URL <a href="https://conveneagm.sg/HuatongGlobalAGM2023">https://conveneagm.sg/HuatongGlobalAGM2023</a>; and</li> <li>(b) submit Proxy Forms by post to No. 9 Benoi Crescent, Singapore 629972 or by electronic means via email in Portable Document Format (PDF) format to the Company at <a href="mailto:IR-enquiry2023@huatong.com.sg">IR-enquiry2023@huatong.com.sg</a> or via the pre-registration website at the URL <a href="https://conveneagm.sg/HuatongGlobalAGM2023">https://conveneagm.sg/HuatongGlobalAGM2023</a>.</li> </ul> <p><b>Members are strongly encouraged to submit the completed Proxy Forms by way of electronic means (i) via email in Portable Document Format (PDF) format to the Company at <a href="mailto:IR-enquiry2023@huatong.com.sg">IR-enquiry2023@huatong.com.sg</a>; or (ii) via the pre-registration website at the URL <a href="https://conveneagm.sg/HuatongGlobalAGM2023">https://conveneagm.sg/HuatongGlobalAGM2023</a>.</b></p>
<b>27 April 2023, 2:30 p.m. (Thursday)</b>	<p><b>Confirmation of pre-registration.</b> Following the verification, authenticated members will receive an email by 2:30 p.m. on Thursday, 27 April 2023 to access the live audio-visual webcast and live audio-only stream by logging in to the pre-registration website using their login credentials created during pre-registration on the day of the AGM (the "Confirmation Email").</p> <p>Members, who have pre-registered for the live audio-visual webcast or live audio-only stream before the 25 April 2023 deadline but have not received the Confirmation Email by 2:30 p.m. on Thursday, 27 April 2023, should contact the Company at <a href="mailto:support@conveneagm.com">support@conveneagm.com</a> with the full name of the member and his/her identification number (between 2:30 p.m. to 5:00 p.m. on Thursday, 27 April 2023).</p>
<b>28 April 2023, 2:30 p.m. (Friday)</b>	<p><b>AGM.</b> Members may attend the AGM via electronic means by clicking on the link in the Confirmation Email and logging in to the pre-registration website using their login credentials created during pre-registration on the day of the AGM to access the live audio-visual webcast and live audio-only stream of the AGM proceedings.</p> <p><b>Comments, queries and/or questions during the AGM.</b> Real-time communication functions will also be available to allow Shareholders of the Company or their appointed proxy to raise comments, queries and/or questions via clicking on the "Ask A Question" feature located below the video screen during the live audio-visual webcast and then clicking "Type Your Question" to input their queries in the questions text box.</p>
<b>By 27 May 2023 (Saturday)</b>	<p><b>Minutes of AGM of the Company.</b> The Company will publish the minutes of the AGM on the Company's website at the URL <a href="https://huatong.listedcompany.com">https://huatong.listedcompany.com</a> and on SGXNET at the URL <a href="https://www.sgx.com/securities/company-announcements">https://www.sgx.com/securities/company-announcements</a> within one month after the AGM.</p>

# NOTICE OF ANNUAL GENERAL MEETING

## **PERSONAL DATA PRIVACY:**

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

# SUPPLEMENTAL INFORMATION ON DIRECTORS SEEKING RE-ELECTION

The information required under Catalist Rule 720(5) and Appendix 7F of the SGX-ST Listing Manual in respect of Directors seeking re-election at the Annual General Meeting is set out below.

