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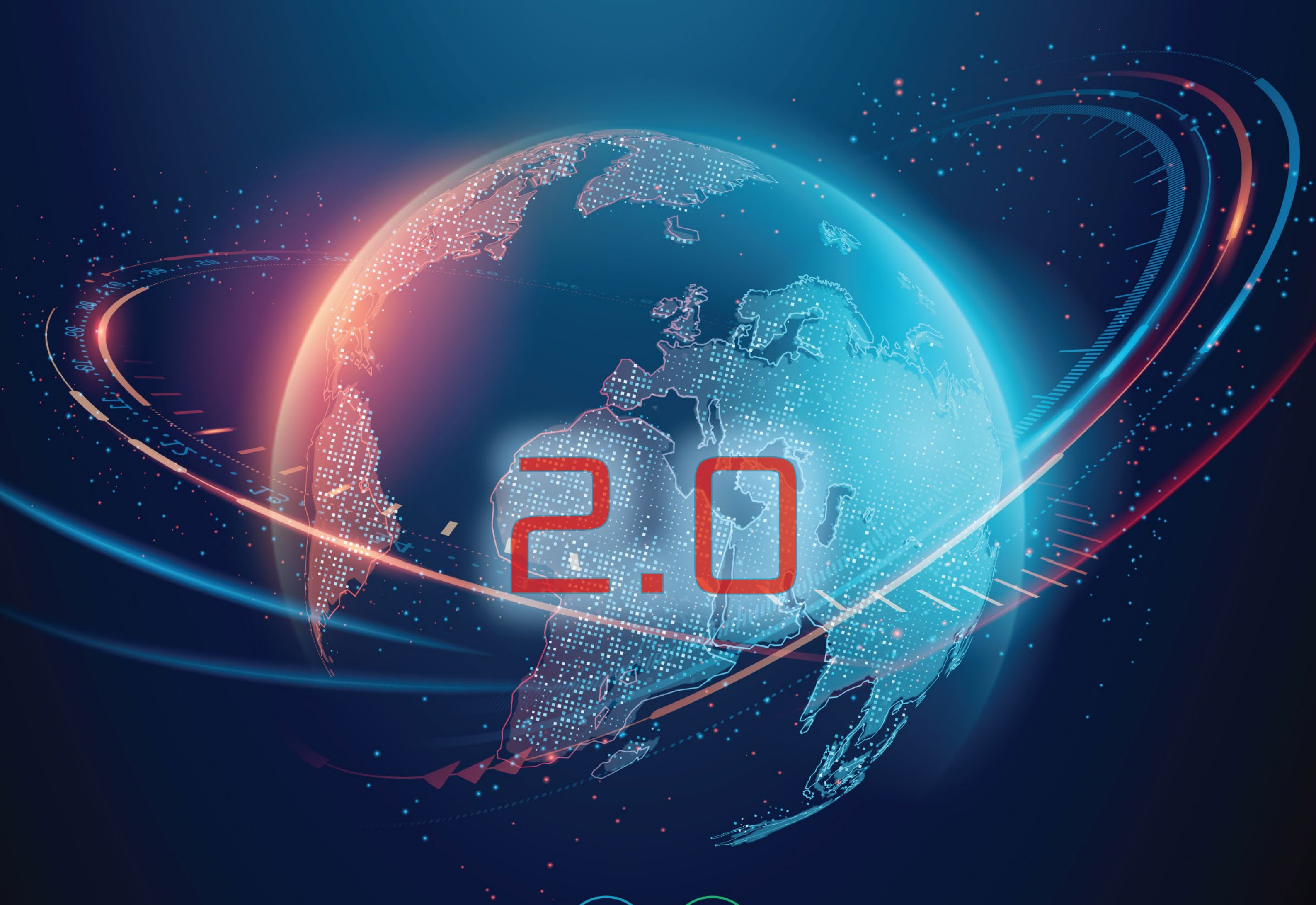
BENG KUANG GROUP



ANNUAL REPORT 2023

BENG KUANG MARINE LIMITED

Our Vision

We aspire to be the Preferred Partner in providing integrated solutions for the offshore and marine industries.

Our Mission

With our core strengths and capabilities, we aim to drive sustainable growth in our business activities with new value propositions in the offshore and marine industries.

CONTENTS

CORPORATE PROFILE

The business roots of Beng Kuang Group was started in 1990s as a sub-contractor providing corrosion prevention services to shipyards. Since then, the Group has grown progressively over the past few decades, specialising in various aspects of the marine and offshore energy industries.

The Group has been listed on the Mainboard of the Singapore Exchange since 15 October 2004.

Today, the Group's service-centric business model is anchored by two core business divisions of Infrastructure Engineering ("IE") and Corrosion Prevention ("CP"), marine and offshore energy industries, particularly within the FPSOs and FSOs markets.

Leveraging on our core capabilities, Beng Kuang Group is well positioned globally to create new value propositions within the FPSOs and FSOs markets with our in-house asset integrity services as well as the supply of pedestal cranes and deck equipment. At the same time, we aim to leverage on our established 30-year track record in CP to expand our business presence in Asia.

Forging ahead with an innovative and operating mindset, Beng Kuang Group continues to strive to be the "Preferred Partner" in providing total solutions for the offshore and marine industries.

Our Core Business Divisions

1. Infrastructure Engineering ("IE")

Providing a wide range of engineering services including repairs and maintenance of floating production platforms, onshore and offshore marine fabrications; and the production and supply of customised pedestal cranes and deck equipment.

2. Corrosion Prevention ("CP")

Providing comprehensive corrosion protection services such as surface preparation and application of protective coatings as part of the marine and offshore energy sectors.

FINANCIAL HIGHLIGHTS

Attributable Profit / (Loss) (S$) ^ 116%

2023	3,424,266
2022	(21,829,471)
2021	(13,226,724)

Tangible Net Worth (S$) ^ 138%

2023	11,851,595
2022	4,975,818
2021	18,778,369

Basic Earnings Per Share ^ 116%
(In Singapore Cents)

2023	1.72
2022	(10.96)
2021	(8.72)

Nav Per Share ^ 56%
(In Singapore Cents)

2023	4.79
2022	3.08
2021	13.97

S$		2023	2022	2021
Operating Results				
Turnover		79,162,023	59,134,475	51,313,839
Profit/(loss) before tax		10,818,039	(5,547,964)	(1,227,380)
EBITDA		15,666,924	(13,548,167)	(5,227,511)
Attributable profit/(loss)		3,424,266	(21,829,471)	(13,226,724)
Financial Position				
Total assets		63,000,538	57,387,016	79,434,131
Total liabilities		(51,148,943)	(52,411,198)	(60,591,925)
Net debt		(1,954,869)	(15,478,503)	(18,203,097)
Tangible net worth		11,851,595	4,975,818	18,778,369
Net gearing ratio		16%	311%	97%
Per Share Data (In cents)				
Basic Earnings per Share	- Basic	1.72	(10.96)	(8.72)
	- Diluted	1.72	(10.96)	(8.72)
NAV per Share		4.79	3.08	13.98
Segment results				
TURNOVER				
Infrastructure Engineering		57,025,676	38,797,433	29,721,954
Corrosion Prevention		22,086,596	20,259,370	21,137,303
Others		49,751	77,672	2,172,135
PROFIT/(LOSS) FROM OPERATING SEGMENTS				
Infrastructure Engineering		15,459,144	4,109,905	438,763
Corrosion Prevention		1,606,092	2,325,541	6,408,839
Corporate Services		(5,331,784)	(5,735,264)	(3,163,220)
Others		(915,413)	(6,248,148)	(16,390,606)
CAPITAL EXPENDITURE				
Infrastructure Engineering		320,678	384,188	222,878
Corrosion Prevention		1,714,009	1,844,931	232,948
Corporate Services		316,034	501,473	282,993
Others		350,284	30,110	877,808

BKM V2.0

Anchored by our Two Core Business Units

- Infrastructure Engineering
- Corrosion Prevention

Goals / Value Propositions

1. STRATEGIC MARKET POSITIONING
2. VALUE-LED TRANSFORMATION
3. FINANCIAL RESILIENCY
4. ROBUST RISK MANAGEMENT
5. TALENT OPTIMISATION
6. ESG INTEGRATION

Key Focus Areas

- Enhance Core Capabilities & Entrenching Lead Market Position
- Building Fresh Capabilities & New Revenue Streams
- Develop and Incubate New Business & Ventures
- Strategic Partnerships
- Capex-light and Service-centric Model
- Talent Acquisition
- Improve Cost & Operating Efficiency

Building Sustainable Growth

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BENG KUANG GROUP 2.0

EXECUTIVE CHAIRMAN'S STATEMENTS

AS YOU MAY HAVE OBSERVED, THE PROMINENT USE OF "2.0" ON THE COVER PAGE OF OUR ANNUAL REPORT SIGNIFIES ENHANCEMENT AND IMPROVEMENT, WHICH APPROPRIATELY REFLECTS THE TRANSITION AND BUSINESS PERFORMANCE OF BENG KUANG GROUP OVER THE PAST 12 MONTHS, LEADING TO OUR TURNAROUND WITH NET PROFIT OF S$7.92 MILLION IN FY2023.

Dear Shareholders,

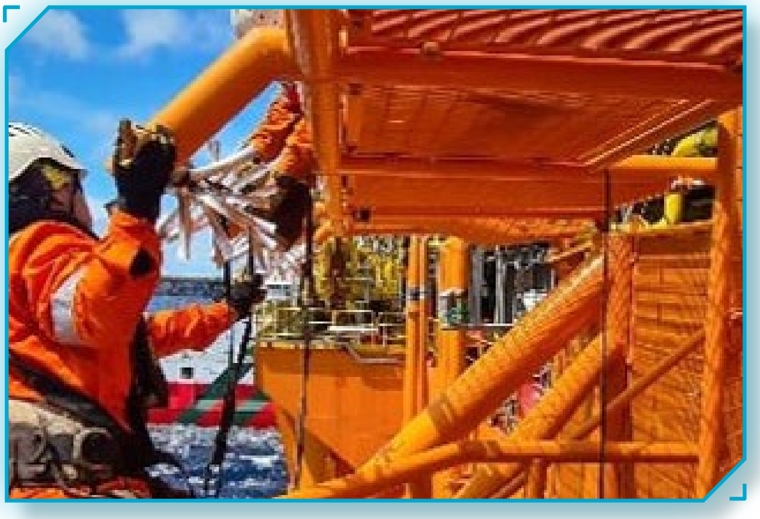
On behalf of the Board of Directors of Beng Kuang Marine Limited (together with its subsidiaries called Beng Kuang Group), I am pleased to present Beng Kuang Group's Annual Report for the financial period ended 31 December 2023 ("FY2023").

As you may have observed, the prominent use of "2.0" on the cover page of our annual report signifies enhancement and improvement, which appropriately reflects the transition and business performance of Beng Kuang Group over the past 12 months, leading to our turnaround with net profit of S$7.92 million in FY2023.

In recent years, we embarked on a journey of transformation that is guided by our strategic objectives for cost reduction, exiting loss-making business operations, deleveraging, monetising fixed assets, enhancing our business agility and expanding our presence in high-potential business segments.

Under the stewardship of our CEO, Mr. Yong Jiunn Run, the Group has made significant progress in our strategic objectives as well as a strategic pivot towards an asset-light and service-oriented business model that is anchored by our two core business divisions, IE and CP.

On the financial front, Beng Kuang Group's revenue increased 33.9% to S$79.16 million in FY2023, as compared to FY2022's revenue of S$59.13 million.



EXECUTIVE CHAIRMAN'S STATEMENTS

Notably, our two core business divisions delivered strong underlying performance in FY2023, particularly our IE has been charting an upward growth trajectory serving the FPSOs and FSOs market with repair and maintenance services globally.

Together with the revenue growth in FY2023, Beng Kuang Group's gross profit nearly doubled to S$24.91 million in FY2023 as gross profit margin improved to 31.5% from 21.2% in FY2022.

During FY2023, the Group announced partial land sales and asset disposals with an aggregate consideration of approximately S$22.5 million in cash as part of our monetisation and deleveraging initiatives.

As compared to the previous corresponding period, the Group's cash and cash equivalents increased significantly by 81.6% to S$12.19 million, while total borrowings reduced 36.3% to S$14.14 million as at 31 December 2023.

On an EBITDA basis, the Group achieved positive EBITDA of S$15.67 in FY2023, as compared to negative EBITDA of S$13.55 million.

More details of our financial and operating performance in FY2023 can be found in the FINANCIAL and OPERATIONS REVIEW section of this annual report.

Embracing Change, Accelerating Growth

Focusing on profitable business activities that leverages on our established competitive strengths and track record, Beng Kuang Group's business model has been streamlined to two core business divisions of IE and CP in recent years.

Our IE provides a wide range of engineering services including repairs and maintenance of floating production platforms, onshore and offshore marine fabrications; and the production and supply of customised pedestal cranes and deck equipment.

Under IE, the Group's 51%-owned subsidiary, Asian Sealand Offshore and Marine Pte Ltd ("ASOM"), specialises in asset integrity solutions for operating floating assets. ASOM has established itself as a proficient "one-stop" offshore in-situ turnkey solutions provider. ASOM is one of the market leaders that provides in-situ services onboard of FPSOs with a growing market presence. Globally, ASOM serve 24 FPSOs out of 186 FPSOs. Aiming to secure new contracts and build a larger customer base, ASOM has diversified its geographical scope of work from West Africa to South America and China as well as Southeast Asia.

In addition, the Group's subsidiary, International Offshore Equipments Pte Ltd ("IOE"), under IE has registered increased orders for pedestal cranes over the past few years. To build on this momentum, IOE has been actively targeting new customers in new geographical markets that includes India and Middle Eastern countries.

Under CP, Beng Kuang Group has grown to become one of the leading providers of corrosion prevention services in Singapore, serving a customer base of blue-chip clients in the marine and offshore industry. Revenue is largely recurring in nature and demand for our CP services continue to remain healthy in Singapore and Batam yards. In addition, we have ventured into the sale, leasing and rental activities of CP equipment across Southeast Asia to create new revenue streams.

As part of our monetisation and deleveraging initiatives, we announced two partial disposals of our Batam shipyard property for a total of approximately S$19 million in cash. With the completion of both partial land sales of its Batam shipyard property, the Group will still retain 137,986 square metres of the Batam shipyard property, which is approximately one-third of its original size. We continue to proactively explore initiatives to enhance the utilisation of our assets onsite and to monetise the remaining under-utilised property space via leasing activities.

Over the past years, we have also bolstered our liquidity position and financial foundation by embracing change. Going forward, we aim to accelerate our growth in high-growth sectors along the marine and offshore energy value chain through our two core business divisions, while enhancing operational efficiencies and asset utilisation rates.

A Note of Thanks and Appreciation

Our turnaround journey has not come easy and our progress so far is the result of the collective commitment and efforts of our management team and employees. As such, on behalf of the board, I would like to express my heartfelt gratitude for their confidence and trust in our business strategies.

On this note, I would also like to acknowledge my fellow directors for the continual commitment, guidance and counsel throughout the past year.

I would also like to take this opportunity to extend my gratitude to our shareholders, customers, bankers, suppliers, and business partners for their unwavering support and confidence in Beng Kuang Group.

As we look to the new year ahead, we expect to build on the positive business momentum under IE, focusing on growth opportunities within the marine and offshore energy market as well as geographical diversification. Given the geopolitical risks and uncertainties in the global economy, we are cautiously optimistic that this approach can unlock new opportunities for growth and differentiation in our targeted markets.

With Beng Kuang Group's 2.0 business model, we will continue to focus on improving profitability, strengthening our financial foundation and delivering sustainable growth for our stakeholders.

Thank you!

Mr. Chua Beng Yong
EXECUTIVE CHAIRMAN

FINANCIAL & OPERATIONS REVIEW

In recent years, the Group has undertaken various strategic initiatives to transition towards an asset-light and service-oriented business model with higher operational efficiency and strengthened balance sheet as below:

(i) Exiting and disposal of loss-making business operations that eliminated underperforming segments;

(ii) Proactive approach to cost management, productivity enhancement and efficient resource allocation;

(iii) Focus on monetising fixed assets and expansion of high-potential business segments to create new growth catalysts.

Combined with strong business drivers in 2H2023, the Group achieved a strong turnaround in FY2023 with net profit of S$7.92 million and here are some of the key financial highlights:

(i) Increased revenue contributions from the Group's IE and CP propelled the Group's revenue to increase 33.9% to S$79.16 million in FY2023 as compared to FY2022's S$59.13 million;

(ii) Gross profit nearly doubled with growth of 98.9% to S$24.91 million in FY2023 as gross profit margin improved to 31.5% from 21.2% in FY2022;

(iii) Generated positive EBITDA of S$15.67 million and generated net cash inflow from operating activities of S$5.95 million in FY2023;

(iv) As compared to the previous corresponding period, the Group's cash and cash equivalents increased significantly by 81.6% to S$12.19 million, while total borrowings reduced by 36.3% to S$14.14 million as at 31 December 2023.

Operations Review

GROUP

Revenue

The Group's revenue increased by 33.9% or S$20.03 million from S$59.13 million in FY2022 to S$79.16 million in FY2023, mainly driven by the strengthened performance of the core operating segments of IE and CP.

Infrastructure Engineering ("IE") Division

The Group's IE division experienced a significant revenue increase of 47.0%, amounting to S$18.22 million from S$38.80 million in FY2022 to S$57.02 million in FY2023. The key driver behind the growth was the successful expansion and penetration into the onshore and offshore energy value chain, particularly in oil and gas activities. The buoyant demand for Floating Production Storage and Offloading (FPSO) and Floating Storage and Offloading (FSO) services, including new building, contracting, and maintenance, contributed significantly to the division's increased revenue.

This transformation in the IE division played a crucial role in offsetting a decline in revenue of S$5.22 million associated with the strategic decision to cease steel fabrication activities in Singapore. Overall, the successful penetration allows the Group to focus on the energy value chain and exit non-performing operations.

Corrosion Prevention ("CP") Division

Revenue from our CP division increased by 9.0% or S$1.83 million from S$20.26 million in FY2022 to S$22.09 million in FY2023 as the Group expanded its scope of services for Singapore and Batam to include rental of equipment and corrosion prevention of offshore wind farm projects.

Cost of Sales

In the financial year ending on 31 December 2023, the Group experienced a 16.4% increase in the cost of sales from Continuing Operations, reaching S$54.25 million. Despite this, the Gross Profit exhibited a substantial increase of S$12.39 million, totalling S$24.91 million for the same period in FY2023 due to stronger business momentum from IE in 2H2023.

Additionally, there was a notable reduction in depreciation expenses, decreasing by S$1.37 million to S$3.05 million in FY2023 compared to S$4.42 million in FY2022 due to the transition to an asset-light model. Overall, these financial indicators reflect effective cost management and improved profitability for the Group during the year.

Other (Losses) / Gains

The Group reported Other Gains amounting to S$4.37 million in FY2023, a reversal from the Other Losses of S$2.08 million in FY2022. This positive shift was primarily driven by a one-off gain of S$5.40 million resulting from the disposal of assets held-for-sale during FY2023. Additionally, there was a write-off of S$1.24 million on credit loss for contract assets related to the discontinuation of berthing and repair services operated out of the Batam yard.

During FY2022, the Company incurred a financial guarantee expense of S$2.0 million relating to the corporate guarantee provided to UOB under the discontinued Cattle Line Two Pte Ltd. ("CLT") This was paid and redeemed from the sale of the CLT vessels which were the subject of liquidation and winding up by the Official Receiver in FY2023.

Administrative Expenses

The increase in the Group's administrative expenses for FY2023 was attributable to higher salaries, bonuses and other personnel-related expenses in tandem with the improved performance and business expansion.

Finance Cost

Despite the reduction in bank borrowings through deleveraging initiatives, the interest expense on borrowings from Continuing Operations increased by 6.0%, equivalent to S$102,000. The interest expense increased from S$1.70 million in FY2022 to S$1.80 million in FY2023, primarily attributed to a higher interest rate environment.

Ebitda

The Group generated a positive EBITDA of S$15.67 million for FY2023, primarily due to the turnaround of business operations from net loss to net profit.

Profit Attributable to Owners of the Company

The Group registered a stronger operating performance in FY2023 coupled with Other Gains resulting in a turnaround to net profit attributable to shareholders of S$3.42 million in FY2023, as compared to a net loss on Continuing Operations attributable to shareholders of S$8.63 million in FY2022 respectively. The improved performance for FY2023 was mainly due to: -

(i) improved and positive contributions from IE and CP activities.

(ii) Other Gains from the disposal of asset held-for-sale of S$6.26 million upon completion of the sale of 100,970 square metres of land forming part of the Group's 328,956 square metre waterfront fabrication yard in Batam, Indonesia on 20 December 2023.

(iii) Strategic initiatives undertaken to exit and disposal of loss-making business operations. This eliminated underperforming segments and optimised the overall business portfolio, improving the Group's financial health and operational efficiency.

Cashflow Statement

There was a net cash inflow generated from operating activities of S$4.15 million in FY2023.

Net cash inflow generated from investing activities was S$12.13 million in FY2023 mainly due to the proceeds on completion of the sale of 100,970 square metres of land; and proceeds from disposal for one 1,700hp tugboat.

Net cash used in financing activities was S$10.42 million in FY2023. This was mainly due to S$7.35 million net repayment of bank loans; S$1.23 million on payment of lease liabilities; S$0.76 million on bills payable; and S$1.0 million on profit-making subsidiary declaring and issuing dividends to non-controlling interests.

As a result of the above, the Group registered a net increase in cash and cash equivalent of approximately S$5.85 million for FY2023.

Assets and Liabilities

Non-current assets

The Group's non-current assets decreased by S$8.16 million to S$14.18 million as at 31 December 2023 due mainly to the following: -

(i) Reclassification of Assets held-for-sale of S$6.10 million from the partial disposal of 90,000 square metres and 100,970 square metres of waterfront land in Batam, Indonesia; and the second tugboat.

(ii) disposal of S$0.96 million on a tugboat; and

(iii) depreciation expenses of S$3.05 million.

(iv) additional capital expenditure for S$2.70 million on tools & equipment; computers; motor vehicles and right-of-use assets acquired under leasing arrangement.

Current assets

The Group's current assets increased by S$13.78 million to S$48.82 million as at 31 December 2023, which was mainly due to the following:-

(i) reclassification of non-current assets classified as held-for-sale on the proposed partial disposal of 90,000 square metres of land of the waterfront yard in Batam and a tugboat amounting to $2.74 million;

(ii) sale proceeds of S$9.61 million from the disposal of 100,970 square metres waterfront yard in Batam, Indonesia;

(iii) inventories decreased by S$1.44 million due to provision for stock obsolescence S$0.86 million; and

(iv) trade receivables and contract assets increased by S$4.24 million and S$2.77 million respectively in tandem with the increase in business activities for the year ended 31 December 2023.

Current liabilities

The Group's current liabilities marginally changed to S$47.49 million as at 31 December 2023, as compared to S$47.41 as at 31 December 2022. This was due to reduction in borrowings by S$4.60 million, which stood at S$12.60 million as at 31 December 2023 (S$17.20 million as at 31 December 2022). Conversely, trade and other payables increased by S$3.82 million due to increased business activities for FY2023.

Net current assets

As of 31 December 2023, the Group reported net current assets of S$1.33 million, a significant reversal from net current liabilities of S$12.37 million recorded on 31 December 2022. This turnaround was attributed to the monetisation of non-current assets and enhanced business performance during the financial year 2023.

Non-current liabilities

The Group's non-current liabilities decreased from S$5.00 million as at 31 December 2022 to S$3.66 million as at 31 December 2023 primarily due to:-

(i) Bond which will be maturing on 5 November 2024, being reclassified to current liabilities; and

(ii) Offset by extension of repayment terms to more than one year in relation to liabilities owed to certain non-related creditors.

COMPANY

Non-current assets

The Company's non-current assets decreased by S$0.58 million to S$4.97 million as at 31 December 2023. The decrease was due to S$0.52 million impairment charge on the investments of two dormant subsidiaries where the recoverable amount of the subsidiaries was lower than the cost of investment.

Current assets

The Company's current assets decreased by S$12.28 million to S$30.81 million as at 31 December 2023, which was mainly due to the reduction of S$16.65 million in trade and other receivables from subsidiary corporations.

Current liabilities

The Company's current liabilities decreased by S$8.70 million to S$33.08 million as at 31 December 2023 mainly due to: -

(i) Trade and other payables to subsidiary corporations decreased by S$8.15 million.

(ii) borrowings decreased by S$0.55 million

Non-current liabilities

The Company's non-current liabilities decreased by S$3.70 million to S$0.26 million as at 31 December 2023 due to Bond which will be maturing on 5 November 2024, being reclassified to current liabilities.

Blasting

Painting

BOARD OF DIRECTORS

Mr. Chua Beng Yong

EXECUTIVE CHAIRMAN

Mr. Chua Beng Yong is our Executive Chairman since 3 January 2022 and one of our founders. He was first appointed Director on 10 May 2021 and was last re-elected on 27 April 2022. As Executive Chairman, he is primarily in charge of the overall management, including developing and steering corporate plans, business directions and strategies for the Group. Mr. Chua has more than 30 years of experience in the marine, offshore, oil and gas industries.

Mr. Chua Meng Hua

EXECUTIVE DIRECTOR

Mr. Chua Meng Hua is our Executive Director and one of our founders. He was first appointed Director on 8 January 1994 and last re-elected on 27 April 2023. He oversees the overall administrative, safety and operational systems, including developing and steering plans, and directions for the Group. He has more than 30 years of experience in the marine industry.

Mr. Low Wee Siong

- LEAD INDEPENDENT DIRECTOR
- CHAIRMAN, AUDIT COMMITTEE
- MEMBER, REMUNERATION COMMITTEE
- MEMBER, NOMINATING COMMITTEE

Mr. Low Wee Siong was first appointed as our Group's Independent Director on 19 May 2017 and last re-elected on 27 April 2022. Mr. Low is currently in legal practice as a Partner with WongPartnership LLP. His main areas of practice are mergers and acquisitions and corporate finance.

Mr. Low has been regularly recognised as a recommended lawyer in The Legal 500: Asia Pacific – The Client's Guide to the Asia Pacific Legal Profession rankings for Capital Markets and Banking and Finance. He holds a Master of Laws from King's College London, a Bachelor of Laws from the National University of Singapore and a Bachelor of Accountancy from Nanyang Technological University. He is an advocate and solicitor of the Supreme Court of Singapore, a solicitor on the Roll of Solicitors of England and Wales and a Chartered Accountant of Singapore. He is also accredited as a Senior Accredited Director by the Singapore Institute of Directors.

BOARD OF DIRECTORS

Mr. Lum Kin Wah

- INDEPENDENT DIRECTOR
- CHAIRMAN, REMUNERATION COMMITTEE
- MEMBER, AUDIT COMMITTEE
- MEMBER, NOMINATING COMMITTEE

Mr. Lum Kin Wah was first appointed as our Independent Director on 9 May 2019 and was last re-elected on 27 April 2022.

He has more than 40 years of experience in the maritime industry in various roles ranging from an apprentice to general manager and director in companies including Keppel Shipyard subsidiaries, PT Pan-United Shipyard Indonesia and PT Batamec Shipyard (subsidiary of OTTO Marine Limited). He was also the managing director of Nexus Engineering Pte Ltd (subsidiary of Labroy Marine Limited).

Mr. Lum holds a Bachelor of Science (First class Honours) degree from University of Strathclyde Glasgow, Scotland. He is a Chartered Engineer registered in the UK and a member of the Society of Naval Architects and Marine Engineers in Singapore.

Mr. Yee Chia Hsing

- INDEPENDENT DIRECTOR
- CHAIRMAN, NOMINATING COMMITTEE
- MEMBER, AUDIT COMMITTEE
- MEMBER, REMUNERATION COMMITTEE

Mr Yee Chia Hsing was first appointed as our Independent Director on 10 July 2023. Mr Yee, a First-Class Honours graduate in Accountancy from Nanyang Technological University Singapore, has significant experience in corporate finance, capital markets and management.

Mr Yee has more than 20 years of experience in the banking and finance industry. After his banking career, he went on to head a health supplements division of a SGX listed company, before taking on the Executive Director/ CEO role in another SGX listed company with hospitality assets.

Mr Yee is currently the Lead Independent Director of First Sponsor Group Limited, a Member of the Audit Committee of Ren Ci Hospital (non-director role) and Independent Director of Zhongmin Baihui Retail Group Ltd. Mr Yee also served as a Member of Parliament of Chua Chu Kang GRC ("Nanyang division") from 2015 to 2020.

KEY EXECUTIVES

Mr. Yong Jiunn Run

CHIEF EXECUTIVE OFFICER

Mr. Yong Jiunn Run was appointed on 2 June 2021 as our Chief Executive Officer. His responsibilities include making major corporate decisions, developing and steering corporate plans, implement business directions and strategies for the Group.

He was CEO of CIMB Group Commercial Banking, Senior MD of CIMB Commercial Banking Singapore and director of CIMB Cambodia PLC. Prior to CIMB, he was formerly the Business Head for Global Enterprise Banking at OCBC. He has more than 30 years of experience in corporate and commercial banking having started his career in BNP Paribas.

Mr. Chua Beng Hock

CHIEF OPERATING OFFICER

Mr. Chua Beng Hock is our Chief Operating Officer and one of the founders. He is assisting the Group's Chief Executive Officer to formulate the group's strategic initiatives and enhance operational efficiency within our business units, thereby creating more growth momentum, overseeing the group's business divisions including developing and steering plans, directions in the marketing, business development and operations aspects.

Mr. Lee Wei Liang

CHIEF FINANCIAL OFFICER

Mr. Lee Wei Liang is our Chief Financial Officer and has overall responsibility on all financial related matters of the Group. He joined the Group as Finance Manager in 2000 and was promoted as Chief Financial Officer in 2012. Prior to joining the Group, his services were rendered to Bob Low and Company as an Audit Assistant to Audit Senior from 1998 to 2000. He obtained a Bachelor of Accountancy from Queensland University of Technology in 1999.

CORPORATE STRUCTURE

Infrastructure Engineering

- Shipbuilding / Conversion
- Offshore Construction
- Turnkey Projects
- Sandwich Plate System (SPS) License
- Offshore Asset Integrity Management
- Project Management Services
- Supply of Deck Equipment
- Rental of Industrial Equipment & Machinery

100% PT. Nexus Engineering Indonesia
100% MTM Engineering Pte Ltd
100% PT. Master Indonesia
51% Asian Sealand Offshore and Marine Pte Ltd
- 51% ASIC Engineering Sdn Bhd
- 51% PBT Engineering Resources Pte Ltd

51% International Offshore Equipments Pte Ltd
- 51% International Offshore Equipment Canada Inc.

51% Venture Automation & Electrical Engineering Pte Ltd

Corrosion Prevention

- Abrasive & Non-Abrasive Blasting
- Paint Application
- Rental of Machineries and Equipment
- Shop Blasting & Painting
- Thermal Spray Coating
- Personal Protective Equipment
- Blasting Equipment & Accessories
- Welding Equipment & Accessories
- Painting Equipment & Accessories
- Other General Hardware Products

100% Beng Kuang Marine (B&Chew) Pte Ltd
100% Beng Kuang Marine (B&M) Pte Ltd
100% B & K Marine Pte Ltd
100% OneHub Tank Coating Pte Ltd
100% PT. Nexelite CP Indonesia
100% Nexus Sealand Trading Pte Ltd
80% Nexus Hydrotech Pte Ltd
51% Pangco Pte Ltd
- 51% PT. Berger Batam

Others

- Vessel owning
- Freight services

100% Quill Marine Pte Ltd
100% Drako Shipping Pte Ltd
100% PT. Marina Shipping
82% Water & Environmental Technologies (WET) Pte Ltd

CORPORATE INFORMATION

Board of Directors

MR. CHUA BENG YONG
Executive Chairman

MR. CHUA MENG HUA
Executive Director

MR. LOW WEE SIONG
Lead Independent Director

MR. LUM KIN WAH
Independent Director

MR. YEE CHIA HSING
Independent Director

Audit Committee

MR. LOW WEE SIONG
Chairman

MR. LUM KIN WAH
MR. YEE CHIA HSING

Remuneration Committee

MR. LUM KIN WAH
Chairman

MR. LOW WEE SIONG
MR. YEE CHIA HSING

Nominating Committee

MR. YEE CHIA HSING
Chairman

MR. LOW WEE SIONG
MR. LUM KIN WAH

Registered Office

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Tel: (65) 6266 0010
Fax: (65) 6264 0010
Email: bkm@bkmgroup.com.sg
Website: www.bkmgroup.com.sg

Company Secretary

MS. SHARON LIM SIEW CHOO

Auditor

CLA GLOBAL TS PUBLIC ACCOUNTING CORPORATION
80 Robinson Road #25-00,
Singapore 068898
Engagement Partner: Mr Loh Ji Kin

Bankers

UNITED OVERSEAS BANK LIMITED
DBS BANK LIMITED
OVERSEA-CHINESE BANKING CORPORATION LIMITED
HONGKONG AND SHANGHAI BANKING CORPORATION LIMITED
RHB BANK BERHAD
VALIDUS CAPITAL PTE. LTD.
HUBBLE PTE LTD

Registrar and the Share Transfer Office

B.A.C.S PRIVATE LIMITED
77 Robinson Road, #06-03 Robinson 77,
Singapore 068896
Tel: (65) 6593 4848

Investor Relations

8PR ASIA PTE LTD
MR. ALEX TAN
Email: alex.tan@8prasia.com

FINANCIAL CONTENTS

REPORT OF CORPORATE GOVERNANCE

The Board of Directors (the "**Board**") of Beng Kuang Marine Limited (the "**Company**") is committed to maintaining a high standard of corporate governance within the Company and its subsidiaries ("the **Group**") to safeguard the interest of the Company's shareholders and to enhance corporate value and accountability. This Report of Corporate Governance describes the Company's corporate governance practices and activities with specific reference to the Code of Corporate Governance 2018 (the "**Code**").

The Company is pleased to report that for the financial year ended 31 December ("**FY**") 2023, the Group has generally adhered to the principles and provisions as set out in the Code and except for the following provisions where there are deviations from the Code and appropriate explanations have been provided:

(a) Provision 5.2 – Disclosure of assessment of Board and Board Committees
(b) Provision 7.2 – Remuneration of Non-Executive Directors
(c) Provision 7.3 – Remuneration of Directors
(d) Provisions 8.1 & 8.2 – Disclosure of remuneration details
(e) Provision 9.1 – Risk management
(f) Provision 11.2 – Separate resolutions at general meetings
(g) Provision 12.1 – Communication with shareholders
(h) Provision 12.2 – Investor relations policy

Board Matters

THE BOARD'S CONDUCT OF AFFAIRS

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

Provision 1.1

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

The Board is entrusted with the responsibility of the overall management of the business and corporate affairs of the Group. Every Director is expected, in the course of carrying out his duties, to act in good faith and to consider at all times the interests of the Company.

The principal functions of the Board are to: -

(a) approve the Group's key business strategies and financial objectives, including the review of annual budgets, major investments / divestments, and funding proposals;

(b) oversee the processes for evaluating the adequacy of internal controls, risk management, financial reporting and compliance;

(c) review and monitor the Management performance;

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

(e) approval of interested person transactions.

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The Company has in place a code of conduct and ethics for the Board and employees of the Group to ensure that they conduct themselves with high standards of integrity that are in compliance with laws and regulations of the jurisdictions in which it operates.

Any Director facing an actual, potential or perceived conflict of interest in relation to any matter will declare such interest and will recuse himself from participating in discussions and abstain from making any decisions or voting on resolutions regarding the matter.

Provision 1.2

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

To gain a better understanding of the Group's business, the Directors are welcomed and encouraged to request further explanations, briefings or informal discussions on any aspects of the Company's operations or business issues from the Management. The Chairman and Executive Director will make the necessary arrangements for the briefings, informal discussions or explanations required by the Director.

Any new Director who has no prior experience as a director of an issuer listed on Singapore Exchange Securities Trading Limited ("**SGX-ST**"), shall undergo mandatory training in the roles and responsibilities of a director as prescribed by SGX-ST. In addition, newly appointed Directors will undergo an orientation program and will be provided with materials to help them familiarise themselves with the business, organization structure and governance practices of the Group. Newly appointed Directors will also be provided with a formal letter setting out their duties and obligations.

Where necessary, the Directors will be updated on the latest governance and listing policies that are relevant to the Group to enable them to make well-informed decisions and to ensure that the Directors are competent in carrying out their expected roles and responsibilities. All Directors are also updated regularly concerning any changes in Company policies.

The Directors are also encouraged to keep themselves updated on changes to the financial, legal and regulatory requirements or framework and the business environment through reading relevant literature, and may attend appropriate courses, conferences and seminars conducted by bodies such as the SGX-ST and Singapore Institute of Directors, at the Company's expense. During FY2023, the Directors attended the virtual training on Climate Reporting Fundamentals organised by SGXRegco (Trainer from Ernest and Young LLP) to help Listed Companies to better meet the SGX Climate Reporting Requirement based on the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD).

Provision 1.3

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

Matters that specifically require the Board's decision or approval are those involving, but not limited to: -

- Corporate strategy and business plans;
- Material investment and divestment proposals;
- Funding decisions of the Group;
- Nominations of Directors and appointment of key personnel;
- Announcement of financial results, the annual report and accounts;
- Material acquisitions and disposal of assets and material expenditures; and
- All matters of strategic importance.

REPORT OF CORPORATE GOVERNANCE

Provision 1.4

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

Board Committees, namely the Audit Committee ("**AC**"), the Nominating Committee ("**NC**") and the Remuneration Committee ("**RC**"), have been established to assist the Board in the discharge of specific responsibilities. These committees are chaired by Independent Directors and operate within clearly defined terms of reference and functional procedures. The composition, principal functions and roles of the AC, NC and RC are disclosed under various provisions of this Annual Report.

While these Board Committees are delegated with certain responsibilities, the ultimate responsibility for the final decision lies with the entire Board.

Provision 1.5

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

The Board conducts regular scheduled meetings on a quarterly basis and where the circumstances require, ad hoc meetings are arranged. Attendance of the Directors via telephone conference is allowed under the Company's Constitution. The Board may also make decisions by way of circulating resolutions in writing. The number of Board and Board committees' meetings held and attended by each Director during FY2023 are as follows: -

NAME	BOARD MEETING		AUDIT COMMITTEE		REMUNERATION COMMITTEE		NOMINATING COMMITTEE	
	NO. OF MEETINGS		NO. OF MEETINGS		NO. OF MEETINGS		NO. OF MEETINGS	
	HELD	ATTENDED	HELD	ATTENDED	HELD	ATTENDED	HELD	ATTENDED
Chua Beng Yong	4	4	–	–	–	–	–	–
Chua Meng Hua	4	4	–	–	–	–	–	–
Low Wee Siong	4	4	4	4	1	1	1	1
Goh Chee Wee[1]	4	2	4	2	1	1	1	1
Lum Kin Wah	4	4	4	4	1	1	1	1
Yee Chia Hsing[2]	4	2	4	2	1	0	1	0

1 Mr. Goh Chee Wee retired as Independent Director of the Company on 27 April 2023.
2 Mr. Yee Chia Hsing was appointed as Independent Director of the Company on 10 July 2023.

Notwithstanding that some of the Directors have multiple board representations, the Board is satisfied that each Director is able to and has been adequately carrying out his duties as a Director of the Company. The NC has also taken into consideration the other principal commitments of the Directors in deciding if the Directors are able to and have adequately carried out their duties. As such, the Board does not propose to set a limit on the number of listed company board representations which Directors may hold until such need arises.

REPORT OF CORPORATE GOVERNANCE

Provision 1.6

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

The Company makes available to all Directors information about the Group, the Group's management accounts, as well as the relevant background or explanatory information relating to matters that are to be discussed at the Board and Board Committee meetings. Detailed board papers are sent out to the Directors before the scheduled meetings so that the Directors may be informed of the issues before hand and have sufficient time to formulate questions that they may have.

In respect of budgets, any material variance between the forecasts and actual results is reviewed by the Board and disclosed and explained by Management, where required by the Board. The Directors are entitled to request from the management and should be provided with such additional information as needed to make informed decisions and the management shall provide the same in a timely manner.

Provision 1.7

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

The Directors have also been provided with the contact details of the Company's Senior Management and Company Secretary to facilitate separate and independent access.

The Company Secretary and/or his/her representatives attend Board meetings and together with the Senior Management, assist the Board in ensuring that the Company complies with the relevant requirements of the Companies Act 1967, and the provisions in the Listing Manual of the SGX-ST. The appointment and removal of the Company Secretary is a matter for the Board as a whole to decide.

Each Director has the right to seek independent legal and other professional advice, at the Company's expense, concerning any aspect of the Group's operations or undertakings in order to fulfill his duties and responsibilities as a Director.

REPORT OF CORPORATE GOVERNANCE

Board Composition and Guidance

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

Provision 2.1

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

(i) As at the date of this Annual Report, the Board comprises five members, being three Independent Directors and two Executive Directors as follows: -.

Executive Directors	
Chua Beng Yong	(Executive Chairman)
Chua Meng Hua	(Executive Director)
Independent Directors	
Low Wee Siong	(Lead Independent Director)
Lum Kin Wah	(Independent Director)
Yee Chia Hsing	(Independent Director)

As the Independent Directors make up majority of the Board, there is a strong independent element on the Board, thereby allowing it to exercise objective judgment on all matters independently from the Management.

(ii) The independence of each Director is reviewed annually and as and when circumstances require, by the NC, based on the provisions set forth in the Code and the Mainboard Rules to ensure that the Board consists of persons who, together, will provide core competencies and independent business judgments and perspectives necessary to meet the Company's objectives. The NC is of the view that the Independent Directors, namely Mr. Low Wee Siong, Mr. Lum Kin Wah and Mr. Yee Chia Hsing are independent in character and judgment, and that there are no relationships or circumstances which are likely to affect, or could appear to affect, their judgment. None of the Independent Directors has served the Company for more than nine (9) years from his date of first appointment to the Board.

Provision 2.2

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

Provision 2.3

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

The Company endeavours to maintain a strong and independent element on the Board. As at the date of this Annual Report, the Board has three Independent Directors representing majority of the Board.

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The Board, through the NC, has examined its size and composition and is of the view that the present composition of the Board demonstrates independence and is appropriate for effective decision making. To address the issue of independence, the Board has put in place a Lead Independent Director, Mr. Low Wee Siong, who is available to shareholders where they have concerns. The Board is of the view that the Independent Directors demonstrate a strong level of independence and judgement in discharging their duties and responsibilities as independent directors of the Company with the utmost commitment in upholding the interest of the non-controlling shareholders. They have expressed individual and independent viewpoints, debated issues, and objectively scrutinized and challenged the Management. All major decisions made at the Board are unanimous and the Independent Directors have not been out-voted.

As at the date of this Annual Report, the Board had three Non-Executive Independent directors representing majority of the Board.

Provision 2.4

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

The NC is satisfied that the Board consists of persons who, together, will provide core competencies necessary to meet the Company's objectives. It is also of the view that the current Board size of five Directors is appropriate for effective decision making, taking into account the scope and nature of the Company's business. The NC is of the view that no individual or small group of individuals dominates the Board's decision-making processes.

Following the introduction of Rule 710A of the Mainboard Rule effective from 1 January 2022, the Board has approved and adopted the board diversity policy of the Company on 10 April 2023 (the "**Board Diversity Policy**") to achieve balance, diverse and equitable environment to maximise its effectiveness. Under the Board Diversity Policy, the Board diversity will be considered from several perspectives, including but not limited to balance of skills, knowledge, professional experience, educational background, gender, age, nationalities, cultural background, independence, length of service and other aspects of diversity that support the Company in carrying out its strategic and business objectives, and its sustainable development. In reviewing the Board composition, the NC will have regard to, amongst others, the diversity of skills, experience, gender and knowledge of the Directors, the core competencies of the Directors as a group, the scope and nature of the operations and requirements of the Company's business.

The Company has set measurable objective or targets, which are broadly categorised into "Gender", "Skills & Experience", and "Age & Tenure". The tentative timelines for achieving the targets and progress towards achieving the targets by 31 December 2032.

In relation to Gender diversity, while the Company is of the view that its current composition of the Board facilitates effective decision-making, the Board welcomes the selection of female candidates for director appointments and endeavours to have female representation on the Board in future changes in the Board composition by searching for and interviewing female candidates when the Company is next in need of a director. The Company opines that having gender diversity allows for different approaches, respect and tolerance and perspectives to be considered by the Board in its deliberations and is in the process working towards this target.

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For Skills & Experience, the current Board has met this target for the financial year ended 31 December 2023 which consists of Directors who, as a group, comprise seasoned professionals with qualifications and extensive experience in the marine and offshore engineering industry, top management personnel of listed companies, corporate finance and law. The skills and experience of the current Board provide effective guidance and oversight of Management and the Group's operating businesses and diverse portfolio of investments. The profile of each of the Directors is disclosed in the "Board of Directors" section of this Annual Report.