Key Information	Name of Director		
	Ng Hai Liong	Ng Kian Yeow, Vincent	Yap Kian Peng
Date of appointment	1 August 2014	11 November 2014	30 December 2022
Date of last re-appointment	19 June 2020	29 April 2021	N/A
Age	75	44	57
Country of principal residence	Singapore	Singapore	Singapore
The Board's comments on this appointment (including rationale, selection criteria, board diversity considerations and the search and nomination process)	<p>The Board of Directors has approved the re-election of Mr Ng Hai Liong as Chairman and Executive Director of the Company.</p> <p>The Board has considered the recommendation of the Nominating Committee and is of the view that Mr Ng has the requisite experience, qualifications and capabilities as required by the Board as Chairman and Executive Director.</p>	<p>The Board of Directors has approved the re-election of Mr Ng Kian Yeow, Vincent as an Executive Director of the Company.</p> <p>The Board has considered the recommendation of the Nominating Committee and is of the view that Mr Ng Kian Yeow, Vincent has the requisite experience, qualifications and capabilities as required by the Board as an Executive Director.</p>	<p>The Board of Directors has approved the re-appointment of Mr Yap Kian Peng as the Lead Independent Director.</p> <p>The Board of Directors, having considered the recommendation of the Nominating Committee is of the view that Mr Yap Kian Peng has the requisite experience, qualifications and capabilities as required by the Board as the Lead Independent Director.</p>
Whether the appointment is executive and if so, please state the area of responsibility	Executive Director (the “ED”)	Executive.  Mr Ng Kian Yeow, Vincent oversees project management and operations with strategic executive for timely completion.	Non-Executive
Job title (e.g. Lead ID, AC Chairman, AC member, etc)	Executive Chairman	Executive Director (“ED”) and Chief Operating Officer (“COO”).	Lead Independent Director, Chairman of the Audit Committee, Member of the Remuneration Committee and Member of the Nominating Committee.
Professional memberships / qualifications	Higher School Certificate	Bachelor's Degree in Applied Science Construction Management and Economics (Curtin University of Technology, Australia)	Bachelor of Business (Business Administration), RMIT University



# SUPPLEMENTAL INFORMATION ON DIRECTORS SEEKING RE-ELECTION

Key Information	Name of Director		
	Ng Hai Liong	Ng Kian Yeow, Vincent	Yap Kian Peng
Working experience and occupation(s) during the past 10 years	<p>Huationg Global Limited and group of companies:</p> <ul style="list-style-type: none"> <li>- Huationg Global Limited (Chairman and ED)</li> <li>- Huationg Contractor Pte. Ltd. (ED)</li> <li>- Soil Engineering Pte. Ltd. (ED)</li> </ul> <p>Dandelion Capital Pte. Ltd. (Director)</p> <p>NHL-Capitals Pte. Ltd. (Director)</p> <p>NHL Holding Pte. Ltd. (Director)</p> <p>NHL Investment Pte. Ltd. (Director)</p>	<p>Huationg Global Limited and group of companies:</p> <p>Huationg Global Limited</p> <ul style="list-style-type: none"> <li>- November 2014 to present, COO and ED</li> </ul> <p>Huationg Contractor Pte Ltd</p> <ul style="list-style-type: none"> <li>- February 2007 to present, ED and COO</li> </ul> <p>HT Equipment Pte. Ltd.</p> <ul style="list-style-type: none"> <li>- August 2013 to present, ED</li> </ul> <p>Soil Engineering Pte. Ltd.</p> <ul style="list-style-type: none"> <li>- December 2003 to present, ED</li> </ul> <p>Banyan Capital Pte. Ltd.</p> <ul style="list-style-type: none"> <li>- July 2015 to present, ED</li> </ul> <p>Golden Empire Huationg Pte. Ltd.</p> <ul style="list-style-type: none"> <li>- November 2015 to present, Director</li> </ul> <p>Changi East Dorm Private Limited</p> <ul style="list-style-type: none"> <li>- October 2020 to present, Director</li> </ul> <p>Changi East Dorm Dwall Private Limited</p> <ul style="list-style-type: none"> <li>- October 2020 to present, Director</li> </ul>	<p>December 2011 to present – Chief Executive Officer, Jackspeed Corporation Limited</p>
Shareholding interest in the Company and its subsidiaries	<p>Mr Ng Hai Liong is deemed interested in the 121,759,600 ordinary shares (or 68.698%) of the Company held by Dandelion Capital Pte. Ltd. (“<b>Dandelion</b>”) by virtue of his 17% shareholdings in Dandelion.</p>	<p>Mr Ng Kian Yeow, Vincent is deemed interested in the 121,759,600 ordinary shares (or 68.698%) of the Company held by Dandelion Capital Pte. Ltd. (“<b>Dandelion</b>”) by virtue of his 23% shareholdings in Dandelion.</p>	<p>Nil</p>