For Age & Tenure, the current Board has met this target for the financial year ended 31 December 2023. Two of the five members of the current Board is below 60 years of age, and at least one independent member of the current Board is represented in each of the two tenure ranges identified in the Board diversity policy. As such, the Board renewal process is phased to ensure that the Company has a group of independent Directors whose ages and tenures span across different categories. This age diversity would facilitate knowledge continuity about the Company and the Group.

The Board currently has 5 Directors of which 3 Directors, being the majority, are independent directors. The Company is cognisant of the need for board diversity to provide the appropriate mix balance and mix of skills, knowledge and experience to facilitate effective decision making and constructive debate, and has since 2017 refreshed the Board with new independent directors with an eye on and to increase board diversity, taking into account constantly evolving business and industry conditions.

Further, the current independent directors have varied qualifications and expertise in the areas of finance, accounting, law, business management and industry knowledge.

In light of the diversified background, experience and professional qualifications of the independent directors and taking into consideration the nature and scale of the Group's business as well as the constantly evolving nature of business and industry conditions, the Board and nominating committee are of the view that the current Board composition is sufficiently diverse to facilitate effective decision making and constructive debate and avoid groupthink. The Company's practices are consistent with the intent of Principle 2.

Provision 2.5

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

All Non-Executive Directors, led by the Lead Independent Director, meet regularly with the Executive Directors and management to develop strategies for the Group, review the performance of management, assess remuneration and discuss corporate governance matters based on their professional knowledge and experience. They constructively challenge and help develop directions on strategy and review the performance of the management in achieving agreed targets and objectives.

Where warranted, the Independent Non-Executive Directors meet for discussions on the Group's affairs before the Board meetings in the absence of management. The Lead Independent Director provides feedback to the Chairman and the CEO after such discussions or meetings as appropriate.

REPORT OF CORPORATE GOVERNANCE

Chairman and Chief Executive Officer

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

Provision 3.1

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

The Company keeps the posts of Chairman and CEO separate. There is a clear division of responsibilities between the Chairman and the CEO, which will ensure a balance of power and authority. Keeping the two posts separate will also ensure increased accountability and greater capacity of the Board for decision-making.

Mr. Chua Beng Yong, Executive Chairman of the Company and Mr. Yong Jiunn Run, CEO of the Company are not related to each other.

Provision 3.2

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

The CEO, Mr. Yong Jiunn Run, with the team of key executive officers, is responsible for the day to day management of the Group's operations.

The Executive Chairman, Mr. Chua Beng Yong is primarily responsible for the effective workings of the Board. He works together with the CEO in scheduling of meetings (with the assistance of the Company Secretary) to enable the Board to perform its duties responsibly while not interfering with the flow of the Group's operations. The Chairman and the CEO (with the assistance of the Company Secretary) also prepare the meeting agenda in consultation with the Directors.

The Chairman and the CEO also exercise control over quality, quantity and timeliness of the flow of information between the Management and the Board and assist in ensuring the Group's compliance with the Code.

Provision 3.3

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

To promote a high standard of corporate governance, Mr. Low Wee Siong is the Lead Independent Director of the Company, who is available to shareholders where they have concerns and for which contact through the normal channels of the Chairman and CEO or the Chief Financial Officer has failed to resolve or is inappropriate. He act as a counter-balance in the decision-making process and contribute a balanced viewpoint to the Board.

Where necessary, the independent directors may meet without the presence of the other executive directors and the lead independent director shall provide feedback to the Chairman after such meetings.

REPORT OF CORPORATE GOVERNANCE

Board Membership

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

Provision 4.1

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

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

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

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

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

The NC has been established with written terms of reference and as at the date of this Annual Report comprises three Independent Directors.

The main terms of reference of the NC are as follows: -

- To review nominations for the appointment and re-appointment to the Board and the various Board committees;
- To decide on the evaluation criteria of the Board, propose an objective performance criteria to assess effectiveness of the Board as a whole and the contribution of each Director;
- To decide whether a Director is able to and has been adequately carrying out his duties as Director of the Company (in a case where the Director has multiple board representations);
- To ensure that Directors submit themselves for re-nomination and re-election at regular intervals and at least once in every three years; and
- To determine, on an annual basis, whether a Director is independent.

Key information regarding the Directors is set out under "Board of Directors" section of this Annual Report.

Provision 4.2

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

As at the date of this Annual Report, the members of NC are: -

Yee Chia Hsing	(Chairman, Independent Director)
Low Wee Siong	(Member, Lead Independent Director)
Lum Kin Wah	(Member, Independent Director)

The NC comprises entirely independent directors and the Company's Lead Independent Non-Executive Director is a member of the NC. The Chairman of the NC is independent and not associated with any substantial shareholder of the Company. The NC holds at least one meeting in each financial year. Ad hoc meetings are held as and when necessary.

REPORT OF CORPORATE GOVERNANCE

Provision 4.3

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

The NC is responsible for the re-nomination of the Directors. Regulation 107 of the Company's Constitution requires one-third of the Directors to retire from office at least once in every three years at the Company's AGM. Retiring Directors are eligible to offer themselves for re-election pursuant to Regulation 109.

The NC assesses and recommends to the Board whether retiring directors are suitable for re-election. The NC, in considering the re-appointment of a director, evaluates such director's contributions in terms of experience, business perspective and attendance at meetings of the Board and/or Board Committees and pro-activeness of participation in meetings. Each member of the NC shall abstain from recommending his own re-election. The NC has recommended to the Board that Mr. Chua Beng Yong and Mr. Lum Kin Wah be nominated for re-election at the forthcoming AGM pursuant to Regulation 107 of the Company's Constitution. In making the recommendations, the NC had considered the Directors' overall contributions and performance.

Mr. Chua Beng Yong will, if re-elected as Director of the Company, continue to serve as the Executive Chairman of the Company. Mr. Lum Kin Wah will, upon re-election as a Director, remain as Independent Director of the Company and the Chairman of the Remuneration Committee and a member of the Audit Committee and Nominating Committee of the Company. He is considered by the Board to be independent for the purposes of Rule 704(8) of the Listing Manual of the SGX-ST. Please refer to the "Information on Directors seeking Re-election" section of this Annual Report for the detailed information required pursuant to Rule 720(6) of the Listing Manual of the SGX-ST.

Pursuant to Regulation 117 of the Company's Constitution, any new Director so appointed by the Directors shall hold office until the next annual general meeting of the Company and shall be eligible for re-election. The NC has recommended to the Board that Mr. Yee Chia Hsing be nominated for re-election at the forthcoming AGM pursuant to Regulation 117 of the Company's Constitution. Mr. Yee Chia Hsing will, upon re-election as a Director, remain as an Independent Director of the Company and Chairman of the Nominating Committee and a member of the Audit Committee and Remuneration Committee of the Company. He is considered by the Board to be independent for the purposes of Rule 704(8) of the Listing Manual of the SGX-ST.

The NC will determine the criteria for the appointment of new Directors. When a vacancy exists, through whatever cause, or where it is considered that the Board would benefit from the services of a new director with particular skills and knowledge, the NC, in consultation with the Board, determines the selection criteria for the position based on the skills and knowledge deemed necessary for the Board to best carry out its responsibilities. Candidates may be suggested by directors or management or sourced from external sources. The NC will interview the candidates and assess them based on objective criteria approved by the Board such as integrity, independent mindedness, possession of the relevant skills required or skills needed to complement the existing Board members, ability to commit the time and effort to carry out his responsibilities, good decision-making track record, relevant experience and financial literacy. The NC will make a recommendation to the Board on the appointment. The Board then appoints the most suitable candidate who must stand for election at the next AGM of shareholders.

REPORT OF CORPORATE GOVERNANCE

Provision 4.4

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

The NC meets at least once a year. The NC is responsible for determining annually the independence of each independent director, taking into consideration the circumstances set forth in the Mainboard Rules and the Code. The relevant factors are set out under Principle 2 of the Code above.

The independent directors have confirmed that they do not have any relationship with the Company or its related corporations, its substantial shareholders or its officers that could interfere, or be reasonably perceived to interfere, with the exercise of the directors' independent business judgement with a view to the best interests of the Company.

Provision 4.5

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

Newly appointed directors are given briefings by the management on the business activities and strategic direction of the Group. There are also induction or orientation programmes to familiarise them with the Group's operations and the roles and responsibilities of a director of a listed company in Singapore. They are also provided with a formal letter setting out their duties and obligations. Where appropriate and for first-time directors with no prior experience as a director of a listed company in Singapore, the Company will arrange for them to attend training courses organised by the Singapore Institute of Directors or other professional training institutions as appropriate so as to equip them to discharge their duties effectively. In addition, the responsibilities of a Director are clearly delineated in their appointment letter or service agreement (as the case may be).

All Directors declare their board memberships and principal commitments as and when practicable. The details of the listed company directorships and principal commitments of the Board members are set out in pages 8 to 9 of this Annual Report.

The NC has assessed and is of the view that the multiple board representations held presently by some directors do not impede their respective performance in carrying out their duties towards the Company. The NC has also taken into consideration the other principal commitments of the directors in deciding if the directors are able to and have adequately carried out their duties. As such, the Board does not propose to set the maximum number of listed company board representations which directors may hold until such need arises.

REPORT OF CORPORATE GOVERNANCE

Board Performance

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

Provision 5.1

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

Based on the recommendation of the NC, the Board has established processes and objective performance criteria for assessing the effectiveness of the Board as a whole and for assessing the contribution of each individual Director. The objective performance criteria address how the Board has enhanced long-term shareholders' value and include a comparison with the industry peers. The performance evaluation also includes consideration of return on equity, the Company's share price vis-à-vis the Singapore Straits Times Index. The selected performance criteria will not be changed from year to year unless they are deemed necessary and the Board is able to justify the changes.

Each member of the NC shall abstain from voting on any resolutions in respect of the assessment of his performance or re-nomination as Director.

Provision 5.2

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

The NC performs an annual assessment to determine how the Board and Board Committees are performing. The Board's performance evaluation and individual directors' self-assessment is to assess the effectiveness of the Board as a whole and its Board Committees and the contribution by the Chairman and each individual Director to the effectiveness of the Board on an annual basis. Assessment checklists include evaluation factors such as Board composition and structure, conduct of meetings, corporate strategy and planning, risk management and internal control, measuring and monitoring performance, training and recruitment, compensation, financial reporting and communicating with shareholders are disseminated to the Directors for completion and the assessment results are discussed at the NC meeting.

The Chairman of the Company will, in consultation with the NC, act on the results of the performance evaluations and where appropriate, propose new members be appointed to the Board or seek the resignation of directors. Each member of the NC shall abstain from voting on any resolution in respect of the assessment of his performance or re-nomination as Director.

The NC, having reviewed the overall performance of the Board as a whole, its Board Committees as well as the performance of each individual director, is satisfied with their performance for the period under review. No external facilitator was engaged by the Company for assessing the effectiveness of the Board in FY2023. Where relevant and when the need arises, the NC will consider such an engagement.

The Board and the NC have endeavoured to ensure that directors appointed to the Board possess the background, experience, business knowledge, finance and management skills critical to the Group's business. They have also ensured that each director, with his special contributions, brings to the Board an independent and objective perspective to enable balanced and well-considered decisions to be made.

REPORT OF CORPORATE GOVERNANCE

Remuneration Matters

PROCEDURES FOR DEVELOPING REMUNERATION POLICIES

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

Provision 6.1

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

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

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

The RC was formed to recommend to the Board a framework of remuneration for the directors and key management personnel, and to determine specific remuneration packages for each executive director. All aspects of remuneration, including but not limited to directors' fees, salaries, allowances, bonuses and other benefits-in-kind are covered by the RC.

The RC members are familiar with executive compensation matters as they are performing executive functions in the companies where they are employed and/or are holding directorships in other public listed companies. No individual director shall be directly involved in recommending and deciding their own remuneration.

Provision 6.2

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

As at the date of this Annual Report, the members of RC are:

Lum Kin Wah	(Chairman, Independent Director)
Low Wee Siong	(Member, Lead Independent Director)
Yee Chia Hsing	(Member, Independent Director)

In adherence to the Code, the RC comprises entirely independent directors to minimise conflicts of interest. The RC has written terms of reference that describe the responsibilities of its members. The RC holds at least one meeting in each financial year. Ad hoc meetings are held as and when necessary.

The principal functions of the RC are as follows:

(a) Recommend to the Board a framework of remuneration for the directors and key management personnel, and determine specific remuneration packages for each executive director as well as for key management personnel; and

(b) Review all aspects of remuneration, including but not limited to directors' fees, salaries, allowances, bonuses, options and benefits-in-kind to ensure that they are fair.

REPORT OF CORPORATE GOVERNANCE

Provision 6.3

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

The RC reviews all aspects of remuneration, including but not limited to directors' fees, salaries, allowances, bonuses and other benefits-in-kind.

Each member of the RC shall abstain from voting on any resolutions in respect of his or her remuneration package.

The RC will continue to review the Company's obligations arising in the event of termination of any of the executive directors and key management personnel's contracts of service, to ensure that such contracts of service contain fair and reasonable termination clauses which are not overly generous. Please refer to the disclosure in Provision 7.1 for remuneration aspects.

Provision 6.4

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

No remuneration consultant was engaged by the Company during FY2023. The RC may consider utilising external expert advice and data, as and when necessary, to assist in the evaluation of its compensation recommendations. The RC would also ensure that any relationship between the appointed remuneration consultant and any of the directors or the Company will not affect the independence and objectivity of the remuneration consultant.

LEVEL AND MIX OF REMUNERATION

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

Provision 7.1

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

The remuneration packages for Executive Directors take into account the performance of the Group and the individual Director. The RC also ensures that the Executive Directors are adequately remunerated as compared to industry and comparable companies.

The Company has entered into separate service agreements with Mr. Chua Beng Yong and Mr. Chua Meng Hua for an initial period of three years commencing 10 May 2021 and 1 January 2004 respectively, which shall continue unless and until terminated by either party to the service agreements by notice given in accordance with such service agreement. There are no onerous removal clauses in the service agreements. Other than a fixed salary, Mr. Chua Beng Yong and Mr. Chua Meng Hua are also entitled to an additional variable performance related bonus that is designed to align their interests with those of the shareholders and link rewards to corporate and individual performance.

REPORT OF CORPORATE GOVERNANCE

Provision 7.2

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

The independent directors are paid fixed directors' fees, with additional fees for serving as the Chairman or member of a Board Committee and attendance fees for Board and Board Committee meetings. These fees are determined by the Board appropriate to the level of their contributions, taking into account factors such as the effort and time spent and the responsibilities of each independent director. The directors' fees are subject to approval by shareholders at each AGM. The independent directors do not receive any other remuneration from the Company. The independent directors are not over-compensated to the extent that their independence may be compromised.

Provision 7.3

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

The Board ensures that the amount and mix of compensation are aligned with the interests of the shareholders and promote the long-term success of the Group. The review of the remuneration of the key management personnel takes into consideration the performance and contributions of the staff to the Group and gives due regard to the financial and business performance of the Group. The Group seeks to offer a competitive level of remuneration to attract, motivate and retain senior management with the required competency to run the Group successfully.

The RC is of the view that the remuneration is appropriate to attract, retain and motivate the Directors and key management personnel, given the low attrition rate of Directors and key management personnel.

DISCLOSURE ON REMUNERATION

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

Provision 8.1

The Company discloses in its annual report the policy and criteria for setting remuneration, as well as names, amounts and breakdown of remuneration of:

(a) each individual director and the CEO; and

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

The Board supports and is keenly aware of the need for transparency. However, having considered the general sensitivity and confidentiality of remuneration matters, the Board adopts the disclosure of remuneration in bands that would provide a good overview and is informative of the remuneration of each director and key management personnel.

REPORT OF CORPORATE GOVERNANCE

The performance criteria used to assess the variable component of the remuneration (short-term and long-term incentive) of CEO, Executive Director and key management personnel are determined by having regards to the performance of the Group, leadership, industry benchmarks, as well as the CEO's, Executive Director's and key management personnel's compliance in all audit matters. The CEO's, Executive Director's and key management personnel's short-term incentives (namely the performance-related variable component) are recommended by the RC and approved by the Board.

For FY2023, the CEO, Executive Director and key management personnel have met the relevant performance criteria.

The RC is of the view that the variable component of the remuneration packages of the Executive Director and key management personnel are moderate. In view of this, there is no necessity for the Company to institute contractual provisions to reclaim the incentives or any related payments from the parties involved should there be any misstatements of financial results, or misconduct resulting in financial loss to the Group.

The remuneration of each individual Director to the nearest thousand is not disclosed as the Board believes that the disclosure may be prejudicial to its business interests given the highly competitive marine business environment the Group operates in.

A summary compensation table of the directors' remuneration for the financial year ended 31 December 2023 is set out below:

NAME OF DIRECTORS AND CEO	SALARY# (%)	BONUS (%)	FEES* (%)	BENEFITS (%)	TOTAL (%)
Directors					
<u>$500,001 to $750,000</u>					
Chua Beng Yong	42.44	57.56	–	–	100
Chua Meng Hua	49.27	44.68	1.76	4.29	100
<u>Up to $250,000</u>					
Low Wee Siong	–	–	100	–	100
Goh Chee Wee[1]	–	–	100	–	100
Lum Kin Wah	–	–	100	–	100
Yee Chia Hsing[2]	–	–	100	–	100
CEO					
<u>$500,001 to $750,000</u>					
Yong Jiunn Run	41.69	58.31	–	–	100

* These fees are subject to approval of the shareholders at the forthcoming AGM.
# Salary is inclusive of fixed allowance and CPF contributions.

1 Mr. Goh Chee Wee retired as Independent Director of the Company on 27 April 2023.
2 Mr. Yee Chia Hsing was appointed as Independent Director of the Company on 10 July 2023.

REPORT OF CORPORATE GOVERNANCE

A summary compensation table of the top five Executive Officers' remuneration for the financial year ended 31 December 2023 is set out below:

NAME OF TOP 5 EXECUTIVE OFFICERS	SALARY (%)	BONUS (%)	FEES (%)	BENEFITS (%)	TOTAL (%)
$250,001 to $500,000					
Chua Beng Hock	50.37	49.19	0.44	–	100
Up to $250,000					
Lee Wei Liang	83.53	12.53	–	3.94	100
Elaine Wong Chiu Ling	87.03	12.59	–	0.38	100
Suri	84.80	14.46	0.74	–	100
Tan Cheng Kang	96.48	3.52	–	–	100

The top five Executive Officers of the Group are Mr. Chua Beng Hock (Chief Operating Officer), Mr. Lee Wei Liang (Chief Financial Officer), Ms. Elaine Wong Chiu Ling (Financial Controller (Corporate Management)), Mr. Suri (General Manager and Country Head, Indonesia) and Mr. Tan Cheng Kang (General Manager (Operation)).

The aggregate total remuneration paid to or accrued to top five Executive Officers (who are not Directors) for FY2023 amounted to S$1,054,052.

The gross remuneration disclosed is computed on gross salaries, allowances and other benefits accruing during the financial year. There are no termination, retirement or any post-employment benefits to directors and key executive officers.

The Board believes that it is for the benefit of the Company and the Group that the remuneration of CEO, Executive Director and key management personnel be kept confidential due to its sensitive nature and the potential negative impact (such as poaching) such disclosure will have on the Group given the highly competitive environment it is operating in.

Provision 8.2

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

Mr. Chua Beng Yong, Executive Chairman of the Company, and Mr. Chua Meng Hua, Executive Director and Mr. Chua Beng Hock, the Chief Operating Officer are brothers. Mr. Yong Jiunn Run, the CEO of the Company is not related to any of the above stated Directors or Officers of the Company. The Code recommends that the remuneration of employees who are immediate family member of a Director or CEO be disclosed within the bands of S$100,000. However, the Board is of the opinion that the remuneration details of Mr. Chua Beng Hock are confidential and disclosure of his remuneration in the bands of S$100,000 would not be in the interest of the Company. Mr. Chua Min Kong who is also a brother of Mr. Chua Beng Yong and Mr. Chua Meng Hua is employed by the Group as a Manager and his total remuneration in FY2023 was less than S$100,000 and he retired on 31 March 2023.

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

REPORT OF CORPORATE GOVERNANCE

Provision 8.3

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

The RC has reviewed and approved the remuneration packages of the executive directors and key management personnel, having regard to their contributions as well as the financial performance and commercial needs of the Group and has ensured that the executive directors and key management personnel are adequately but not excessively remunerated.

The Company has adopted Performance Share Plan during the year and are eligible to:

(a) Group employees (including Executive Directors) who have attained the age of 21 years on or before the relevant Date of Grant of the PSP Award; and

(b) Non-Executive Directors (including Independent Directors) who have attained the age of 21 years on or before the relevant Date of Grant of the PSP Award.

The Company has adopted Employee Share Option Scheme during the year and are eligible to:

(a) Group employees (including Executive Directors) who have attained the age of 21 years on or before the relevant Offer Date; and

(b) Non-Executive Directors (including Independent Directors) who have attained the age of 21 years on or before the relevant Offer Date.

The Board is of the opinion that the information as disclosed above would be sufficient for shareholders to have an adequate appreciation of the Group's compensation policies and practices and therefore does not intend to issue a separate remuneration report, the contents of which would be largely similar.

There are no termination, retirement and post-employment benefits that may be granted to directors, CEO and key management personnel of the Group.

Please refer to the disclosure in Provision 8.1 for the remuneration details of Directors and Key Management Personnel of the Company.

Accountability and Audit

RISK MANAGEMENT AND INTERNAL CONTROLS

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

Provision 9.1

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

REPORT OF CORPORATE GOVERNANCE

The Board is responsible for governance of risk management, and determining the Company's levels of risk tolerance and risk policies. It is also responsible for the overall internal control framework and is fully aware of the need to put in place a system of internal controls within the Group to safeguard shareholders' interests and the Group's assets, and to manage risks.

The Board ensures that the management maintains a sound system of internal controls to safeguard the shareholders' investments and the Group's assets. The Board keeps itself abreast and is kept informed by the management of legislative and regulatory requirements.

The Company manages risks under an overall strategy determined by the Board and supported by AC.

In addition, the executive directors and the management regularly review the Group's business and operational activities to identify areas of significant business risks as well as appropriate measures to control and mitigate these risks. The management reviews significant control policies and procedures, and highlights the significant matters to the Board and the AC.

Based on the internal controls established and maintained by the Group, work performed by the internal and external auditors, and reviews performed by management, various Board committees and the Board, the Board, with concurrence of the AC, is of the view that, the internal audit function is adequately resourced and has appropriate standing within the Group to perform its duties effectively.

<u>Enterprise Risk Management</u>

The Board and the AC has supervised the setting up of an enterprise risk management framework to evaluate and continuously improve the effectiveness of risk management capabilities, control and governance processes. The enterprise risk management framework requires the Board and AC to carry out the following:

(a) Understand the organisational structure and current internal and external operating environment of the various business units of the Group;

(b) Identify events, assess risk, evaluate risk responses and control activities in place;

(c) Determine the impact and likelihood of the identified risks;

(d) Identify improvement opportunities for control gaps; and

(e) Prioritise and rank the identified risks.

The Internal Auditors, Wensen Consulting Asia (S) Pte Ltd ("**Wensen**") have assisted in setting up this structure and have presented their key findings of their review to the AC and the Board. Key operational (including information technology), business, and financial risks faced by the Group generally and in major contracts and transactions are continuously analysed and identified so that all key risks (including information technology risk) are addressed and internal controls are in place and reviewed periodically by Management, the AC and the Board.

During FY2023, the Internal Auditors had conducted one (1) internal audit review to assess the effectiveness of key processes and controls within the Corrosion Prevention division. The areas covered are (a) Project Management and (b) Accounting and Financial Closing Management. There were no material internal control weaknesses identified and few recommendations were highlighted to the Management for further improvements.

REPORT OF CORPORATE GOVERNANCE

The Board and AC noted that all internal controls contain inherent limitations and no system of internal controls could provide absolute assurance against the occurrence of material errors, poor judgement in decision making, human error, losses, fraud or other irregularities. The Board will continue its risk assessment process with a view to improve the Group's internal control systems.

Annual review of the Group's risk management and internal control systems

With the assistance of the AC, the Board has undertaken an annual assessment on the adequacy and effectiveness of the Group's risk management and internal control systems over financial, operational, compliance and information technology risks. The assessment considered issues dealt with in reports reviewed by the AC and the Board during the financial year together with any additional information necessary to ensure that the Board has taken into account all significant aspects of risks and internal controls for the Group for FY2023.

The Board's annual assessment in particular considered:

(a) The changes since the last annual assessment in the nature and extent of key risks; and the Group's ability to respond to changes in its business and external environment;

(b) The scope and quality of management's ongoing monitoring of risks and of the system of internal controls, and the work of the Internal Auditors and other providers of assurance; and

(c) The incidence of significant internal control weaknesses that were identified during the financial year.

In order to obtain assurance that the Group's risks are managed adequately and effectively, the Board had reviewed the key risks which the Group is exposed to, as well as an understanding of the countermeasures and internal controls that are in place to manage those risks.

Provision 9.2

The Board requires and discloses in the Company's annual report that it has received assurance from:

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

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

The Board received assurance from the CEO and the CFO that:

(a) the financial records of the Company have been properly maintained and the financial statements for FY2023 give a true and fair view of the Company's operations and finances; and

(b) they have evaluated the effectiveness of the Company's internal controls and have discussed with the Company's external and internal auditors of their reporting points and note that the Company has put in place and will continue to maintain a reliable, comprehensive and sound system of risk management and internal control.

The Board had also received assurance from the CEO and other key management personnel who are responsible for the Company's risk management and internal control systems that, the Company's risk management and internal control systems are adequate and effective.

REPORT OF CORPORATE GOVERNANCE

Opinion on adequacy of Group's internal controls

Based on the internal controls established and maintained by the Group, work performed by the Internal Auditors and External Auditors, and reviews performed by the management and the Board, the Board with the concurrence of the AC, is of the opinion that the risk management systems and internal control systems maintained by the Group, addressing the financial, operational, compliance and information technology risks of the Group, are adequate and effective.

AUDIT COMMITTEE

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

Provision 10.1

The duties of the AC include:

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

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

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

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

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

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

The AC has been established with written terms of reference and as at the date of this report comprises three Independent Directors. They are: -

Low Wee Siong	(Chairman, Lead Independent Director)
Lum Kin Wah	(Member, Independent Director)
Yee Chia Hsing	(Member, Independent Director)

REPORT OF CORPORATE GOVERNANCE

Mr. Low Wee Siong chairs this Committee. The AC met four times in the financial year under review. It performs the following functions: -

- Reviewing the audit plans and reports of the independent auditor and to consider the effectiveness of the actions taken by the Management on the auditor's recommendations;

- Reviewing the internal audit plans, the scope and results of internal audit procedures;

- Review Enterprise Risk Management structure, governance and processes;

- Reviewing the balance sheet of the Company, the consolidated financial statements of the Group for the financial year ended 31 December 2023 and other announcements to shareholders and the SGX-ST before submission to the Board of Directors (the "**Board**") for approval, as well as the independent auditor's report on the balance sheets of the Company and the Consolidated financial statements of the Group;

- Appraising and reporting to the Board on the audits undertaken by the independent auditor, the adequacy of disclosure of information, and the adequacy and effectiveness of the system of management internal audit function and internal controls;

- Reviewing the assistance and co-operation given by the Management to the independent auditor;

- Evaluating quality of work performed by independent auditor;

- Discussing problems and concerns, if any, arising from the interim and final audits;

- Considering and make recommendations to the Board on the appointment, re-appointment and removal of independent auditor, their remuneration and terms of engagement;

- Reviewing the framework for staff to raise concerns about possible improprieties in matters of financial reporting or other matters in confidence, and that there is independent investigation of such matters and appropriate follow-up action; and

- Reviewing interested person transactions, as defined in the Listing Manual of the SGX-ST.

The AC has explicit authority to investigate any matter within its terms of reference and has full access to and co-operation by the Management. It also has full discretion to invite any Director or Executive Officer to attend its meetings and reasonable resources to enable it to discharge its functions properly.

The AC, having reviewed all non-audit services provided by the independent auditors to the Group, is satisfied that the nature and extent of such services would not affect the independence of the independent auditors and it has accordingly recommended to the Board that Messrs CLA Global TS Public Accounting Corporation be nominated for reappointment as auditors of the Company at the forthcoming AGM of the Company.

The aggregate amount of fees paid or payable to the independent auditors of the Company, broken down into audit and non-audit services during FY2023 are as follows:

Audit fees	: S$180,000
Non-audit fees	: S$16,650

The Company is in compliance with Rules 712 and 715 of the Listing Manual of the SGX-ST in relation to its independent auditors.

REPORT OF CORPORATE GOVERNANCE

Whistle Blowing Policy

The AC has put in place a whistle-blowing policy which sets out the procedures whereby the staff of the Company may, in confidence, raise concerns about possible improprieties in matters of financial reporting or other matters on misconduct or wrongdoing to Mr. Low Wee Siong, the AC Chairman. There are arrangements in place for the independent investigation of such matters for appropriate follow-up actions to be taken, and to ensure that the identity of the whistleblower is kept confidential. The Company is committed to ensure the protection of the whistleblower against detrimental or unfair treatment. The AC is responsible for oversight and monitoring of whistleblowing.

Where the need arises, the AC will meet with the independent auditors, without the presence of the Management, to review the adequacy of audit arrangement with emphasis on the scope and quality of their audit, the independence, objectivity and observations of the auditors. The AC has reasonable resources to enable it to discharge the functions properly. During the AC meetings, the external auditors present to the AC the audit plan and updates relating to any changes in the accounting standards which have a direct impact on financial statements.

Provision 10.2

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

As at the date of this Annual Report, the members of AC are:

Low Wee Siong	(Chairman, Lead Independent Director)
Lum Kin Wah	(Member, Independent Director)
Yee Chia Hsing	(Member, Independent Director)

All the AC members have recent and relevant accounting or related financial management expertise or experience.

Provision 10.3

The AC does not comprise former partners or directors of the Company's existing auditing firm or auditing corporation: (a) within a period of two years commencing on the date of their ceasing to be a partner of the auditing firm or director of the auditing corporation; and in any case, (b) for as long as they have any financial interest in the auditing firm or auditing corporation.

None of the AC members were previous partners or directors of the Company's existing auditors.

Provision 10.4

The primary reporting line of the internal audit function is to the AC, which also decides on the appointment, termination and remuneration of the head of the internal audit function. The internal audit function has unfettered access to all the Company's documents, records, properties and personnel, including the AC, and has appropriate standing within the Company.

The Company outsourced its internal audit function to an external professional firm, Wensen, who reports directly to the AC and administratively to the Executive Directors. The objective of the internal audit function is to determine whether the Group's risk management, internal controls and governance processes, as designed by the Company, are adequate and functioning in the required manner. The internal auditors have identified the Group's main business processes and developed an audit plan that covers the main business processes over a 1-3 year audit cycle.

REPORT OF CORPORATE GOVERNANCE

Wensen is headed by the Managing Director Mr. Edward Yap, who is a member of Malaysian Institute of Accountants (MIA), member of Institute of Singapore Chartered Accountants (ISCA), Fellow Member of the Association of Certified Chartered Accountants (FCCA) and Chartered Member of the Institute of Internal Auditors Malaysia (CMIIA). The engagement team comprises of a Director who has more than 12 years of experience in risk management and risk-based internal auditing, a Lead Consultant and other supporting consultants who possesses relevant experience and qualification in the field of accounting and finance.

The AC will review the adequacy of the internal audit function annually and ensures that the internal audit function is adequately resourced and has appropriate standing within the Company.

Provision 10.5

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

The AC meets from time to time with the Group's external and internal auditors, in each case without the presence of the management of the Company, at least once a year.

Shareholder Rights and Engagement

SHAREHOLDER RIGHTS AND CONDUCT OF GENERAL MEETINGS

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

Provision 11.1

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

The Company recognises and accepts the principle that all shareholders are treated fairly and equitably and that they have been accorded certain rights under the Companies Act 1967 and the Company's Constitution. Information to all shareholders is disclosed to in a timely and transparent manner and in compliance with SGX disclosure requirements.

Shareholders are given ample opportunity to attend, participate and vote in accordance with the voting rules and procedures at the Company's general meetings.

Provision 11.2

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

The Company takes care to ensure separate resolutions on each substantially separate issue. The Company avoids "bundling" resolutions unless the resolutions are interdependent and linked so as to form one significant proposal. Detailed explanatory notes on each item of the agenda are provided to the Notice of AGM in this Annual Report.

REPORT OF CORPORATE GOVERNANCE

Provision 11.3

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

The members of the AC, NC and RC will be present at these meetings to answer questions relating to matters that are overseen by these committees. The independent auditors will also be present to assist the Directors in addressing any queries posed by the shareholders.

Provision 11.4

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

The Constitution of the Company allows for members to appoint up to two proxies to attend and vote in place of the member. In line with the Companies Act 1967, corporate shareholders of the Company who provide nominee or custodial services to third parties are allowed to appoint more than two proxies to attend and vote on their behalf at general meetings, provided that each proxy is appointed to exercise the rights attached to a different share or shares held by such corporate shareholders.

As the authentication of shareholder's identity information and other related integrity issues still remain a concern, the Company has decided that for the time being, it will not to implement voting in absentia methods until security, integrity and other pertinent issues are resolved.

Provision 11.5

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

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

Provision 11.6

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

The Board has decided not to declare any dividend for FY2023 as the Company continues to deleverage and requires funds for general working capital for the increase in business activities.

REPORT OF CORPORATE GOVERNANCE

ENGAGEMENT WITH SHAREHOLDERS

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

Provision 12.1

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

The Company is committed to maintaining and improving its level of corporate transparency of financial results and other pertinent information. In line with the continuous disclosure obligations of the Company pursuant to the Listing Manual of the SGX-ST, it is the Board's policy to ensure that all shareholders are informed on a timely basis of every significant development that has an impact on the Group. Such information is disclosed in an accurate and comprehensive manner via the SGXNet. The Group recognises that the release of timely and relevant information is central to good corporate governance and enables shareholders to make informed decisions in respect of their investments in the Company.

The Company has complied with the Listing Manual of the SGX-ST on the disclosure requirements of material information to shareholders. The Board is mindful of the obligation to provide shareholders of all major developments that affect the Group and strives to maintain a high standard of transparency.

The Company does not practice selective disclosure and price sensitive information is first publicly released before the Company meets with any group of investors or analysts. Information is communicated to shareholders on a timely basis through half-yearly financial results and annual reports that are prepared and issued to all shareholders within the mandatory period via SGXNet, press releases and the Company's website.

Provision 12.2

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

The Company conducts its investor relations on the following principles:

a) information deemed to be price-sensitive is disseminated without delay via announcements on the SGXNet;

b) endeavour to provide comprehensive information in financial results announcement to help shareholders and potential investors make informed decisions in respect of their investments in the Company;

c) operate an open policy with regards to investors' enquiries, such as through encouraging the active participation of shareholders during AGMs or any other general meetings of the Company; and

d) the Board provides the shareholders with a detailed and balanced explanation and analysis of the Company's performance, position and prospects on a quarterly basis. This responsibility extends to reports to regulators.

Apart from the SGXNet announcement and its annual report, the Company updates shareholders on its corporate developments through its corporate website (www.bkmgroup.com.sg). Shareholders may also direct queries to william@bkmgroup.com.sg.

REPORT OF CORPORATE GOVERNANCE

Provision 12.3

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

Shareholders are given the opportunity to pose questions to the Directors or the Management at the AGM and all extraordinary general meetings. Shareholders are informed of shareholders' meetings through notices published in the newspapers, annual reports and circulars sent to all shareholders. Each item of special business included in the notices of shareholders' meetings is accompanied, where appropriate, by an explanation for the proposed resolution.

Managing Stakeholders Relationships

ENGAGEMENT WITH STAKEHOLDERS

Principle 13

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

Provision 13.1

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

The Company has regularly engaged its stakeholders through various medium and channels to ensure that the business interests are aligned with those of the stakeholders, to understand and address the concerns so as to improve services and products' standards, as well as to sustain business operations for long-term growth.

The stakeholders have been identified as those who are impacted by the Group's business and operations and similarly, those who are able to impact the Group's business and operations.

Provision 13.2

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

Please refer to the disclosure in sustainability report, which will be announced on or before 31 May 2024 in relation to the management of stakeholder relationships during FY2023.

Provision 13.3

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

The Company updates its corporate website at www.bkmgroup.com.sg regularly with information released on the SGXNET and business developments of the Group.

REPORT OF CORPORATE GOVERNANCE

Dealings in Securities

The Company has adopted policies in line with the Rule 1207(19) set out in the Listing Manual of the SGX-ST on dealings in the Company's securities.

The Company prohibits its officers from dealing in the Company's shares on short-term considerations or when they are in possession of unpublished price-sensitive information. The Company and its officers are not allowed to deal in the Company's securities during the period commencing one month before the announcement of the Company's financial statements for half year and full financial year and ending on the date of announcement of the relevant results.

Interested Person Transactions

The Company has adopted an internal policy in respect of any transaction with interested person which sets out the procedures for review and approval of such transaction.

All interested person transactions will be documented and submitted on a quarterly basis to the AC for their review to ensure that such transactions are carried out at arm's length basis and on normal commercial terms and are not prejudicial to the interests of the Company and its minority shareholders.

The Company has not entered into interested person transactions with aggregate value of more than S$100,000 during FY2023 pursuant to Rule 907 of the Listing Manual of the SGX-ST.

Material Contracts and Loans

Pursuant to Rule 1207(8) of the Listing Manual of the SGX-ST, the Company confirms that except as disclosed in the Directors' Statement and Financial Statements and herein, there were no other material contracts and loans of the Company and its subsidiaries involving the interests of the Executive Directors or any Director or controlling shareholder, either still subsisting at the end of the financial year or if not then subsisting, which were entered into since the end of the previous financial year.

REPORT OF CORPORATE GOVERNANCE

Table A – Information on Directors Seeking Re-Election

Pursuant to Rule 720(6) of the SGX-ST Listing Manual, the information of the Directors, who are retiring and being eligible, offered themselves for re-election at the upcoming AGM, are as follows: -

NAME OF RETIRING DIRECTOR	CHUA BENG YONG	LUM KIN WAH	YEE CHIA HSING
Date of appointment	10 May 2021	9 May 2019	10 July 2023
Date of last election	27 April 2022	27 April 2022	N.A.
Age	62	68	52
Country of principal residence	Singapore	Singapore	Singapore
The Board's comments on this appointment (including rationale, selection criteria, and the search and nomination process)	The Board of Directors of the Company has accepted the NC's recommendation for re-election, who has reviewed and considered Mr. Chua Beng Yong's performance as an Executive Chairman of the Company.	The Board of Directors of the Company has accepted the NC's recommendation for re-election, who has reviewed and considered Mr. Lum Kin Wah's performance as an Independent Director of the Company	The Board of Directors of the Company has accepted the NC's recommendation for re-election, who has reviewed and considered Mr. Yee Chia Hsing's performance as an Independent Director of the Company
Whether appointment is executive, and if so, the area of responsibility	Executive. [As set out in Mr. Chua Beng Yong's profile write-up in the "Board of Director" section of this Annual Report.]	Non-Executive.	Non-Executive.
Job title (e.g. Lead ID, AC Chairman, AC Member etc.)	Executive Chairman	• Independent Director • Chairman of Remuneration Committee • Member of Audit Committee and Nominating Committee	• Independent Director • Chairman of Nominating Committee • Member of Audit Committee and Remuneration Committee
Professional qualifications	Nil	• Bachelor of Science (Naval Architecture) • Chartered Engineer / Member of Royal Institute of Naval Architects. UK	Degree of Bachelor of Accountancy
Working experience and occupation(s) during past 10 years	[As set out in Mr. Chua Beng Yong's profile write-up in the "Board of Director" section of this Annual Report.]	[As set out in Mr. Lum Kin Wah's profile write-up in the "Board of Director" section of this Annual Report.]	[As set out in Mr. Yee Chia Hsing's profile write-up in the "Board of Director" section of this Annual Report.]
Shareholdings interest in the listed issuer and its subsidiaries	Direct Interest in the listed issuer: 8,729,875 ordinary shares	No	No

REPORT OF CORPORATE GOVERNANCE

NAME OF RETIRING DIRECTOR	CHUA BENG YONG	LUM KIN WAH	YEE CHIA HSING
Familial relationship with any director and/or substantial shareholder of the listed issuer or of any of its principal subsidiaries	Mr. Chua Beng Yong is the brother of Mr. Chua Meng Hua, the Executive Director and Mr. Chua Beng Hock, the Chief Operating Officer	No	No
Conflict of interest (including any competing business)	No	No	No
Undertaking (in the format set out in Appendix 7.7) under Rule 720(1) has been submitted to the listed issuer	Yes	Yes	Yes
Other principal commitments including directorships	**Directorships** Past (for the last 5 years): Nil Present: • Asian Sealand Offshore and Marine Pte Ltd • PT Nexus Engineering Indonesia • PT Master Indonesia, • Venture Automation Electrical & Engineering Pte Ltd **Other Principal Commitments** Past (for the last 5 years): Nil Present: Nil	**Directorships** Past (for the last 5 years): • LKW Partners Pte. Ltd. Present: Nil **Other Principal Commitments** Past (for the last 5 years): Nil Present: Nil	**Directorships** Past (for the last 5 years): • Ezion Holdings Limited, • Datapulse Technology Limited Present: • First Sponsor Group Limited, • Zhongmin Baihui Retail Group Ltd. **Other Principal Commitments** Past (for the last 5 years): None Present: • Ren Ci Hospital, Audit Committee member (Non-director role)

REPORT OF CORPORATE GOVERNANCE

The general statutory disclosures of the Retiring Director are as follows:

QUESTION		CHUA BENG YONG	LUM KIN WAH	YEE CHIA HSING
(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 Ezion Holdings Limited ("**Ezion**") – Directorship (Independent Non-Executive) from 5 January 2016 to 9 April 2021. Ezion filed an application pursuant to section 125(1)(e) and section 125(1)(i) of the Insolvency, Restructuring and Dissolution Act 2018 (No. 40 of 2018) on 28 January 2022 for Ezion to be placed into liquidation ("Winding Up Application"). On 18 February 2022, Ezion announced that the Court granted the Winding Up Application for Ezion to be placed into liquidation and for Messrs Ng Kian Kiat and Goh Wee Teck of RSM Corporate Advisory Pte Ltd to be appointed as joint and several liquidators.
(c)	Whether there is any unsatisfied judgment against him?	No	No	No

REPORT OF CORPORATE GOVERNANCE

QUESTION		CHUA BENG YONG	LUM KIN WAH	YEE CHIA HSING
(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
(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

REPORT OF CORPORATE GOVERNANCE

QUESTION	CHUA BENG YONG	LUM KIN WAH	YEE CHIA HSING
(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
(j) Whether he has ever, to his knowledge, been concerned with the management or conduct, in Singapore or elsewhere, of the affairs of:—			
(i) any corporation which has been investigated for a breach of any law or regulatory requirement governing corporations in Singapore or elsewhere; or	No	No	No
(ii) any entity (not being a corporation) which has been investigated for a breach of any law or regulatory requirement governing such entities in Singapore or elsewhere; or	No	No	No
(iii) any business trust which has been investigated for a breach of any law or regulatory requirement governing business trusts in Singapore or elsewhere; or	No	No	No
(iv) any entity or business trust which has been investigated for a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere,	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	No	No

DIRECTORS' STATEMENT

For the Financial Year Ended 31 December 2023

The directors present their statement to the members together with the audited financial statements of the Group for the financial year ended 31 December 2023 and the statement of financial position of the Company as at 31 December 2023.

In the opinion of the directors,

(i) the statement of financial position of the Company and the consolidated financial statements of the Group as set out on pages 58 to 139 are drawn up so as to give a true and fair view of the financial position of the Company and of the Group as at 31 December 2023 and of the financial performance, changes in equity and cash flows of the Group for the financial year covered by the consolidated financial statements; and

(ii) at the date of this statement, there are reasonable grounds to believe that the Group 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:

Chua Beng Yong
Chua Meng Hua
Low Wee Siong
Lum Kin Wah
Yee Chia Hsing (Appointed on 10 July 2023)

Arrangements To Enable Directors to Acquire Shares and Debentures

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

Directors' Interests in Shares or Debentures

According to the register of directors' shareholdings, none of the directors holding office at the end of the financial year had any interest in the shares or debentures of the Company or its related corporations, except as follows:

	HOLDINGS REGISTERED IN NAME OF DIRECTOR OR NOMINEE		HOLDINGS IN WHICH DIRECTOR IS DEEMED TO HAVE AND INTEREST	
	AT 31.12.2023	AT 1.1.2023 OR DATE OF APPOINTMENT	AT 31.12.2023	AT 1.1.2023 OR DATE OF APPOINTMENT
The Company				
(No. of ordinary shares)				
Chua Beng Yong	8,729,875	8,729,875	–	–
Chua Meng Hua	8,829,875	8,829,875	–	–

The directors' interests in the ordinary shares of the Company as at 21 January 2024 were the same as those as at 31 December 2023.