# SUPPLEMENTAL INFORMATION ON DIRECTORS SEEKING RE-ELECTION

Key Information	Name of Director		
	Ng Hai Liong	Ng Kian Yeow, Vincent	Yap Kian Peng
Any relationship (including immediate family member relationships) with any existing director, existing executive officer, the Company and/or substantial shareholder of the Company or any of its principal subsidiaries	Mr Ng Hai Liong is the father of the Company's CEO and Executive Director, Mr Ng Kian Ann Patrick and the Company's COO and Executive Director, Mr Ng Kian Yeow, Vincent.	Mr Ng Kian Yeow, Vincent is the son of Mr Ng Hai Liong, the Company's Executive Chairman and brother of Mr Ng Kian Ann Patrick, the Company's CEO and ED.	Nil
Conflict of Interest (including any competing business)	Nil	Nil	Nil
Undertaking (in the format set out in Appendix 7H) under Rule 720(1) submitted to the Company?	Yes	Yes	Yes
<b>Other Principal Commitments Including Directorships</b>			
<b>Present</b>	<b>Directorships</b> Huatong Global Limited and group of companies: Huatong Global Limited (Chairman and ED) Huatong Contractor Pte. Ltd. (ED) Soil Engineering Pte. Ltd. (ED) Dandelion Capital Pte Ltd (ED)	<b>Directorships</b> - Huatong Contactor Pte. Ltd. (COO and ED) - HT Equipment Pte. Ltd. (ED) - Soil Engineering Pte. Ltd. (ED) - Banyan Capital Pte. Ltd. (ED) - Golden Empire Huatong Pte. Ltd. (Director) - Changi East Dorm Private Limited (Director) - Changi East Dorm Dwall Private Limited (Director)	<b>Directorships</b> 1. Better Resources Pte. Ltd. 2. Index Agency Pte. Ltd. 3. Index Credit Pte. Ltd. 4. Jackspeed Corporation Limited 5. Jackspeed Holdings Pte. Ltd. 6. Jackspeed Singapore Pte. Ltd. 7. Legenda Pte. Ltd. 8. Newfort Realty Pte. Ltd. 9. Seroja Investments Limited 10. Simply Motor Pte. Ltd. 11. Soon Lian Holdings Limited 12. Spearhead Pte. Ltd. 13. Wenul Assets (Industrial) Pte. Ltd.
<b>Past (for the last 5 years)</b>	<b>Directorships</b> Huatong Contractor Pte. Ltd. Soil Engineering Pte. Ltd. NHL Holding Pte. Ltd. Dandelion Capital Pte Ltd	Nil	<b>Directorships</b> 1. Capital Equity Holdings Pte. Ltd. 2. Soon Lian Holdings Limited 3. M Development Ltd.

# SUPPLEMENTAL INFORMATION ON DIRECTORS SEEKING RE-ELECTION

	Name of Director to be re-elected		
	Ng Hai Liong	Ng Kian Yeow, Vincent	Yap Kian Peng
<b><i>The general statutory disclosures of the Directors are as follows:</i></b>			
(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	No	Yes.  Mr Yap is an independent director of M Development Ltd. (“MDL”) since 26 April 2013. On 26 July 2015 and 4 August 2015, MDL announced that it has placed the following entities under the Winsta Group into Creditors’ voluntary liquidation: (a) Katong Hostel Pte. Ltd.; (b) Evan Hostel Pte. Ltd.; (c) The Hill Lodge @ Mount Vernon Pte. Ltd.; (d) Global Residence Pte. Ltd.; (e) Pearl Hill Hostel Pte. Ltd.; (f) Queensway Student Hostel Pte. Ltd.; and (g) Carlisle Hostel Management Pte. Ltd..
(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

# SUPPLEMENTAL INFORMATION ON DIRECTORS SEEKING RE-ELECTION

	Name of Director to be re-elected		
	Ng Hai Liong	Ng Kian Yeow, Vincent	Yap Kian Peng
(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
(i) Whether he has ever been the subject of any order, judgment or ruling of any court, tribunal or governmental body, permanently or temporarily enjoining him from engaging in any type of business practice or activity?	No	No	No