DIRECTORS' STATEMENT

For the Financial Year Ended 31 December 2023

Share Options

Employee Share Option Scheme

The Employee Share Option Scheme (the "Scheme") for non-executive Directors and employees of the Group was approved by shareholders of the Company at an Extraordinary General Meeting on 21 July 2023.

The Scheme provides a means to recruit, retain and give recognition to employees who have contributed to the success and development of the Group. Under the Scheme, options to subscribe for the ordinary shares of the Company are granted to key management personnel of the Group. The exercise price of the options is shall be determined by the Remuneration Committee, in its absolute discretion, on the Date of Grant, at a price equal to the Market Price or a price which is set at a discount to the Market Price. The maximum discount shall not exceed 20% or the market price and authorized by shareholders in general meeting.

No options were granted during the financial year to subscribe for unissued shares of the Company.

No shares have been issued during the financial year by virtue of the exercise of any option to take up unissued shares of the Company or its subsidiary corporations.

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

Performance Share Plan

The Performance Share Plan (the "**Plan**") for non-executive Directors and employees of the Group was approved and adopted by the shareholders of the Company at an Extraordinary General Meeting of the Company held on 21 July 2023.

The Plan is intended to attract, retain and incentivise participants to higher standards of performance and encourage greater dedication and loyalty by enabling the Company to give recognition to past contributions and services; as well as motivating participants to contribute to the long-term prosperity of the Group.

The Plan awards fully paid shares to participants who have achieved pre-determined targets. The shares are settled by physical delivery of shares by way of issuance of new shares by the Company for transfer to the employees.

The Plan is administered by the Remuneration Committee.

No shares have been awarded during the financial year by virtue of the Plan.

Arrangements to Enable Directors to Acquire Shares and Debentures

Except as disclosed under "Employee Share Option Scheme" and "Performance Share Plan", neither at the end of nor at any time during the financial year was the Company a party to any arrangement whose objects are, or one of whose objects is, to enable the Directors of the Company to acquire benefits by means of the acquisition of shares or debentures of the Company or any other body corporate.

DIRECTORS' STATEMENT

For the Financial Year Ended 31 December 2023

Audit Committee

The members of the Audit Committee ("**AC**") at the end of the financial year were as follows:

Low Wee Siong	(Chairman, Lead Independent Director)
Lum Kin Wah	(Member, Independent Director)
Yee Chia Hsing	(Member, Independent Director)

The AC met 4 times during the financial year under review and carried out its functions in accordance with Section 201B(5) of the Singapore Companies Act. In performing those functions, the AC reviewed:

- the audit plans and reports of the independent auditor to consider the effectiveness of the actions taken by Management on the auditor's recommendations;
- the internal audit plans, the scope and results of internal audit procedures;
- the Enterprise Risk Management structure, governance and processes;
- the statement of financial position of the Company, the consolidated financial statements of the Group for the financial year ended 31 December 2023 and other announcements to shareholders and the Singapore Exchange Securities Trading Limited ("**SGX-ST**") before submission to the Board of Directors ("Board") for approval, as well as the independent auditor's report on the statement of financial position of the Company and the consolidated financial statements of the Group;
- the audit conducted by the independent auditor;
- the assistance and co-operation given by Management to the independent auditor;
- the quality of work performed by the independent auditor;
- the problems and concerns, if any, arising from the interim and final audits;
- the considerations and make recommendations to the Board on the appointment, re–appointment and removal of independent auditor, their remuneration and terms of engagement;
- the framework for staff to raise concerns about possible improprieties in matters of financial reporting or other matters in confidence, and that there is independent investigation of such matters and appropriate follow-up action; and
- the interested person transactions, as defined in the Listing Manual of SGX-ST.

The AC has recommended to the Board that the independent auditor, CLA Global TS Public Accounting Corporation, be nominated for re–appointment at the forthcoming Annual General Meeting of the Company.

DIRECTORS' STATEMENT

For the Financial Year Ended 31 December 2023

Independent Auditor

The independent auditor, CLA Global TS Public Accounting Corporation, has expressed its willingness to accept re–appointment.

On behalf of the directors

Chua Beng Yong
Executive Chairman

Chua Meng Hua
Executive Director

26 March 2024

INDEPENDENT AUDITOR'S REPORT

to the Members of Beng Kuang Marine Limited

Report on the Audit of the Financial Statements

OPINION

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

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

BASIS FOR OPINION

We conducted our audit in accordance with Singapore Standards on Auditing ("SSAs"). Our responsibilities under those standards are further described in the 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 year. These matters were addressed in 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 Beng Kuang Marine Limited

Report on the Audit of the Financial Statements (Continued)

KEY AUDIT MATTERS (CONTINUED)

KEY AUDIT MATTER	HOW OUR AUDIT ADDRESSED THE MATTER
1. **Revenue recognition on infrastructure engineering and corrosion prevention services** For the financial year ended 31 December 2023, the revenue recognised from infrastructure engineering and corrosion prevention services was $79.16 million (2022: $59.13 million). The Group has significant contracts in relation to the provision of infrastructure engineering services and corrosion prevention services. The recognition of revenue in accordance with SFRS(I) 15 is based on the stage of completion of contract activity. This is assessed by reference to the proportion of contract costs incurred for the work performed as at reporting date relative to the estimated total costs of contract at completion. We focused on this area because of the significant judgements required in preparing reasonable estimates of the total budgeted costs, and the inherent uncertainties in determining the costs attributable to the respective contracts, which directly impacts the revenue recognised on the said contracts. Factual errors or imprecise estimations in the computation of both budgeted costs and actual amounts incurred could result in material variance in the amount of profit or loss recognised to date and in the current period. Furthermore, the budgeted profit on contracts includes key judgements over the expected recovery of costs arising from variations to the contract not uncommonly requested by the customer, compensation events, and claims made against the contractor for delays or other additional costs for which the customer is jointly or severally liable. The inclusion of these amounts in the budget where they are not recoverable could result in a material error in the level of profit or loss recognised by the Group. The accounting policies for infrastructure engineering and corrosion prevention services are set out in Notes 2.2 (a) and (b) to the consolidated financial statements, respectively. The different revenue streams for the Group are disclosed in Note 5 to the consolidated financial statements.	Our audit approach comprised of both controls testing and substantive procedures as follows: • understood and evaluated the design and implementation, and tested the operating effectiveness of key controls over the budgeting process, recognition of contract costs, and revenue recognition process. • for sampled contracts, verified contract price through inspection of initial contract, addendums, variation orders, and credit notes. • for sampled contracts, reviewed stage of completion by challenging management's key judgements inherent in the estimated costs to complete, and testing actual costs incurred. This includes the following procedures: – reviewed the contract terms and conditions; – verified contract costs incurred from suppliers in respect of materials needed – reviewed actual cost incurred including accrued costs vis–à–vis estimated contract cost; – tested the existence and completeness of claims and variation orders within contract costs via inspection of correspondence with suppliers; and – identified inventories during stock take observations which have not been utilised but charged out as project cost incurred, if any. • assessed the need for, and adequacy of, provision for onerous loss–making contracts, if any.

INDEPENDENT AUDITOR'S REPORT

to the Members of Beng Kuang Marine Limited

Report on the Audit of the Financial Statements (Continued)

KEY AUDIT MATTERS (CONTINUED)

KEY AUDIT MATTER	HOW OUR AUDIT ADDRESSED THE MATTER
2. **Credit loss allowance on trade receivables and contract assets**	
As at 31 December 2023, trade receivables and contract assets amounted to $20.14 million and $10.07 million (2022: $15.30 million and $7.31 million) respectively. Trade receivables and contract assets are carried at amortised cost less appropriate allowance for credit losses. The Group applies the simplified approach permitted by SFRS(I) 9, which requires expected lifetime losses to be recognised from initial recognition of the trade receivables and contract assets. In carrying out this assessment, judgement is applied by the management to determine appropriate parameters and assumptions used to calculate credit loss allowance. Typically, credit terms given to customers range between 30 to 120 days. In assessing the recoverability, management is required to exercise judgement based on the credit-worthiness of the customers, historical payment trend, forward looking factors, and business relationship fostered with the respective customers. Allowance for credit loss is a subjective area due to the level of judgement involved. Due to the significance of trade receivables and contract assets (representing 47% of total assets) and the related estimation uncertainty, this is considered a key audit matter. The accounting policies for credit loss allowance of trade receivables are set out in Note 2.10(b). The credit risk and the aging of the trade receivables and contract assets are disclosed in Note 31(b)(i).	Our audit procedures focused on evaluating the key judgements and assumptions used by the management in conducting the impairment review. These procedures included the following: • understood, evaluated and validated key controls over revenue and receivables cycle; • assessed the recoverability outstanding trade receivable balances by: – comparing management's views of recoverability of amounts outstanding to historical patterns of receipts, in conjunction with assessing cash received subsequent to year end for its effect in reducing amounts outstanding as at year end; – analysed significant receivables past due over 120 days by challenging management's assessment to determine whether there were any credit losses; and – inspected arrangements and/or correspondences with external parties to assess the recoverability of long outstanding receivables. • assessed the recoverability of aged contract assets by: – comparing management's assessment of recoverability of these amounts to historical patterns of billings and receipts; – verifying progress billings issued and cash received subsequent to financial year up to the date of this report; and – reviewing correspondences with external parties to assess recoverability of long overdue contract assets, if any.

INDEPENDENT AUDITOR'S REPORT

to the Members of Beng Kuang Marine Limited

Report on the Audit of the Financial Statements (Continued)

KEY AUDIT MATTERS (CONTINUED)

KEY AUDIT MATTER	HOW OUR AUDIT ADDRESSED THE MATTER
3. **Valuation of property, plant and equipment** As at 31 December 2023, property, plant and equipment amounting to $13.84 million (2022: $21.67 million) represent 22% (2022: 37%) of total assets. Management identified separate cash–generating units ("CGU") and calculated the recoverable amount of CGU where there were indicators of impairment, being the higher of value-in-use and fair value less costs to sell. For the former, the value-in-use is based on discounted future cash flow forecasts over which management makes judgements on certain key inputs including, for example, discount rates and long-term growth rates. For the latter, the fair value less costs of disposal is estimated by an independent third party valuer based on their knowledge of each CGU and the relevant markets. The recoverable amounts were determined based on the valuation performed by external professional valuers which involves estimating the fair value less cost of disposal of the CGU. The valuation process involves significant judgements and estimations in the underlying assumptions to be applied. Amongst other matters, inputs and assumptions used in valuation include, but are not limited to, recent transaction prices for similar CGU, adjusted for the age and conditions of the respective CGU under impairment review. Due to the significance of property, plant and equipment, and high degree of judgement and assumptions involved in estimating the value of the CGU, we determined this as a key audit matter. The accounting policies for impairment for property, plant and equipment are set out in Note 2.9(b).	Our audit procedures focused on evaluating the key assumptions used by the management in preparing the impairment assessment, with the assistance of our internal valuation specialists. These procedures included the following: • Evaluated the competence, capabilities and objectivity of the external professional valuer engaged by the management, and internal professional valuation specialist; • Reviewed management's assessment on the indicators of impairment, on non–financial assets in accordance with SFRS(I) 1–36; • Evaluated the appropriateness of the valuation methodology used to determine the recoverable amounts of the CGU; • Evaluated the reasonableness and appropriateness of the key assumptions used in the valuation; and • Assessed the adequacy of the disclosures on the impairment loss in the Group's financial statements.

INDEPENDENT AUDITOR'S REPORT

to the Members of Beng Kuang Marine Limited

Report on the Audit of the Financial Statements (Continued)

OTHER INFORMATION

Management is responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and the independent auditor's report thereon, which we obtained prior to the date of this report.

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

RESPONSIBILITIES OF MANAGEMENT AND DIRECTORS FOR THE FINANCIAL STATEMENTS

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

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

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

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

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

INDEPENDENT AUDITOR'S REPORT

to the Members of Beng Kuang Marine Limited

Report on the Audit of the Financial Statements (Continued)

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)

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 year 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 Beng Kuang Marine 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 director on the audit resulting in this independent auditor's report is Loh Ji Kin.

CLA Global TS Public Accounting Corporation
Public Accountants and Chartered Accountants

Singapore

26 March 2024

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the Financial Year Ended 31 December 2023

	NOTE	2023 $	2022 $
Revenue	4	79,162,023	59,134,475
Cost of sales		(54,251,973)	(46,613,080)
Gross profit		24,910,050	12,521,395
Other gains/(losses) - net	7	4,374,331	(2,083,401)
Expenses			
- Selling and distribution		(612,855)	(879,603)
- Administrative		(16,049,218)	(13,404,742)
- Finance	8	(1,804,269)	(1,701,614)
Profit/(loss) before income tax		10,818,039	(5,547,965)
Income tax expense	9	(2,900,680)	(1,478,732)
Net profit/(loss) for continuing operations		7,917,359	(7,026,697)
Discontinued operations			
Net loss from discontinued operations	10	–	(16,641,883)
Total profit/(loss)		7,917,359	(23,668,580)
Other comprehensive income/(loss), net of tax:			
<u>Items that may be reclassified subsequently to profit or loss:</u>			
Currency translation differences arising from consolidation - (losses)/gains		(33,770)	524,682
Currency translation differences arising from deconsolidation of subsidiary corporations reclassified to profit or loss		–	(407,601)
<u>Items that will not be reclassified subsequently to profit or loss:</u>			
Currency translation differences arising from consolidation - (losses)/gains		(1,777)	14,059
Other comprehensive (loss)/income		(35,547)	131,140
Total comprehensive income/(loss)		7,881,812	(23,537,440)
Profit/(loss) attributable to:			
Equity holders of the Company		3,424,266	(21,829,471)
Non–controlling interests		4,493,093	(1,839,109)
		7,917,359	(23,668,580)
Profit/(loss) attributable to equity holders of the Company relates to:			
Profit/(loss) from continuing operations		3,424,266	(8,627,036)
Loss from discontinued operations		–	(13,202,435)
		3,424,266	(21,829,471)
Total comprehensive income/(loss) attributable to:			
Equity holders of the Company		3,390,496	(21,712,390)
Non–controlling interests		4,491,316	(1,825,050)
		7,881,812	(23,537,440)

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

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the Financial Year Ended 31 December 2023

	NOTE	2023 $	2022 $
Profit/(loss) per share from continuing and discontinued operations attributable to equity holders of the Company (cents per share)			
Basic profit/(loss) per share			
- From continuing operations	11	1.72	(4.33)
- From discontinued operations	11	–	(6.63)
Diluted profit/(loss) per share			
- From continuing operations	11	1.72	(4.33)
- From discontinued operations	11	–	(6.63)

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

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2023

	NOTE	GROUP 2023 $	GROUP 2022 $
ASSETS			
Current assets			
Cash and cash equivalents	12	12,185,714	6,711,708
Trade and other receivables	13	21,834,383	17,596,750
Contract assets	4(b)	10,069,682	7,305,432
Inventories	14	1,986,765	3,428,382
		46,076,544	35,042,272
Assets of disposal group	15	2,741,810	–
		48,818,354	35,042,272
Non–current assets			
Intangible assets	17	–	–
Property, plant and equipment	18	13,841,397	21,665,734
Deferred income tax assets	25	340,787	679,011
		14,182,184	22,344,745
Total assets		63,000,538	57,387,017
LIABILITIES			
Current liabilities			
Trade and other payables	21	32,538,922	28,721,243
Contract liabilities	4(b)	–	16,927
Deferred income	22	45,820	–
Current income tax liabilities		2,299,721	1,472,357
Borrowings	23	12,603,122	17,203,963
		47,487,585	47,414,490
Non–current liabilities			
Trade and other payables	21	2,116,267	–
Borrowings	23	1,537,462	4,986,249
Deferred income tax liabilities	25	7,629	10,460
		3,661,358	4,996,709
Total liabilities		51,148,943	52,411,199
NET ASSETS		11,851,595	4,975,818

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

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2023

		GROUP	
	NOTE	2023	2022
		$	$
EQUITY			
Capital and reserves attributable to equity holders of the Company			
Share capital	26	54,124,399	54,124,399
Other reserves	27	(1,951,751)	(1,920,653)
Accumulated losses		(42,635,832)	(46,060,098)
		9,536,816	6,143,648
Non–controlling interests	16	2,314,779	(1,167,830)
Total equity		11,851,595	4,975,818

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

STATEMENT OF FINANCIAL POSITION

As at 31 December 2023

	NOTE	COMPANY 2023 $	COMPANY 2022 $
ASSETS			
Current assets			
Cash and cash equivalents	12	4,577,140	210,058
Trade and other receivables	13	26,233,061	42,880,596
		30,810,201	43,090,654
Non–current assets			
Investments in subsidiary corporations	16	4,190,001	4,708,434
Property, plant and equipment	18	779,598	839,830
Deferred income tax assets	25	–	–
		4,969,599	5,548,264
Total assets		35,779,800	48,638,918
LIABILITIES			
Current liabilities			
Trade and other payables	21	24,703,980	32,849,448
Borrowings	23	8,375,947	8,924,436
		33,079,927	41,773,884
Non–current liability			
Borrowings	23	257,745	3,953,404
Total liabilities		33,337,672	45,727,288
NET ASSETS		2,442,128	2,911,630
EQUITY			
Capital and reserves attributable to equity holders of the Company			
Share capital	26	54,124,399	54,124,399
Accumulated losses	28	(51,682,271)	(51,212,769)
Total equity		2,442,128	2,911,630

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the Financial Year Ended 31 December 2023

		ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY					
	NOTE	SHARE CAPITAL	ACCUMULATED LOSSES	OTHER RESERVES	TOTAL	NON-CONTROLLING INTERESTS	TOTAL
		$	$	$	$	$	$
2023							
Beginning of financial year		54,124,399	(46,060,098)	(1,920,653)	6,143,648	(1,167,830)	4,975,818
Profit for the financial year		–	3,424,266	–	3,424,266	4,493,093	7,917,359
Other comprehensive loss for the financial year		–	–	(33,770)	(33,770)	(1,777)	(35,547)
Total comprehensive income/(loss) for the financial year		–	3,424,266	(33,770)	3,390,496	4,491,316	7,881,812
Acquisition of additional equity interest in subsidiary corporation	16	–	–	2,672	2,672	(8,672)	(6,000)
Dividend paid to non-controlling interests	16	–	–	–	–	(1,000,035)	(1,000,035)
End of financial year		54,124,399	(42,635,832)	(1,951,751)	9,536,816	2,314,779	11,851,595
2022							
Beginning of financial year		54,124,399	(24,230,627)	(2,037,734)	27,856,038	(9,013,832)	18,842,206
Loss for the financial year		–	(21,829,471)	–	(21,829,471)	(1,839,109)	(23,668,580)
Other comprehensive income for the financial year		–	–	117,081	117,081	14,059	131,140
Total comprehensive income/(loss) for the financial year		–	(21,829,471)	117,081	(21,712,390)	(1,825,050)	(23,537,440)
Dividend paid to non-controlling interests	16	–	–	–	–	(1,566,220)	(1,566,220)
Deconsolidation of subsidiary corporation	10(d)	–	–	–	–	11,237,272	11,237,272
End of financial year		54,124,399	(46,060,098)	(1,920,653)	6,143,648	(1,167,830)	4,975,818

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

CONSOLIDATED STATEMENT OF CASH FLOWS

For the Financial Year Ended 31 December 2023

	NOTE	2023	2022
		$	$
Cash flows from operating activities			
Net profit/(loss)		7,917,359	(23,668,579)
Adjustments for:			
Credit loss allowance – trade receivables, net	5	826,101	434,929
Credit loss allowance – non–trade receivables, net	7	147,194	1,016,788
Credit loss allowance – contract assets	7	1,239,882	–
Inventories written back	5	–	(9,382)
Inventories written down	5	28,892	35,183
(Gain)/loss on disposal of property, plant and equipment	7	(376,840)	81,073
Property, plant and equipment written off	7	15,611	44,556
Impairment loss on property, plant and equipment		–	6,278,961
Impairment loss on goodwill	7	–	63,837
Interest income	7	(8,405)	(5,406)
Interest expense		1,804,269	1,997,001
Income tax expense	9	2,900,680	1,478,732
Gain on disposal and remeasurement of disposal group, net	7	(5,399,577)	–
Gain on disposal of subsidiary corporation	7	(1)	–
Depreciation of property, plant and equipment		3,044,616	6,644,679
Loss from deconsolidation of subsidiary corporations	10	–	10,127,010
Provision for financial guarantee	7	–	2,024,562
Unrealised currency translation differences		(25,603)	(218,014)
		12,114,178	6,325,930
Change in working capital			
Inventories		506,277	54,131
Contract assets		(4,004,132)	(1,016,337)
Trade and other receivables		(5,410,120)	2,979,123
Trade and other payables		4,456,610	1,796,410
Contract liabilities		(16,927)	(445,159)
Deferred income		45,820	–
Cash generated from operations		7,691,706	9,694,098
Interest received		8,405	5,406
Interest paid		(1,816,253)	(1,445,159)
Income tax paid		(1,737,924)	(862,502)
Net cash generated from operating activities		4,145,934	7,391,843
Cash flows from investing activities			
Additions to property, plant and equipment	18(b)	(924,533)	(478,369)
Proceeds from disposal of property, plant and equipment		1,703,138	317,547
Proceeds from disposal of subsidiary, net of cash disposed of	12	(58,685)	–
Acquisition of non-controlling interests	16	(6,000)	–
Cash outflow arising from deconsolidation of subsidiary corporation	10	–	(18,222)
Net cash inflow from sale of disposal group		11,414,436	–
Net cash generated from/(used in) investing activities		12,128,356	(179,044)

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

CONSOLIDATED STATEMENT OF CASH FLOWS

For the Financial Year Ended 31 December 2023

	NOTE	2023 $	2022 $
Cash flows from financing activities			
Proceeds from borrowings	23(c)	13,016,114	16,388,800
Repayment of borrowings		(20,361,037)	(20,426,561)
Principal payment of lease liabilities		(1,229,518)	(1,697,894)
Interest paid on lease liabilities		(85,758)	(119,863)
(Repayment of)/ Increase in bills payable, net		(760,535)	22,354
Dividend paid to non–controlling interests	16	(1,000,035)	(1,566,220)
Net cash used in financing activities		(10,420,769)	(7,399,384)
Net increase/(decrease) in cash and cash equivalents		5,853,521	(186,585)
Cash and cash equivalents			
Beginning of financial year		4,360,397	4,651,778
Effects of currency translation on cash and cash equivalents		(25,296)	(104,796)
End of financial year	12	10,188,622	4,360,397

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023

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

1. General Information

Beng Kuang Marine Limited (the "Company") is listed on the Singapore Exchange and incorporated and domiciled in Singapore. The address of its registered office is 2 Venture Drive #14–15 Vision Exchange, Singapore 608526.