# SUPPLEMENTAL INFORMATION ON DIRECTORS SEEKING RE-ELECTION

	Name of Director to be re-elected		
	Ng Hai Liong	Ng Kian Yeow, Vincent	Yap Kian Peng
(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	Yes.  On 9 April 2015, MDL announced that it has taken steps to conduct an inquiry into the operations and affairs of its 51% owned subsidiary, Winsta Holdings Pte. Ltd. and its group companies (" <b>Winsta Group</b> ") including its procurement processes. On 18 September 2015, MDL announced the findings of KordaMentha, the forensic consulting firm, and the matters disclosed in the report were the subject of the litigation in the High Court of Singapore against certain management members of MDL and their associates. Mr Yap is at no time a subject of the internal inquiry and he was, together with other members of the board of MDL, overseeing the review process conducted by KordaMentha.
(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

# SUPPLEMENTAL INFORMATION ON DIRECTORS SEEKING RE-ELECTION

	Name of Director to be re-elected		
	Ng Hai Liong	Ng Kian Yeow, Vincent	Yap Kian Peng
(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,	No	No	No
in connection with any matter occurring or arising during that period when he was so concerned with the entity or business trust?			
(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	Yes.  In 2022, Mr Ng Kian Yeow, Vincent was involved in drink driving and has been suspended from driving. The outcome of the case is pending.	No
<b>Prior Experience as a Director of a Listed Company on the Exchange</b>			
Any prior experience as a director of an issuer listed on the Exchange?  If yes, please provide details of prior experience.  If no, please state if the director has attended or will be attending training on the roles and responsibilities of a director of a listed issuer as prescribed by the Exchange.	Not applicable. This is a re-election of a director.		
Please provide details of relevant experience and the nominating committee's reasons for not requiring the director to undergo training as prescribed by the Exchange (if applicable).	Not applicable. This is a re-election of a director.		

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# HUATIONG GLOBAL LIMITED

(Company Registration Number: 201422395Z)  
(Incorporated in Singapore with limited liability)

## PROXY FORM

(Please see notes overleaf before completing this Proxy Form)

### IMPORTANT:

- The AGM is being convened, and will be held, by way of electronic means 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.
- SRS investors who wish to appoint the Chairman of the Meeting as proxy should approach their respective SRS Operators to submit their votes by 5:00 p.m. on Tuesday, 18 April 2023 which is at least seven (7) working days before the AGM.
- By submitting this Proxy Form, the member accepts and agrees to the personal data privacy terms set out in the Notice of AGM dated 12 April 2023.
- Please read the notes overleaf which contain instructions on, inter alia, the appointment of proxy(ies) (other than the Chairman of the Meeting) or the Chairman of the Meeting as a member's proxy to vote on his/her/its behalf at the AGM.

\*I/We, \_\_\_\_\_ (name) \_\_\_\_\_ (NRIC/Passport/Company Registration Number\*)  
of \_\_\_\_\_ (address)

being member/members\* of **HUATIONG GLOBAL LIMITED** (the "Company"), hereby appoint:

Name	NRIC/ Passport No.	Proportion of Shareholding	
		No. of Shares	(%)
Address			
Email Address			

and/or\*

Name	NRIC/ Passport No.	Proportion of Shareholding	
		No. of Shares	(%)
Address			
Email Address			

or failing him/her\*, the Chairman of the Annual General Meeting, as my/our\* proxy/proxies\* to attend and vote for me/us\* on my/our\* behalf at the Annual General Meeting ("AGM") to be held by way of electronic means on Friday, 28 April 2023 at 2:30 p.m. and at any adjournment thereof.

I/We\* direct my/our\* proxy/proxies\* to vote for or against, or abstain from voting on, the resolutions proposed at the AGM as indicated hereunder. In the absence of specific directions in respect of a resolution, the appointment of proxy(ies) (other than the Chairman of the Meeting) or the Chairman of the Meeting as proxy for that resolution will be treated as invalid.

(Please indicate your vote "For" or "Against" or "Abstain" with a tick [✓] within the box provided.)

No.	Ordinary Resolutions relating to:	For <sup>#</sup>	Against <sup>#</sup>	Abstain <sup>#</sup>
1.	To receive and adopt the Directors' Statement and Audited Financial Statements for the financial year ended 31 December 2022			
2.	To declare a final one-tier tax exempt dividend of S\$0.005 per ordinary share for the financial year ended 31 December 2022			
3.	Re-election of Mr Ng Hai Liong as Director of the Company			
4.	Re-election of Mr Ng Kian Yeow, Vincent as Director of the Company			
5.	Re-election of Mr Yap Kian Peng as Director of the Company			
6.	Approval of Directors' fees amounting to S\$125,000 for the financial year ending 31 December 2023, payable half yearly in arrears (2022: S\$125,000)			
7.	Re-appointment of Baker Tilly TFW LLP as the Company's Auditors and to authorise the Directors to fix their remuneration			
8.	Authority to allot and issue shares in the capital of the Company - Share Issue Mandate			
9.	Authority to allot and issue shares under the Huatong Employee Share Option Scheme			
10.	Authority to allot and issue shares under the Huatong Performance Share Plan			

\* Delete as appropriate

<sup>#</sup> If you wish to exercise all your votes "For" or "Against" or "Abstain", please indicate so with a (√) within the box provided. Alternatively, please indicate the number of votes as appropriate.

The resolutions put to vote at the AGM shall be decided by way of poll.

Dated this \_\_\_\_\_ day of \_\_\_\_\_ 2023

Total Number of Shares Held
(a) CDP Register:
(b) Register of members:

\_\_\_\_\_  
Signature of Shareholder(s)  
or, Common Seal of Corporate Shareholder

**IMPORTANT: PLEASE READ NOTES OVERLEAF BEFORE COMPLETING THIS PROXY FORM**





## NOTES:

1. 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, the AGM will be held by way of electronic means.
2. Printed copies of the Notice of AGM, the Annual Report for the financial year ended 31 December 2022 (the "**FY2022 Annual Report**") and this Proxy Form will not be sent to members. Instead, the Notice of AGM, the FY2022 Annual Report and this Proxy Form may be accessed at the Company's website at the URL <https://huatong.listedcompany.com> will also be available on SGXNET at the URL <https://www.sgx.com/securities/company-announcements>.
3. Alternative arrangements relating to attendance at the AGM of the Company via electronic means (including arrangements by which the meeting may be electronically accessed via live audio-visual webcast or live audio-only stream), submission of questions to the Chairman of the Meeting in advance of and live at the AGM, addressing of substantial and relevant questions prior to or at the AGM and voting live at the AGM or by appointing proxy(ies) (other than the Chairman of the Meeting) or appointing the Chairman of the Meeting as proxy at the AGM, are set out in the Notice of AGM.
4. **As the AGM will be held by way of electronic means, members will not be able to attend the AGM in person. A member (whether individual or corporate) must vote live at the AGM or must appoint proxy(ies) (other than the Chairman of the Meeting) or appoint the Chairman of the Meeting as his/her/its proxy to attend and vote on his/her/its behalf at the AGM if such member wishes to exercise his/her/its voting rights at the AGM.** This Proxy Form may be accessed (a) via the Company's website at the URL <https://huatong.listedcompany.com>, and (b) via SGXNET at the URL <https://www.sgx.com/securities/company-announcements>. Where a member (whether individual or corporate) appoints proxy(ies) (other than the Chairman of the Meeting) or the Chairman of the Meeting as his/her/its proxy, he/she/it must give specific instructions as to voting, or abstentions from voting in respect of a resolution in the Proxy Form, failing which the appointment of proxy(ies) (other than the Chairman of the Meeting) or the Chairman of the Meeting as proxy for that resolution will be treated as invalid.
5. Please insert the total number of Shares held by you. If you have Shares entered against your name in the Depository Register (as defined in Section 81SF of the Securities and Futures Act 2001 of Singapore), you should insert that number of Shares. If you have Shares registered in your name in the Register of Members of the Company, you should insert that number of Shares. If you have Shares entered against your name in the Depository Register and Shares registered in your name in the Register of Members, you should insert the aggregate number of Shares entered against your name in the Depository Register and registered in your name in the Register of Members. If no number is inserted, this Proxy Form shall be deemed to relate to all the Shares held by you.
6. Duly appointed proxy(ies), including the Chairman of the Meeting as proxy, need not be a member of the Company.
7. The Proxy Form must be submitted to the Company in the following manner:
  - (a) if submitted by post, be lodged with the registered office of the Company at No. 9 Benoi Crescent, Singapore 629972; or
  - (b) if submitted by electronic means:
    - (i) via email in Portable Document Format (PDF) format to the Company at [IR-enquiry2023@huatong.com.sg](mailto:IR-enquiry2023@huatong.com.sg); or
    - (ii) via the pre-registration website at the URL <https://conveneagm.sg/HuatongGlobalAGM2023>.