The principal activities of the Company are investment holding and provision of corporate services. The principal activities of subsidiary corporations are shown in Note 16 of the financial statements.

2. Material Accounting Policies

2.1 *BASIS OF PREPARATION*

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

The preparation of financial statements in conformity with SFRS(I) requires management to exercise its judgement in the process of applying the Group's accounting policies. It also requires the use of certain critical accounting estimates and assumptions. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 3.

Interpretations and amendments to published standards effective in 2023

On 1 January 2023, the Group has adopted the new or amended SFRS(I) and Interpretations of SFRS(I) ("INT SFRS(I)") that are mandatory for application for the financial year. Changes to the Group's accounting policies have been made as required, in accordance with the transitional provisions in the respective SFRS(I) and INT SFRS(I).

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

2.2 *REVENUE RECOGNITION*

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

Revenue is recognised when the Group satisfies a performance obligation by transferring promised goods or services to the customer, which is when the customer obtains control of the goods 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.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023

2. Material Accounting Policies (Continued)

2.2 REVENUE RECOGNITION (CONTINUED)

(a) Infrastructure engineering services

Revenue from infrastructure engineering is recognised over time based on the stage of completion or to the extent of contract costs incurred where it is probable those costs will be recoverable. Infrastructure engineering services include fabrication and construction of steel structures and/or vessels. The stage of completion for a given contract is measured by reference to the contract costs incurred to date against the estimated total costs for the contract. Revenue is recognised to the extent of contract costs incurred in situations where the contract outcome cannot be reliably measured.

Invoices for service rendered are raised in accordance with contracts and/or work order agreements. Payment terms differ from contract to contract. Payment is generally upon acceptance of progressive claims, milestone achieved as well as handing over project completion as stated in the contractual agreement and/or work order. In most contracts, down payment is required before commencement of work to facilitate mobilisation of project and purchase of materials. No element of financing is deemed present as the credit terms are consistent with market practice. Hence, no interest is charged to customers.

If the value of the goods and services transferred by the Group exceeds the payments, a contract asset is recognised. If the payments exceed the value of the goods and services transferred, a contract liability is recognised.

(b) Corrosion prevention services

The Group provides corrosion prevention services, comprising blasting and painting services. Revenue from corrosion prevention service is recognised over time based on the stage of completion or to the extent of contract costs incurred where it is probable that those costs will be recoverable. The stage of completion for a given contract is measured by reference to the contract costs incurred to date against the estimated total costs for the contract. Revenue is recognised to the extent of contract costs incurred, in situations where the contract outcome cannot be reliably measured. Proforma invoices ("PI") for service rendered are issued to customers with supporting work done and/or work completion report. Final invoice is issued upon agreement on the final contract price. Payment for these services is due within 30 days upon issuance of agreed final invoice. No element of financing is deemed present as the credit terms are consistent with market practice. Hence, no interest is charged to customers.

If the value of the services transferred by the Group exceeds the payments, a contract asset is recognised. If the payments exceed the value of the goods transferred, a contract liability is recognised.

(c) Supply and distribution of products

The Group supplies and distributes hardware equipment, tools and other products used in marine, oil and gas, and construction industries. Revenue from the sale of these products is recognised at a point in time when the products are delivered to the customer and there is no unfulfilled obligation that could affect the customer's acceptance of the product. Invoices for sales of products are issued to the customers when the products are delivered. Payment for these products is due after 30 days from date of invoice. No element of financing is deemed present as the credit terms are consistent with market practice. Hence, no interest is charged to customers.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023

2. Material Accounting Policies (Continued)

2.2 REVENUE RECOGNITION (CONTINUED)

(d) *Sale of goods – tools, equipment and consumables*

Revenue from these sales is recognised at a point in time when the goods have been transferred to the customers and coincides with the delivery of goods and accepted by the customers.

(e) *Sale of vessels*

Revenue from the sale of vessels is recognised at a point in time when the customer takes control of the vessel represented by when the vessel is delivered to the customer and accepted by the customer. Invoices for sales of vessels are issued to the customers when the contract is signed.

(f) *Interest income*

Interest income is recognised using the effective interest method.

(g) *Dividend income*

Dividend income is recognised when the right to receive payment is established, it is probable that that the economic benefits associated with the dividend will flow to the Group, and the amount of the dividend can be reliably measured.

(h) *Rental income*

Rental income from operating leases (net of any incentives given to the lessees) is recognised on a straight–line basis over the lease term.

2.3 GOVERNMENT GRANTS

Government grants are recognised as a receivable at their fair value when there is reasonable assurance that the grant will be received and the Group will comply with all the attached conditions.

Government grants receivable are recognised as income over the periods necessary to match them with the related costs which they are intended to compensate, on a systematic basis. Government grants relating to expenses are shown separately in “other gains/(losses) - net”.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023

2. Material Accounting Policies (Continued)

2.4 *GROUP ACCOUNTING*

(a) *Subsidiary corporations*

(i) *Consolidation*

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

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

Non-controlling interests comprise the portion of a subsidiary corporation's net results of operations and its net assets, which is attributable to the interests that are not owned directly or indirectly by the entity 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 corporation, even if this results in the non–controlling interest having a deficit balance.

(ii) *Acquisitions*

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

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

Acquisition-related costs are expensed as incurred.

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

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

The excess of (a) the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over (b) the fair value of the identifiable net assets acquired is recorded as goodwill. Please refer to paragraph "Intangible assets - Goodwill on acquisition" for the subsequent accounting policy on goodwill.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023

2. Material Accounting Policies (Continued)

2.4 *GROUP ACCOUNTING (CONTINUED)*

(a) *Subsidiary corporations (continued)*

(iii) *Disposals*

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

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

Please refer to the paragraph "Investments in subsidiary corporations" for the accounting policy on investments in subsidiary corporations in the separate financial statements of the Company.

(b) *Transactions with non–controlling interests*

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

2.5 *PROPERTY, PLANT AND EQUIPMENT*

(a) *Measurement*

(i) *Drydockings*

Components of vessel which are required to be replaced at the next drydocking are identified. The cost of these components is depreciated over the period to the next estimated drydocking date. Costs incurred on subsequent drydocking of vessels are capitalised and depreciated over the period to the next drydocking date. When significant drydocking costs recur prior to the expiry of the depreciation period, the remaining costs of the previous drydocking are written off in the month of the subsequent drydocking.

(ii) *Other property, plant and equipment*

All other items of property, plant and equipment are initially recognised at cost and subsequently carried at cost less accumulated depreciation and accumulated impairment losses. The cost of an item of property, plant and equipment initially recognised includes its purchase price and any cost that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023

2. Material Accounting Policies (Continued)

2.5 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

(a) Measurement (continued)

(ii) Other property, plant and equipment (continued)

Property, plant and equipment are transferred to inventories at carrying amount on the date of transfer when the Group intends to sell items of property, plant and equipment in the ordinary course of business.

Inventories are transferred to property, plant and equipment at cost when the Group held the items for use in production or supply of goods or services and are expected to be used during more than one period.

(b) Depreciation

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

	Useful lives
Motor vehicles	8 - 10 years
Furniture, fittings and equipment	3 - 10 years
Forklifts, machinery, tools and equipment	2 - 20 years
Leasehold improvement and renovation	3 - 10 years
Leasehold building	3 - 29 years
Leasehold land	30 years
Yard development	2 - 30 years
Vessels	5 - 20 years
Drydockings	2.5 - 5 years

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

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

(c) Subsequent expenditure

Subsequent expenditure relating to property, plant and equipment that has already been recognised is added to the carrying amount of the asset only when it is probable that future economic benefits associated with the item will flow to the entity and the cost of the item can be measured reliably. All other repair and maintenance expenses are recognised in profit or loss when incurred.

(d) Disposal

On disposal of an item of property, plant and equipment, the difference between the disposal proceeds and its carrying amount is recognised in profit or loss within “other gains/(losses) - net”.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023

2. Material Accounting Policies (Continued)

2.6 *INTANGIBLE ASSETS*

Goodwill on acquisition

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

Goodwill on subsidiary corporations is recognised separately as intangible assets and carried at cost less accumulated impairment losses.

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

2.7 *BORROWING COSTS*

Borrowing costs are recognised in profit or loss using the effective interest method.

2.8 *INVESTMENTS IN SUBSIDIARY CORPORATIONS*

Investments in subsidiary corporations are stated at cost less accumulated impairment losses in the Company's statement of financial position. On disposal of such investments, the difference between disposal proceeds and the carrying amounts of the investments are recognised in profit or loss.

2.9 *IMPAIRMENT OF NON-FINANCIAL ASSETS*

(a) Goodwill

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

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023

2. Material Accounting Policies (Continued)

2.9 *IMPAIRMENT OF NON-FINANCIAL ASSETS (CONTINUED)*

(b) *Property, plant and equipment*
Investments in subsidiary corporations

Property, plant and equipment and investments in subsidiary corporations are tested for impairment whenever there is any objective evidence or indication that these assets may be impaired.

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

If the recoverable amount of the asset (or CGU) is estimated to be less than its carrying amount, the carrying amount of the asset (or CGU) is reduced to its recoverable amount. The difference between the carrying amount and recoverable amount is recognised as an impairment loss in profit or loss.

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

A reversal of impairment loss for an asset other than goodwill is recognised in profit or loss.

2.10 *FINANCIAL ASSETS*

(a) *Classification and measurement*

The Group classifies its financial assets as at amortised cost.

The classification depends on the Group's business model for managing the financial assets as well as the contractual terms of the cash flows of the financial asset.

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

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

<u>At initial recognition</u>

At initial recognition, the Group measures a financial asset at its fair value plus transaction costs that are directly attributable to the acquisition of the financial asset.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023

2. Material Accounting Policies (Continued)

2.10 FINANCIAL ASSETS (CONTINUED)

(a) Classification and measurement (continued)

At subsequent measurement

(i) Debt instruments

Debt instruments mainly comprise cash and cash equivalents and trade and other receivables.

The subsequent measurement depends on the Group's business model for managing the asset and the cash flow characteristics of the asset:

- Amortised cost: Debt instruments that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. A gain or loss on a debt instrument that is subsequently measured at amortised cost and is not part of a hedging relationship is recognised in profit or loss when the asset is derecognised or impaired. Interest income from these financial assets is included in interest income using the effective interest rate method.

(b) Impairment

The Group assesses on a forward looking basis the expected credit losses associated with its debt financial assets carried at amortised cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk. Note 31 (b) details how the Group determines whether there has been a significant increase in credit risk.

For trade receivables and contract assets, the Group applies the simplified approach permitted by SFRS(I) 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables.

For other financial assets measured at amortised cost, the general 3 stage approach is applied. Credit loss allowance is based on 12-month expected credit loss if there is no significant increase in credit risk since initial recognition of assets. If there is a significant increase in credit risk since initial recognition, lifetime expected credit loss will be calculated and recognised.

(c) Recognition and derecognition

All 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.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023

2. Material Accounting Policies (Continued)

2.10 FINANCIAL ASSETS (CONTINUED)

(c) Recognition and derecognition

On disposal of a debt instrument, the difference between the carrying amount and the sale proceeds is recognised in profit or loss. Any amount previously recognised in other comprehensive income relating to that asset is reclassified to profit or loss.

Trade receivables that are factored out to banks and other financial institutions with recourse to the Group are not derecognised until the recourse period has expired and the risks and rewards of the receivables have been fully transferred. The corresponding cash received from the financial institutions is recorded as borrowings.

2.11 OFFSETTING OF FINANCIAL INSTRUMENTS

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

2.12 FINANCIAL GUARANTEES

The Company has issued corporate guarantees to banks for bank borrowings of its subsidiary corporations. These guarantees are financial guarantees as they require the Company to reimburse the banks if the subsidiary corporations fail to make principal or interest payments when due in accordance with the terms of their borrowings. Intra-group transactions are eliminated on consolidation.

2.13 BORROWINGS

Borrowings are presented as current liabilities unless the Group has an unconditional right to defer settlement for at least 12 months after the reporting date, in which case they are presented as non-current liabilities.

Borrowings are initially recognised at fair value (net of transaction costs) and subsequently carried at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption value is recognised in profit or loss over the period of the borrowings using the effective interest rate method.

2.14 TRADE AND OTHER PAYABLES

Trade and other payables represent liabilities for goods and services provided to the Group prior to the end of financial year which are unpaid. They are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of business if longer). Otherwise, they are presented as non-current liabilities.

Trade and other payables are initially recognised at fair value, and subsequently carried at amortised cost using the effective interest method.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023

2. Material Accounting Policies (Continued)

2.15 LEASES

(i) When the Group is the lessee:

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

- Right-of-use assets

The Group recognises a right-of-use asset and lease liability at the date which the underlying asset is available for use. Right-of-use assets are measured at cost which comprises the initial measurement of lease liabilities adjusted for any lease payments made at or before the commencement date and lease incentive received. Any initial direct costs that would not have been incurred if the lease had not been obtained are added to the carrying amount of the right-of-use assets.

These right-of-use assets are subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term.

Right-of-use assets are presented within “Property, plant and equipment”.

- Lease liabilities

The initial measurement of lease liability is measured at the present value of the lease payments discounted using the implicit rate in the lease, if the rate can be readily determined. If that rate cannot be readily determined, the Group shall use its incremental borrowing rate.

Lease payments include the following:

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

For contracts that contain both lease and non-lease components, the Group allocates the consideration to each lease component on the basis of the relative stand-alone price of the lease and non-lease component. The Group has elected to not separate lease and non-lease components for property leases and account for these as one single lease component.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023

2. Material Accounting Policies (Continued)

2.15 LEASES (CONTINUED)

(i) When the Group is the lessee: (continued)

- Lease liabilities (continued)

  Lease liability is measured at amortised cost using the effective interest method. Lease liability shall be remeasured when:

  - There is a change in future lease payments arising from changes in an index or rate;
  - There is a change in the Group's assessment of whether it will exercise an extension option; or
  - There are modifications in the scope or the consideration of the lease that was not part of the original term.

  Lease liability is remeasured with a corresponding adjustment to the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

- Short term and low value leases

  The Group has elected to not recognise right-of-use assets and lease liabilities for short-term leases that have lease terms of 12 months or less and leases of low value leases, except for sublease arrangements. Lease payments relating to these leases are expensed to profit or loss on a straight-line basis over the lease term.

- Variable lease payments

  Variable lease payments that are not based on an index or a rate are not included as part of the measurement and initial recognition of the lease liability. The Group shall recognise those lease payments in profit or loss in the periods that triggered those lease payments.

(ii) When the Group is the lessor:

The Group leases equipment under operating leases to non-related parties.

Leases where the Group retains substantially all risks and rewards incidental to ownership are classified as operating leases. Rental income from operating leases (net of any incentives given to the lessees) is recognised in profit or loss on a straight-line basis over the lease term.

Initial direct costs incurred by the Group 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 over the lease term on the same basis as the lease income.

Contingent rents are recognised as income in profit or loss when earned.

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023

2. Material Accounting Policies (Continued)

2.15 LEASES (CONTINUED)

(ii) When the Group is the lessor:

When the sublease is assessed as a finance lease, the Group derecognises the right-of-use asset relating to the head lease that it transfers to the sublessee and recognises the net investment in the sublease within "Trade and other receivables". Any difference between the right-of-use asset derecognised and the net investment in sublease is recognised in profit or loss. Lease liability relating to the head lease is retained in the statement of financial position, which represents the lease payments owed to the head lessor.

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

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

2.16 INVENTORIES

Inventories relate to trading goods and construction materials to be used in the course of rendering services. Inventories are carried at the lower of cost and net realisable value. The cost of inventories is based on the weighted average method, and includes expenditure incurred in acquiring the inventories and other costs incurred in bringing them to their existing location and condition.

Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and applicable variable selling expenses.

2.17 INCOME TAXES

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

Deferred income tax is recognised for all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements except when the deferred income tax arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and affects neither accounting nor taxable profit or loss at the time of the transaction.

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

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023

2. Material Accounting Policies (Continued)

2.17 INCOME TAXES (CONTINUED)

Deferred income tax is measured:

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

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

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

The Group accounts for investment tax credits (for example, productivity and innovative credit) similar to accounting for other tax credits where deferred tax asset is recognised for unused tax credits to the extent that it is probable that future taxable profit will be available against which the unused tax credit can be utilised.

2.18 PROVISIONS

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events, it is more likely than not that an outflow of economic resources will be required to settle the obligation and the amount has been reliably estimated. Provisions are not recognised for future operating losses.

Provisions are measured at the present value of the expenditure expected to be required to settle the obligation using a pre-tax discount rate that reflects the current market assessment of the time value of money and the risks specific to the obligation. The increase in the provision due to the passage of time is recognised in the statement of comprehensive income as finance expense.

Changes in the estimated timing or amount of the expenditure or discount rate are recognised in profit or loss when the changes arise.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023

2. Material Accounting Policies (Continued)

2.19 EMPLOYEE COMPENSATION

Employee benefits are recognised as an expense, unless the cost qualifies to be capitalised as an asset.

(a) Defined contribution plans

Defined contribution plans are post-employment benefit plans under which the Group pays fixed contributions into separate entities such as the Central Provident Fund on a mandatory, contractual or voluntary basis. The Group has no further payment obligations once the contributions have been paid.

(b) Short-term compensated absences

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

(c) Termination benefits

Termination benefits are those benefits which are payable when employment is terminated before the normal retirement date, or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Group recognises termination benefits when it is demonstrably committed to either: terminating the employment of current employees according to a detailed formal plan without possibility of withdrawal; or providing termination benefits as a result of an offer made to encourage voluntary redundancy. Benefits falling due more than 12 months after the reporting date are discounted to their present value.

(d) Share-based compensation

The Group operates an equity-settled, share-based compensation plan. The value of the employee services received in exchange for the grant of options is recognised as an expense with a corresponding increase in the share option reserve over the vesting period. The total amount to be recognised over the vesting period is determined by reference to the fair value of the options granted on grant date. Non-market vesting conditions are included in the estimation of the number of shares under options that are expected to become exercisable on the vesting date.

At each reporting date, the Group revises its estimates of the number of shares under options that are expected to become exercisable on the vesting date and recognises the impact of the revision of the estimates in profit or loss, with a corresponding adjustment to the share option reserve.

When the options are exercised, the proceeds received (net of transaction costs) and the related balance previously recognised in the share option reserve are credited to the share capital account, when new ordinary shares are issued, or to the “treasury shares” account, when treasury shares are re-issued to the employees.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023

2. Material Accounting Policies (Continued)

2.20 CURRENCY TRANSLATION

(a) Functional and presentation currency

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

(b) Transactions and balances

Transactions in a currency other than the functional currency ("foreign currency") are translated into the functional currency using the exchange rates at the dates of the transactions. Currency exchange differences resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at the closing rates at the reporting date are recognised in profit or loss. Monetary items include primarily financial assets (other than equity investments), contract assets and financial liabilities. However, in the consolidated financial statements, currency translation differences arising from borrowings in foreign currencies and other currency instruments designated and qualifying as net investment hedges and net investment in foreign operations, are recognised in other comprehensive income and accumulated in the currency translation reserve.

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

Foreign exchange gains and losses that relate to borrowings are presented in the income statement within "finance expenses". All other foreign exchange gains and losses impacting profit or loss are presented in income statement within "other gains/(losses) – net".

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

(c) Translation of Group entities' financial statements

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023

2. Material Accounting Policies (Continued)

2.21 SEGMENT REPORTING

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

2.22 CASH AND CASH EQUIVALENTS

For the purpose of presentation in the consolidated statement of cash flows, cash and cash equivalents include cash on hand, deposits with financial institutions which are subject to an insignificant risk of change in value, and bank overdrafts. Bank overdrafts are presented as current borrowings on the statement of financial position.

2.23 SHARE CAPITAL

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

2.24 DIVIDENDS TO COMPANY'S SHAREHOLDERS

Dividends to the Company's shareholders are recognised when the dividends are approved for payment.

3. Critical Accounting Estimates, Assumptions and Judgements

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

(a) Impairment of property, plant and equipment

Property, plant and equipment ("PPE") is tested for impairment whenever there is any objective evidence or indication that these assets may be impaired.

Management identifies separate CGUs where there is any objective evidence or indication of impairment, and has calculated the recoverable amount of CGUs at the higher of value-in-use and fair value less costs to sell. For the former, the value-in-use is based on discounted cash flow forecasts over which management makes judgements on certain key inputs including, among others, discount rates and long term growth rates. For the latter, the fair value less costs of disposal is estimated by an independent third party valuer based on their knowledge of each CGU and the relevant markets.

Details of the impairment testing are set out in Note 18(d).

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023

3. Critical Accounting Estimates, Assumptions and Judgements (Continued)

(b) *Estimation of total contract costs*

The Group has significant ongoing contracts for infrastructure engineering and corrosion prevention services. For these contracts, revenue is recognised over time by reference to the stage of completion. The stage of completion is determined based on the proportion of contract costs incurred to date to the estimated total contract costs (“input method”).

Management has to estimate the total contract costs to complete, which are used in the input method to determine the Group’s recognition of contract revenue. When it is probable that the total contract costs will exceed the total contract revenue, a provision for onerous contracts is recognised immediately.

Significant judgement is used to estimate these total contract costs to complete. In making these estimates, management has relied on the expertise of the surveying engineers to determine the progress of the work and also on past experience of completed projects.

If the contract costs of on-going contracts to be incurred had been increased/decreased by 10% (2022: 10%) from management’s estimates, the Group’s net profit would have been decreased/increased by $804,868 (2022: $59,310).

(c) *Impairment of trade receivables and contract assets*

As at 31 December 2023, the Group’s gross trade receivables (Note 13) and contract assets (Note 4(b)) amounted to $20,136,347 (2022: $17,777,793) and $10,069,682 (2022: $7,305,432) respectively, arising from the Group’s different revenue segments – infrastructure engineering and corrosion prevention.

Based on the Group’s historical credit loss experience, trade receivables exhibited different loss patterns for different aging groups. Accordingly, management has determined the expected loss rates by grouping the receivables based on shared credit risk characteristics and days past due. A loss allowance of $629,318 (2022: $2,479,475) for trade receivables was recognised as at 31 December 2023.

Notwithstanding the above, the Group evaluates the expected credit loss on customers in financial difficulties separately.

The Group’s and the Company’s credit risk exposure for trade receivables and contract assets by different revenue segment is set out in Note 31(b)(i).