in any case, by 2:30 p.m. on Tuesday, 25 April 2023 which is at least 72 hours before the time for holding the AGM and/or any adjournment thereof. A member who wishes to submit this Proxy Form must first download, complete and sign this Proxy Form, before submitting it by post to the address provided above, or by scanning and submitting it by way of electronic means provided above. A member who submitted his/her/its Proxy Form via the pre-registration website and wishes to withdraw his/her/its proxy(ies), may do so by logging in to the pre-registration website stated above to request for such a withdrawal.

**Members are strongly encouraged to submit the completed Proxy Forms by way of electronic means (i) via email in Portable Document Format (PDF) format to the Company at [IR-enquiry2023@huatong.com.sg](mailto:IR-enquiry2023@huatong.com.sg); or (ii) at the pre-registration website at the URL <https://conveneagm.sg/HuatongGlobalAGM2023>.**

SRS investors who wish to appoint the Chairman of the Meeting as proxy should approach their respective SRS Operators to submit their votes by 5:00 p.m. on Tuesday, 18 April 2023 which is at least seven (7) working days before the AGM.

Investors who hold Shares through depository agents (as defined in Section 81SF of the Securities and Futures Act 2001 of Singapore) and wish to watch the live audio-visual webcast or listen to the live audio-only stream of the AGM must approach their respective depository agents to pre-register by 5:00 p.m. on Tuesday, 18 April 2023 which is at least seven (7) working days before the AGM in order to allow sufficient time for their respective depository agents to in turn pre-register their interest with the Company.

8. The Proxy Form appointing proxy(ies) (other than the Chairman of the Meeting) or the Chairman of the Meeting as proxy must be under the hand of the appointor or of his attorney duly authorised in writing. Where the Proxy Form appointing proxy(ies) (other than the Chairman of the Meeting) or the Chairman of the Meeting as proxy is executed by a corporation, it must be executed either under its common seal or under the hand of its attorney or duly authorised officer.
9. Where the Proxy Form appointing proxy(ies) (other than the Chairman of the Meeting) or the Chairman of the Meeting as proxy is signed on behalf of the appointor by an attorney, the letter or power of attorney or a duly certified copy thereof must (failing previous registration with the Company) be lodged with the instrument of proxy, failing which the instrument may be treated as invalid.
10. A corporation which is a member may authorise by resolution of its directors or other governing body such person as it thinks fit to act as its representative at the AGM, in accordance with Section 179 of the Companies Act 1967 of Singapore.

## GENERAL:

The Company shall be entitled to reject a Proxy Form which is incomplete, improperly completed, illegible or where the true intentions of the appointor are not ascertainable from the instructions of the member specified on the Proxy Form. In addition, in the case of Shares entered in the Depository Register, the Company may reject a Proxy Form if the member, being the appointor, is not shown to have Shares entered against his name in the Depository Register as at 72 hours before the time appointed for holding the AGM, as certified by The Central Depository (Pte) Limited to the Company.

A Depositor shall not be regarded as a member of the Company entitled to attend the AGM and vote thereat unless his name appears on the Depository Register **72 hours before the time set for the AGM**.

## PERSONAL DATA PRIVACY:

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



**HUATIONG GLOBAL LIMITED**

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