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023

4 Revenue

(a) *Disaggregation of revenue from contracts with customers*

The Group derives revenue from the transfer of goods and services over time and at a point in time in the following major product lines and geographical regions. Revenue is attributed to countries by location of customers.

	AT A POINT IN TIME	OVER TIME	TOTAL
	$	$	$
2023			
Infrastructure engineering			
- Singapore	125,469	16,733,480	16,858,949
- Asia	721,827	4,255,150	4,976,977
- Europe	4,188,788	29,538,983	33,727,771
- Middle East	–	1,291,749	1,291,749
- Others	170,230	–	170,230
	5,206,314	51,819,362	57,025,676
Corrosion prevention			
- Singapore	2,249,383	12,696,318	14,945,701
- Asia	422,252	6,718,643	7,140,895
	2,671,635	19,414,961	22,086,596
Others			
- Asia	–	49,751	49,751
Total	7,877,949	71,284,074	79,162,023

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023

4. Revenue (Continued)

(a) Disaggregation of revenue from contracts with customers (continued)

	AT A POINT IN TIME $	OVER TIME $	TOTAL $
2022			
Infrastructure engineering			
- Singapore	38,218	13,830,803	13,869,021
- Asia	–	2,490,594	2,490,594
- Europe	2,878,602	17,926,931	20,805,533
- Middle East	–	1,507,827	1,507,827
- Others	–	124,458	124,458
	2,916,820	35,880,613	38,797,433
Corrosion prevention			
- Singapore	3,088,692	12,696,993	15,785,685
- Asia	270,003	4,203,682	4,473,685
	3,358,695	16,900,675	20,259,370
Others			
- Asia	–	77,672	77,672
Total	6,275,515	52,858,960	59,134,475

(b) Contract balances

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

	2023 $	2022 $
Trade receivables (Note 13)	20,136,347	17,777,793
Less: Loss allowance (Note 13)	(629,318)	(2,479,475)
	19,507,029	15,298,318
Infrastructure engineering and corrosion prevention		
- Contract assets	10,069,682	7,305,432
- Contract liabilities	–	(16,927)

Contract assets represent the Group's right to consideration in exchange for infrastructure engineering and corrosion prevention services that the Group has transferred to customers but remained unbilled as at year end. Upon billing, the amounts recognised as contract assets are reclassified to trade receivables. Contract assets for infrastructure engineering and corrosion prevention have increase due to more projects in tandem to the increase in revenue in 2023.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023

4. Revenue (Continued)

(b) Contract balances (continued)

Revenue recognised in relation to contract liabilities

	2023 $	2022 $
Revenue recognised in current period that was included in the contract liabilities balance at the beginning of the period	16,927	462,086

The Group has applied the practical expedient permitted under SFRS(I) 15 for those performance obligations which are part of contracts that have an original expected duration of one year or less.

5. Expenses by Nature

	GROUP	
	2023 $	2022 $
Purchases of inventories and construction materials	12,111,698	15,797,696
Subcontractors' fees	24,815,154	14,553,948
Depreciation of property, plant and equipment	3,044,616	4,419,761
Inventories written back	–	(9,382)
Inventories written down (Note 14)	28,892	35,183
Credit loss allowance – trade receivables, net (Note 31(b))	826,101	434,929
Total depreciation, impairment and written off	3,899,609	4,880,491
Fees on audit services paid/payable to:		
- Auditor of the Company	180,000	180,000
- Other auditor	26,323	12,000
Total fees on audit services	206,323	192,000
Fees on non-audit services paid/payable to:		
- Auditor of the Company	16,650	32,600
- Other auditor	265	282
Total fees on non-audit services	16,915	32,882
Employees' accommodation and utilities	487,020	689,799
Employee compensation (Note 6)	20,838,600	17,900,895
Foreign worker levies	936,487	1,080,205
Insurance	471,891	421,963
Office related expenses	347,044	279,240
Professional fees	397,070	299,534
Rental of office equipment and machinery (Note 19 (d))	2,886,262	1,686,131
Repair and maintenance of vessel and equipment	813,699	474,971
Transport and travelling	571,654	623,340
Other expenses	673,003	1,899,402
Changes in inventories	1,441,617	84,928
Total cost of sales, selling and distribution and administrative expenses	70,914,046	60,897,425

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023

6. Employee Compensation

	GROUP	
	2023	2022
	$	$
Wages and salaries	19,000,718	15,952,573
Employer's contribution to defined contribution plans	942,494	1,011,250
Other short-term benefits	895,388	937,072
	20,838,600	17,900,895

7. Other Gains/(Losses) – Net

	GROUP	
	2023	2022
	$	$
Interest income from bank deposits	8,405	5,406
Gain/(loss) on disposal of property, plant and equipment	376,840	(81,073)
Property, plant and equipment written off (Note 18)	(15,611)	(44,556)
Currency exchange (losses)/gains, net	(588,635)	409,457
Government grants:		
- Foreign Worker Levy ("FWL") rebate	–	452,145
- Jobs Growth Incentive	35,663	246,902
- Market Readiness Assistance (MRA)	131,200	–
- Progressive Wage Credit Scheme (PWCS)	104,772	–
- Others	99,624	242,395
Total government grants	371,259	941,442
Impairment loss on property plant and equipment (Note 18)	–	(448,474)
Advance payment and loan written-off	–	88,430
Credit loss allowance – non-trade receivables (Note 31(b)(ii)	(147,194)	(1,016,788)
Credit loss allowance – contract assets	(1,239,882)	–
Impairment loss on goodwill (Note 17)	–	(63,837)
Provision for financial guarantee (Note 21)	–	(2,024,562)
Gain on disposal and re-measurement of disposal group, net (Note 15)	5,399,577	–
Gain on disposal of subsidiary corporation	1	–
Miscellaneous	209,571	151,154
	4,374,331	(2,083,401)

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023

8. Finance Expenses

	GROUP	
	2023	2022
	$	$
Interest expense		
- Bank borrowings	779,463	1,025,128
- Bank overdrafts	116,473	118,388
- Lease liabilities (Note 19(c))	85,758	119,862
- Bills payable	16,555	7,111
- Bonds	315,000	315,000
- Loan from non-related party	107,930	–
- Creditor	383,090	116,125
	1,804,269	1,701,614

9. Income Tax Expense

	GROUP	
	2023	2022
	$	$
Tax expense/(credit) attributable to the profit/(loss) is made up of:		
- Profit/(Loss) for the financial year:		
From continuing operations		
Current income tax – Singapore	2,001,280	962,810
– Foreign	567,839	250,483
	2,569,119	1,213,293
Deferred income tax (Note 25)	49,878	(109,311)
	2,618,997	1,103,982
- Under/(over) provision in prior financial years:		
From continuing operations		
Current income tax – Singapore	(3,832)	(6,697)
Deferred income tax (Note 25)	285,515	381,447
	281,683	374,750
Tax expense is attributable to:		
- Continuing operations	2,900,680	1,478,732

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023

9. Income Tax Expense (Continued)

The tax on the Group's profit/(loss) before income tax differs from the theoretical amount that would arise using the Singapore standard rate of income tax as follows:

	GROUP	
	2023	2022
	$	$
Profit/(loss) before income tax		
- Continuing operations	10,818,040	(5,547,965)
- Discontinued operations (Note 10(a))	–	(16,641,883)
	10,818,040	(22,189,848)
Tax at the applicable tax rate of 17% (2022: 17%)	1,839,067	(3,772,274)
Effects of:		
- expenses not deductible for tax purposes	475,444	4,720,035
- income not subject to tax	(628,256)	(56,759)
- tax incentives	(26,437)	(24,962)
- different tax rates in other countries	230,129	(162,952)
- deferred tax assets not recognised	726,321	396,769
- under provision of tax in prior years	281,683	374,750
- others	2,729	4,125
Tax charge	2,900,680	1,478,732

10. Discontinued Operations

On 5 October 2022, the Group announced that it is in the best interests of the Company and the Group to discontinue the operation of two livestock vessels. The two livestock vessels are owned by Cattle Line Two Pte. Ltd. and its subsidiary corporation (collectively, CLT Group). Following the announcement, the Group has commenced the preparation works for disposal of the two livestock vessels, including arranging site visit for the potential buyers.

On 2 November 2022, the Group received winding up application from the high court of Singapore served by a CLT's trade creditor. Consequently, on 1 November 2022, the winding-up process has commenced and pursuant to Section 130 of Insolvency, Restructuring, Dissolution Act 2018, any disposition of property or transfer of shares are void unless with the consent of the Court. As such, the Group put the disposal process on hold and stopped marketing for buyers.

Based on the control assessment in accordance with SFRS(I) 10, the Group has no control over CLT in the disposal process of the two livestock vessels (regarded as relevant activity) following the commencement of the winding-up process.

Accordingly, the entire assets and liabilities related to the CLT Group are deconsolidated and the results for the previous financial period were presented separately in the consolidated statement of comprehensive income as "Discontinued operations".

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023

10. Discontinued Operations (Continued)

During January 2023, United Overseas Bank served a Notice of Event of Default pursuant to the Facility Agreements extended to CLT Group. As part of the measure to overcome the Event of Default in respect of the CLT Loan, the Company provided financial guarantee to the Bank for CLT Group.

During the financial year ended 31 December 2023, the Company has paid and redeemed the financial guarantee.

(a) The results of the discontinued operations were as follows:

	GROUP	
	2023	2022
	$	$
Revenue	–	–
Expenses	–	(2,832,458)
Impairment loss	–	(5,830,486)
Other gains, net	–	2,148,071
Loss before and after tax	–	(6,514,873)
Loss on deconsolidation	–	(10,127,010)
Loss from discontinued operations	–	(16,641,883)
Loss attributable to non-controlling interests	–	(3,439,448)
Loss attributable to equity holders of the Company	–	(13,202,435)

(b) The impact of the discontinued operations on the cash flows of the Group was as follows:

	2023	2022
	$	$
Operating cash inflows	–	1,378,227
Investing cash outflows	–	(20,678)
Financing cash outflows	–	(1,344,628)
Total cash outflows	–	12,921

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023

10. Discontinued Operations (Continued)

(c) The effects of the loss from discontinued operations were as follows:

	2023	2022
	$	$
Depreciation (Note 18)	–	(2,224,918)
Interest expenses	–	(295,387)
Impairment loss on property, plant and equipment (Note 18)	–	(5,830,487)
Credit loss allowance – trade receivables	–	(83,627)
Recovery from insurance claims	–	2,376,619

(d) The net liabilities of CLT Group were as follows:

	2022
	$
Assets	
Cash and bank balances	18,222
Trade and other receivables	2,288,095
Inventories	4,998
Property, plant and equipment	8,098,034
Total assets	10,409,349
Liabilities	
Trade and other payables	(45,842,359)
Borrowings (Note 23(c))	(2,024,562)
Total liabilities	(47,866,921)
Net liabilities derecognised	(37,457,572)
Loss on deconsolidation	
Net liabilities derecognised (as above)	37,457,572
Non-controlling interest derecognised	(11,237,272)
Reclassification from currency translation reserve	(407,601)
Impairment of receivables due from CLT Group	(35,939,709)
Loss on deconsolidation	(10,127,010)

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023

10. Discontinued Operations (Continued)

Impairment losses recognised during the previous financial year

Property, plant and equipment

During the previous financial year, the Group carried out a review of the recoverable amount of the two livestock vessels as there were indicators of impairment. The Group has determined to discontinue the operation of two livestock vessels following the strategic review conducted by the Board. An impairment loss of $5,830,486, representing the write-down of the vessels to their recoverable amounts was recognised in "Discontinued operations" line in the consolidated statement of comprehensive income. The recoverable amounts of the vessels were based on fair value less cost of disposal.

The fair values were determined by an external valuer and management had estimated the cost of disposal. The directors and management reviewed the suitability of the engaged valuer, taking into consideration of the competency and qualification of the valuer. The fair value less cost of disposal of two livestock vessels were determined based on market approach and appropriate adjustments were made for type, age, size and condition. The fair value measurement is categorised as Level 3 of the fair value hierarchy.

Unsecured receivable balance due from CLT Group

During the previous financial year, the Group wrote off $35,939,709 of unsecured receivable balance due from CLT Group. In consideration of its financial position and subsequent events as disclosed elsewhere in the previous year's financial statements, the Group assessed that there was no reasonable expectation of recovery.

11. Profit/(Loss) Per Share

	CONTINUING OPERATIONS		DISCONTINUED OPERATIONS	
	2023	2022	2023	2022
	$	$	$	$
Profit/(loss) attributable to equity holders of the Company ($)	3,424,266	(8,627,036)	–	(13,202,435)
Weighted average number of ordinary shares for basic earnings per share	199,210,406	199,210,406	199,210,406	199,210,406
Basic profit/(loss) per share (cents per share)	1.72	(4.33)	–	(6.63)
Diluted profit/(loss) per share (cents per share)	1.72	(4.33)	–	(6.63)

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

The Group has no potentially dilutive shares as at 31 December 2023 and 2022.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023

12. Cash and Cash Equivalents

	GROUP		COMPANY	
	2023	2022	2023	2022
	$	$	$	$
Cash at bank and on hand	11,885,714	6,411,708	4,577,140	210,058
Short-term bank deposits	300,000	300,000	–	–
	12,185,714	6,711,708	4,577,140	210,058

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

	GROUP	
	2023	2022
	$	$
Cash and bank balances	12,185,714	6,711,708
Less: Bank overdrafts (Note 23)	(1,997,092)	(2,351,311)
Cash and cash equivalents per consolidated statement of cash flows	10,188,622	4,360,397

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023

12. Cash and Cash Equivalents (Continued)

Disposal of subsidiary corporation

On 1 August 2023, Nexus Sealand Trading Pte. Ltd., a wholly-owned subsidiary corporation, sold its wholly-owned subsidiary, Picco Enterprise Pte. Ltd. to a third party. The effects of the disposal on the cash flows of the Group were as follows:

	GROUP 2023 $
Carrying amounts of assets and liabilities as at the date of disposal:	
Cash and cash equivalents	58,686
Trade and other receivables	213,161
Inventories	49,474
Property, plant and equipment	40,391
Total assets	361,712
Trade and other payables	(322,627)
Lease liabilities	(39,085)
Total liabilities	(361,712)
Net liabilities derecognised	–
Net liabilities disposed of	–
Cash outflows arising from disposal:	
Net liabilities disposed of (as above)	–
Gain on disposal	1
Cash proceeds on disposal	1
Less: Cash and cash equivalents in subsidiary corporation disposed of	(58,686)
Net cash outflow on disposal	(58,685)

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023

13. Trade and Other Receivables

	GROUP		COMPANY	
	2023	2022	2023	2022
	$	$	$	$
Trade receivables				
- Subsidiary corporations	–	–	1,644,953	4,456,752
- Related parties	–	350	–	–
- Non-related parties	20,136,347	17,777,443	–	–
	20,136,347	17,777,793	1,644,953	4,456,752
Less: Loss allowance (Note 31(b)(i))				
- Subsidiary corporations	–	–	(716,239)	(464,224)
- Non-related parties	(629,318)	(2,479,475)	–	–
Trade receivables - net	19,507,029	15,298,318	928,714	3,992,528
Non-trade receivables				
- Subsidiary corporations	–	–	50,319,756	59,888,257
- Non-related parties	554,206	279,948	210,714	9,281
	554,206	279,948	50,530,470	59,897,538
Less: Loss allowance (Note 31(b)(ii))				
- Subsidiary corporations	–	–	(25,372,789)	(21,165,667)
- Non-related parties	(47,194)	–	(47,194)	–
Non-trade receivables - net	507,012	279,948	25,110,487	38,731,871
Retentions	740,673	659,894	–	–
Deposits	792,957	959,280	177,128	152,277
Prepayments	286,712	399,310	16,732	3,920
	2,327,354	2,298,432	25,304,347	38,888,068
	21,834,383	17,596,750	26,233,061	42,880,596

The carrying amounts of the trade receivables of the Group include amounts of $2,936,530 (2022: $4,752,677) which are subject to a factoring arrangement. Under this arrangement, the Group has factored the relevant receivables in exchange for cash and is prevented from selling or pledging the receivables. However, the Group has retained late payment and credit risk. The Group therefore continues to recognise the factored assets in their entirety in the statement of financial position. The amount repayable under the factoring arrangement is presented as secured borrowings. The Group considers that the held-to-collect business model remains appropriate for these receivables and hence continues measuring them at amortised cost.

During the financial year ended 31 December 2023, the Company made an impairment loss of $252,015 and $4,255,595 (2022: 464,244 and $22,586,891) on trade and non-trade receivables respectively.(Note 31(b)(i) and Note 31(b)(ii)).

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023

14. Inventories

	GROUP	
	2023	2022
	$	$
Consumables and construction materials	1,325,379	2,530,165
Trading goods	661,386	898,217
	1,986,765	3,428,382

The cost of inventories recognised as an expense and included in "cost of sales" amounted to $13,553,315 (2022: $15,882,624), excluding inventory written down.

The Group recognised inventory written down of $28,892 (2022: $35,183) (Notes 5) for inventories which were expected to be sold or recovered below the carrying amounts. The amount recognised has been included in "cost of sales".

15. Non-Current Assets Classified as Held-For-Sale

	GROUP	
	2023	2022
	$	$
Beginning of financial year	–	–
Reclassified from inventories	856,974	–
Reclassified from property, plant and equipment (Note 18) (a)(b)(c)	6,099,730	–
Disposals(b)	(3,357,920)	–
Loss on remeasurement to fair value less cost to sell (Note 7)	(856,974)	–
End of financial year(a)(c)	2,741,810	–

(a) On 12 April 2023, the Group's wholly-owned subsidiary PT Nexus Engineering Indonesia entered into a Conditional Land Sale & Purchase Agreement with Oil States Industries (Asia) Pte. Ltd. for the sale of 90,000 square metres of land forming part of the Group's 328,956 square metre waterfront fabrication yard in Batam, Indonesia for a consideration of S$8.64 million. The disposal has been completed subsequent to reporting date (Note 35).

(b) On 21 June 2023, the Group's wholly-owned subsidiary PT Nexus Engineering Indonesia entered into a term sheet with PT. Bukit Batu Mulia (the "parties") for the sale of a further 100,970 square metres of land forming part of the Group's 328,956 square metre waterfront fabrication yard in Batam, Indonesia for a consideration of S$9.62 million. On 4 August 2023, the parties entered into a sale and purchase agreement. The disposal was subsequently completed on 20 December 2023, with gain on disposal of $6,256,551 (Note 7).

(c) On 26 June 2023, the Group's wholly-owned subsidiary PT Marina Shipping entered into a sale and purchase agreement with PT Pelayaran Sinar Varuna Sentosa for a second 1,700HP tugboat for a consideration of S$0.97 million. The disposal has been completed subsequent to reporting date (Note 35).

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023

16. Investments in Subsidiary Corporations

	COMPANY	
	2023	2022
	$	$
Equity investments at cost		
Beginning of financial year	5,108,434	5,108,434
Acquisition of non-controlling interests	6,000	–
End of financial year	5,114,434	5,108,434
Less: Impairment loss	(924,433)	(400,000)
Net carrying value	4,190,001	4,708,434

Acquisition of non-controlling interest

On 26 December 2023, the Company acquired additional shares in its subsidiary corporation, Water and Environmental Technologies (WET) Pte. Ltd. ("WET") for a purchase consideration of $6,000 thereupon holding 82% of the share capital of WET. The Group derecognised non-controlling interests of $8,672 and recorded an increase in equity attributable to owners of the parent of $2,672. The effect of changes in the ownership interest of WET on the equity attributable to owners of the Company during the year is summarised as follows:

	2023
	$
Carrying amount of non-controlling interests acquired	8,672
Consideration paid to non-controlling interests	(6,000)
	2,672

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023

16. Investments in Subsidiary Corporations (Continued)

Disposal of interest in a subsidiary corporation

On 1 August 2023, Nexus Sealand Trading Pte. Ltd., a wholly-owned subsidiary corporation, has sold its 100% interest in Picco Enterprise Pte. Ltd. ("PICCO") to an external party for an aggregate consideration of $1 (Note 12).

Details of the subsidiary corporations as at 31 December 2023 and 2022 are as follows:

NAME	PRINCIPAL ACTIVITIES	COUNTRY OF BUSINESS/ INCORPORATION	INTEREST HELD BY THE PARENT		EFFECTIVE INTEREST HELD BY THE GROUP	
			2023	2022	2023	2022
			%	%	%	%
Held by the Company						
Nexus Sealand Trading Pte. Ltd. [1]	Supply and distribution of hardware equipment, tools and other products	Singapore	100	100	100	100
PT. Nexus Engineering Indonesia [6]	Provision of infrastructure engineering services	Indonesia	100[4]	100[4]	100[4]	100[4]
PT. Master Indonesia [5]	Sourcing and procurement of material and equipment in engineering and construction	Indonesia	100[4]	100[4]	100[4]	100[4]
B & K Marine Pte. Ltd.[1]	Provision of corrosion prevention services	Singapore	100	100	100	100
Beng Kuang Marine (B&Chew) Pte. Ltd. [1]	Provision of corrosion prevention services	Singapore	100	100	100	100
Beng Kuang Marine (B&M) Pte. Ltd. [1]	Provision of corrosion prevention services	Singapore	100	100	100	100
Nexus Hydrotech Pte. Ltd. [1]	Provision of corrosion prevention services (utilising hydro-jetting machines)	Singapore	80	80	80	80
Venture Automation & Electrical Engineering Pte. Ltd. [1]	Provision of industrial and marine automation works	Singapore	51	51	51	51
Pangco Pte. Ltd. [1]	Provision of corrosion prevention services	Singapore	51	51	51	51
Water and Environmental Technologies (WET) Pte. Ltd.[1]	Provision of research and development, and solution for waste management	Singapore	82	74	82	74
Asian Sealand Offshore and Marine Pte. Ltd. [1]	Provision of offshore repair and maintenance services	Singapore	51	51	51	51

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023

16. Investments in Subsidiary Corporations (Continued)

Details of the subsidiary corporations as at 31 December 2023 and 2022 are as follows: (continued)

NAME	PRINCIPAL ACTIVITIES	COUNTRY OF BUSINESS/ INCORPORATION	INTEREST HELD BY THE PARENT		EFFECTIVE INTEREST HELD BY THE GROUP	
			2023 %	2022 %	2023 %	2022 %
Held by the Company (continued)						
PT. Nexelite CP Indonesia [2]	Provision of corrosion prevention services	Indonesia	100[4]	100[4]	100[4]	100[4]
Quill Marine Pte. Ltd. [1]	Investment holding company and provision of freight transport services	Singapore	100	100	100	100
International Offshore Equipments Pte. Ltd. [1]	Provision of design, manufacture, and fabricate offshore equipment and ship parts	Singapore	51	51	51	51
Held by Nexus Sealand Trading Pte. Ltd.						
MTM Engineering Pte. Ltd. [1]	Provision of metalising services	Singapore	100	100	100	100
Picco Enterprise Pte. Ltd. [1]	Supply and distribution of beverage products	Singapore	-	100	-	100
OneHub Tank Coating Pte. Ltd. [1]	Provision for internal tank coating services	Singapore	100	100	100	100
Held by Pangco Pte. Ltd.						
PT. Berger Batam [2]	Provision of corrosion prevention services	Indonesia	100	100	51[4]	51[4]
Held by Quill Marine Pte. Ltd.						
Drako Shipping Pte. Ltd. [1]	Provision of freight transport services	Singapore	100	100	100	100
Held by Drako Shipping Pte. Ltd.						
PT. Marina Shipping [5]	Provision of freight transport services	Indonesia	100	100	100	100

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023

16. Investments in Subsidiary Corporations (Continued)

Details of the subsidiary corporations as at 31 December 2023 and 2022 are as follows: (continued)

NAME	PRINCIPAL ACTIVITIES	COUNTRY OF BUSINESS/ INCORPORATION	INTEREST HELD BY THE PARENT		EFFECTIVE INTEREST HELD BY THE GROUP	
			2023 %	2022 %	2023 %	2022 %
Held by International Offshore Equipments Pte. Ltd.						
International Offshore Equipment Canada Inc. (5)	Design, manufacture and fabricate offshore equipment and ship parts	Canada	100	100	51	51
Held by Asian Sealand Offshore and Marine Pte. Ltd.						
ASIC Engineering Sdn Bhd (3)	Provision of infrastructure engineering services	Malaysia	100	100	51	51
PBT Engineering Resources Pte Ltd (1)	Building and repairing of ships, tankers and other ocean-going vessels.	Singapore	100	100	51	51

(1) Audited by CLA Global TS Public Accounting Corporation, Singapore.
(2) No statutory audit requirement. The entity is audited by KAP Hendrawinata Hanny Erwin & Sumargo, Indonesia for consolidation purposes.
(3) Audited by MW (AF 002256) Chartered Accountants, Malaysia for financial year 2023.
(4) 1% of the shareholding is held in trust for the Group by an employee of the Group
(5) Not required to be audited under the laws of the country of incorporation
(6) No statutory audit requirement. The entity is audited by by KAP Charles & Nurlena, Indonesia for consolidation purposes.

Carrying value of non-controlling interests

	2023 $	2022 $
Asian Sealand Offshore and Marine Pte. Ltd.	7,859,219	3,971,695
International Offshore Equipments Pte. Ltd. and its subsidiary corporation	(6,832,415)	(6,520,298)
Other subsidiary corporations with immaterial non-controlling interests	1,287,975	1,380,773
	2,314,779	(1,167,830)

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023

16. Investments in Subsidiary Corporations (Continued)

Summarised financial information of subsidiary corporations with material non-controlling interests

Set out below is the summarised financial information for each subsidiary corporation that has non-controlling interests that are material to the Group. These are presented before inter-company eliminations.

Summarised statements of financial position

	ASIAN SEALAND OFFSHORE AND MARINE PTE. LTD.		INTERNATIONAL OFFSHORE EQUIPMENTS PTE. LTD. AND ITS SUBSIDIARY CORPORATION	
	2023	2022	2023	2022
	$	$	$	$
As at 31 December				
Current				
Assets	27,761,751	14,748,323	1,110,849	2,890,749
Liabilities	(11,805,144)	(6,424,844)	(13,447,541)	(14,598,986)
Total current net assets/(liabilities)	15,956,607	8,323,479	(12,336,692)	(11,708,237)
Non-current				
Assets	375,160	397,844	1,104	9,623
Liabilities	(311,664)	(610,825)	-	-
Total non-current net assets/(liabilities)	63,496	(212,981)	1,104	9,623
Net assets/(liabilities)	16,020,103	8,110,498	(12,335,588)	(11,698,614)

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023

16. Investments in Subsidiary Corporations (Continued)

Summarised statements of comprehensive income

	ASIAN SEALAND OFFSHORE AND MARINE PTE. LTD.		INTERNATIONAL OFFSHORE EQUIPMENTS PTE. LTD. AND ITS SUBSIDIARY CORPORATION	
	2023	2022	2023	2022
	$	$	$	$
Revenue	50,566,965	26,988,982	2,757,678	3,650,633
Profit/(loss) before income tax	11,936,149	5,751,551	(636,853)	(1,890,422)
Income tax expense	(1,985,656)	(941,298)	–	–
Profit/(loss) for the financial year	9,950,493	4,810,253	(636,853)	(1,890,422)
Profit/(loss) for the financial year allocated to non-controlling interests	4,875,742	2,357,025	(312,058)	(926,307)
Other comprehensive income/(loss)				
Currency translation differences	–	–	(59)	2,181
Total comprehensive income/(loss) allocated to non-controlling interests	4,875,742	2,357,025	(312,117)	(924,126)
Dividends paid to non-controlling interests	1,000,035	1,566,220	–	–
Summarised cash flows				
Net cash generated from/(used in) operating activities	2,932,700	5,083,200	603,291	(32,684)
Net cash used in investing activities	(194,807)	(92,229)	(666)	(1,550)
Net cash generated (used in)/generated from financing activities	(2,405,410)	(3,497,001)	(452,705)	15,112

17. Intangible Assets

	GROUP	
	2023	2022
	$	$
Goodwill arising on consolidation		
Cost		
Beginning and end of financial year	2,368,545	2,368,545
Accumulated impairment		
Beginning of financial year	(2,368,545)	(2,304,708)
Less: Impairment loss (Note 7)	–	(63,837)
End of financial year	(2,368,545)	(2,368,545)
Net carrying value		
End of financial year	–	–

18. Property, Plant and Equipment

GROUP 2023	MOTOR VEHICLES	FURNITURE, FITTINGS AND EQUIPMENT	FORKLIFTS, MACHINERY, TOOLS AND EQUIPMENT	LEASEHOLD IMPROVEMENT AND RENOVATION	LEASEHOLD BUILDING	LEASEHOLD LAND	YARD DEVELOPMENT	CONSTRUCTION IN-PROGRESS	VESSELS	DRYDOCKINGS	TOTAL
	$	$	$	$	$	$	$	$	$	$	$
Cost											
Beginning of financial year	1,765,355	2,284,934	15,642,990	586,795	11,767,262	2,224,933	18,369,949	–	14,781,599	457,459	67,881,276
Additions	336,378	78,704	360,449	–	1,374,939	–	–	200,251	350,000	284	2,701,005
Reclassified to disposal group (Note 15)	–	–	–	–	(3,408,981)	(1,338,106)	(6,098,561)	–	(1,966,751)	(301,556)	(13,113,955)
Disposals	(152,668)	(27,708)	(1,380,678)	–	(23,090)	–	(212,047)	–	(1,976,973)	(133,646)	(3,906,810)
Disposal of subsidiary corporation	–	(9,310)	(4,800)	–	(180,051)	–	–	–	–	–	(194,161)
Written-off	(379,794)	(801,471)	(118,843)	(8,713)	–	–	–	–	–	–	(1,308,821)
Currency translation differences	(665)	(1,376)	(9,486)	(230)	–	–	(10,324)	–	–	–	(22,081)
End of financial year	1,568,606	1,523,773	14,489,632	577,852	9,530,079	886,827	12,049,017	200,251	11,187,875	22,541	52,036,453
Accumulated depreciation and impairment losses											
Beginning of financial year	915,797	2,157,227	14,348,409	301,145	5,635,888	1,053,308	9,574,508	–	11,781,599	447,661	46,215,542
Depreciation charge (Note 5)	183,835	60,627	406,072	79,238	1,371,803	50,367	675,326	–	215,708	1,640	3,044,616
Reclassified to disposal group (Note 15)	–	–	–	–	(1,847,970)	(660,998)	(3,171,392)	–	(1,032,309)	(301,556)	(7,014,225)
Disposals	(318,711)	(27,700)	(914,976)	–	(12,318)	–	(160,695)	–	(1,020,906)	(125,206)	(2,580,512)
Disposal of subsidiary corporation	–	(9,310)	(1,920)	–	(142,540)	–	–	–	–	–	(153,770)
Written-off	(59,293)	(795,895)	(435,554)	(2,469)	–	–	–	–	–	–	(1,293,211)
Currency translation differences	(664)	(1,384)	(11,759)	(230)	–	–	(9,347)	–	–	–	(23,384)
End of financial year	720,964	1,383,565	13,390,272	377,684	5,004,863	442,677	6,908,400	–	9,944,092	22,539	38,195,056
Net carrying value											
End of financial year	847,642	140,208	1,099,360	200,168	4,525,216	444,150	5,140,617	200,251	1,243,783	2	13,841,397

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023

18. Property, Plant and Equipment (Continued)

GROUP 2022	MOTOR VEHICLES	FURNITURE, FITTINGS AND EQUIPMENT	FORKLIFTS, MACHINERY, TOOLS AND EQUIPMENT	LEASEHOLD IMPROVEMENT AND RENOVATION	LEASEHOLD BUILDING	LEASEHOLD LAND	YARD DEVELOPMENT	CONSTRUCTION IN-PROGRESS	VESSELS	DRYDOCKINGS	TOTAL
	$	$	$	$	$	$	$	$	$	$	$
Cost											
Beginning of financial year	2,128,051	2,272,081	18,742,040	409,026	19,024,995	2,224,933	18,605,441	41,786	55,650,368	7,720,854	126,819,575
Additions	170,236	144,439	61,394	173,590	2,180,933	–	–	–	–	30,110	2,760,702
Transfer of asset	–	–	–	41,786	–	–	–	(41,786)	–	–	–
Disposals	(468,201)	(6,347)	(633,041)	–	–	–	–	–	–	–	(1,107,589)
Written-off	(46,745)	(90,569)	(2,314,930)	(33,074)	(9,438,666)	–	–	–	–	–	(11,923,984)
Deconsolidation of subsidiary corporations	–	(1,607)	–	–	–	–	–	–	(40,679,993)	(7,284,632)	(47,966,232)
Currency translation differences	(17,986)	(33,063)	(212,473)	(4,533)	–	–	(235,492)	–	(188,776)	(8,873)	(701,196)
End of financial year	1,765,355	2,284,934	15,642,990	586,795	11,767,262	2,224,933	18,369,949	–	14,781,599	457,459	67,881,276
Accumulated depreciation and impairment losses											
Beginning of financial year	1,182,321	2,205,625	16,172,381	244,145	13,342,063	972,674	8,852,677	–	38,314,695	5,154,750	86,441,331
Depreciation charge (Notes 5 & 10)	170,865	83,167	997,609	65,943	1,732,490	80,634	853,389	–	1,404,065	1,256,517	6,644,679
Impairment charge (Notes 7 & 10)	–	–	–	–	–	–	–	–	4,898,552	1,380,409	6,278,961
Disposals	(380,279)	(6,348)	(322,343)	–	–	–	–	–	–	–	(708,970)
Written-off	(46,745)	(90,549)	(2,299,059)	(4,410)	(9,438,665)	–	–	–	–	–	(11,879,428)
Deconsolidation of subsidiary corporations	–	(1,605)	–	–	–	–	–	–	(32,581,961)	(7,284,632)	(39,868,198)
Currency translation differences	(10,365)	(33,063)	(200,179)	(4,533)	–	–	(131,558)	–	(253,752)	(59,383)	(692,833)
End of financial year	915,797	2,157,227	14,348,409	301,145	5,635,888	1,053,308	9,574,508	–	11,781,599	447,661	46,215,542
Net carrying value											
End of financial year	849,558	127,707	1,294,581	285,650	6,131,374	1,171,625	8,795,441	–	3,000,000	9,798	21,665,734

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023

18. Property, Plant and Equipment (Continued)

COMPANY

2023	MOTOR VEHICLES	FURNITURE, FITTINGS AND EQUIPMENT	FORKLIFTS, MACHINERY, TOOLS AND EQUIPMENT	LEASEHOLD IMPROVEMENT AND RENOVATION	LEASEHOLD BUILDING	TOTAL
	$	$	$	$	$	$
Cost						
Beginning of financial year	524,291	717,291	–	157,940	443,527	1,843,049
Additions	341,694	(25,660)	–	–	–	316,034
Transfer from a subsidiary corporation	–	1,609	–	–		1,609
Disposals	(89,711)	–	–	–	–	(89,711)
Written-off	(58,180)	(612,996)	–	–	–	(671,176)
End of financial year	718,094	80,244	–	157,940	443,527	1,399,805
Accumulated depreciation						
Beginning of financial year	201,494	629,350	–	42,259	130,116	1,003,219
Depreciation charge	88,891	15,035	–	53,778	149,875	307,579
Disposals	(19,437)	–	–	–	–	(19,437)
Written-off	(58,180)	(612,974)	–	–	–	(671,154)
End of financial year	212,768	31,411	–	96,037	279,991	620,207
Net carrying value						
End of financial year	505,326	48,833	–	61,903	163,536	779,598

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023

18. Property, Plant and Equipment (Continued)

COMPANY

2022	MOTOR VEHICLES	FURNITURE, FITTINGS AND EQUIPMENT	FORKLIFTS, MACHINERY, TOOLS AND EQUIPMENT	LEASEHOLD IMPROVEMENT AND RENOVATION	LEASEHOLD BUILDING	TOTAL
	$	$	$	$	$	$
Cost						
Beginning of financial year	595,191	705,913	1,994,438	57,681	2,207,882	5,561,105
Additions	88,400	82,731	–	100,259	230,083	501,473
Disposals	(159,300)	–	–	–	–	(159,300)
Written-off	–	(71,353)	(1,994,438)	–	(1,994,438)	(4,060,229)
End of financial year	524,291	717,291	–	157,940	443,527	1,843,049
Accumulated depreciation						
Beginning of financial year	244,110	692,764	1,717,433	1,696	1,729,630	4,385,633
Depreciation charge	59,602	7,932	277,005	40,563	394,924	780,026
Disposals	(102,218)	–	–	–	–	(102,218)
Written-off	–	(71,346)	(1,994,438)	–	(1,994,438)	(4,060,222)
End of financial year	201,494	629,350	–	42,259	130,116	1,003,219
Net carrying value						
End of financial year	322,797	87,941	–	115,681	313,411	839,830

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023

18. Property, Plant and Equipment (Continued)

(a) *Right-of-use assets*

Right-of-use of assets acquired under leasing arrangements are presented together with the owned assets of the same class. Details of such leased assets are disclosed in Note 19(a).

(b) *Assets held under leases*

During the financial year, the Group acquired property, plant and equipment with an aggregate cost of $2,701,005 (2022: $2,760,702) of which $1,776,472 (2022: $2,282,333) (Note 23(c)) were acquired under leases and $924,533 (2022: $478,369) were paid by cash.

(c) *Assets pledged as security*

The Group's leasehold land, building, yard development and vessels with carrying amounts of $1,831,658 (2022: $3,670,042) are mortgaged to secure the Group's bank borrowings (Note 23(a)).

(d) *Impairment loss recognised during the year*

In the previous financial year, there is an impairment loss of $5,830,486 recognised to write down livestock vessels of CLT. For details of impairment loss, refer to Note 10.

19. Leases – The Group as a Lessee

The Group leases offices, a warehouse with workers' dormitory, motor vehicles and several equipment. The leases typically run for a period of three to seven years, with an option to renew the specific lease after that date. Lease payments are renegotiated upon renewal to reflect market rentals. For certain leases, the Group is restricted from entering into any sub-lease arrangements.

(a) Carrying amounts

Right-of-use assets classified within property, plant and equipment.

	GROUP	
	2023	2022
	$	$
Forklifts, machinery, tools and equipment	31,900	43,500
Leasehold building	1,831,656	1,503,759
Motor vehicles	875,677	687,472
	2,739,233	2,234,731

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023

19. Leases – The Group as a Lessee (Continued)

(b) Depreciation charge during the year

	GROUP	
	2023	2022
	$	$
Forklifts, machinery, tools and equipment	11,600	288,605
Leasehold building	1,009,531	1,263,255
Motor vehicles	108,509	92,634
	1,129,640	1,644,494

(c) Interest expense

	GROUP	
	2023	2022
	$	$
Interest expense on lease liabilities (Note 8)	85,758	119,862

(d) Lease expense not capitalised in lease liabilities

	GROUP	
	2023	2022
	$	$
Lease expense – short-term lease	2,883,724	1,684,871
Lease expense – low-value lease	2,538	1,260
Total (Note 5)	2,886,262	1,686,131

(e) Total cash outflow for all the leases in 2023 was $4,240,702 (2022: $3,503,887).

(f) Addition of right-of-use assets during the current financial year was $1,776,472 (2022: $2,282,333).

(g) Future cash outflow which are not capitalised in lease liabilities.

Extension options

The leases for equipment contain extension periods, for which the related lease payments had not been included in lease liabilities as the Group is not reasonably certain to exercise these extension options. The Group negotiates extension options to optimise operational flexibility in terms of managing the assets used in the Group's operations. The majority of the extension options are exercisable by the Group and not by the lessor.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023

20. Leases – The Group as a Lessor

Nature of the Group's leasing activities – Group as an intermediate lessor

Sub-lease – classified as operating leases

The Group acts as an intermediate lessor under arrangements in which it sub-leases out workers' dormitory to non-related parties for monthly lease payments. The sub-lease periods do not form a major part of the remaining lease terms under the head leases, and accordingly, the sub-leases are classified as operating leases.

Rental income from sub-leasing the workers' dormitory recognised during the current financial year was $350,592 (2022: $96,181). This is presented as part of 'revenue - others'.

Maturity analysis of lease payments

The table below discloses the undiscounted lease payments to be received by the Group for its sub-lease after the reporting date:

	GROUP	
	2023	2022
	$	$
Less than one year	158,370	–

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023

21. Trade and Other Payables

	GROUP		COMPANY	
	2023	2022	2023	2022
	$	$	$	$
Current				
Trade payables				
- Related parties	–	8,737	–	–
- Non-related parties	7,086,534	9,334,468	141,106	112,894
	7,086,534	9,343,205	141,106	112,894
Non-trade payables				
- Subsidiary corporations	–	–	16,470,427	25,081,143
- Related party	335,100	280,000	335,100	280,000
- Non-related parties	8,568,681	7,640,688	3,544,793	4,052,452
	8,903,781	7,920,688	20,350,320	29,413,595
Accruals for operating expenses	9,308,237	7,175,796	4,212,554	3,322,959
Accruals for project expenses	5,440,405	4,281,554	–	–
Advances from sale of disposal group	1,799,965	–	–	–
	16,548,607	11,457,350	4,212,554	3,322,959
	32,538,922	28,721,243	24,703,980	32,849,448
Non-current				
Trade payables				
- Non-related parties	2,093,854	–	–	–
Non-trade payables				
- Non-related parties	22,413	–	–	–
	2,116,267	–	–	–
Total trade and other payables	34,655,189	28,721,243	24,703,980	32,849,448

The non-trade payables due to subsidiary corporations and related party are unsecured, interest- free and are payable on demand except for non-trade payable due to a related party which is payable within a year.

Non-trade payables to non-related parties include $1,262,932 loan that is unsecured, has interest rate of 15% per annum, and is due for monthly repayment of $95,833.

Advances represent down payments on sales of Land and Tugboat as disclosed in Notes 15(a) and 15(c) respectively.

At 31 December 2023, the fair values of non-current trade payables were computed based on cash flows discounted at market borrowing rates. The fair values were within level 3 of the fair value hierarchy.

At 31 December 2023, the fair value of non-current payables of $1,995,304 is determined from the adjusted future cash flows discounted at the market interest rate of equivalent instruments at the reporting date of 6.00% (2022: 5.25%) per annum which the directors expect to be available to the Group.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023

22. Deferred Income

	GROUP	
	2023	2022
	$	$
Rental income	45,820	–

Deferred rental represents cash received in advance for rental of workers' dormitory and is non-refundable.

23. Borrowings

	GROUP		COMPANY	
	2023	2022	2023	2022
	$	$	$	$
Current				
Bank borrowings	5,586,067	10,931,279	2,361,849	4,757,303
Financial guarantee	–	2,024,562	–	2,024,562
Bank overdrafts (Note 12)	1,997,092	2,351,311	1,997,092	1,959,057
Bills payable	–	760,535	–	–
Bond (Note 24)	3,809,329	–	3,809,329	–
Lease liabilities	1,210,634	1,136,276	207,677	183,514
	12,603,122	17,203,963	8,375,947	8,924,436
Non-current				
Bank borrowings	305,085	508,474	–	–
Bond (Note 24)	–	3,678,829	–	3,678,829
Lease liabilities	1,232,377	798,945	257,745	274,575
	1,537,462	4,986,248	257,745	3,953,404
Total borrowings	14,140,584	22,190,211	8,633,692	12,877,840

A provision for financial guarantee was recognised during the financial year ended 31 December 2022 relating to corporate guarantee issued to the bank for borrowings of CLT. The Company has paid and redeemed the financial guarantee during the financial year ended 31 December 2023.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023

23. Borrowings (Continued)

The exposure of the borrowings of the Group and of the Company to interest rate changes and the contractual repricing dates at the reporting date are as follows:

	GROUP		COMPANY	
	2023	2022	2023	2022
	$	$	$	$
6 months or less	11,915,768	15,506,101	8,281,309	8,597,700
6 – 12 months	687,354	1,697,862	94,638	326,736
1 – 5 years	1,506,775	4,973,299	230,292	3,953,404
Over 5 years	30,687	12,949	27,453	–
	14,140,584	22,190,211	8,633,692	12,877,840

(a) *Security granted*

Total borrowings include amounts of $3,601,445 (2022: $2,005,123) and $292,379 (2022: $275,466) for the Group and the Company respectively which are secured over certain assets of the Group.

Bank borrowings of the Group are secured over certain leasehold land, building, yard development and vessels (Note 18(c)) and bank deposits.

The bank overdrafts, bills payable and other short-term bank borrowings were supported by corporate guarantees given by the Company (Note 31(b)(iii)).

(b) *Fair value of non-current borrowings*

	GROUP		COMPANY	
	2023	2022	2023	2022
	$	$	$	$
Bank borrowings	292,435	473,468	–	–
Bond	–	3,348,605	–	3,348,605

The fair value above is determined from the cash flow analyses, discounted at market borrowing rates of an equivalent instrument at the reporting date which the directors expect to be available to the Group and the Company as follows:

	GROUP		COMPANY	
	2023	2022	2023	2022
	%	%	%	%
Bank borrowings	6.00	5.98	–	–
Bond	10.00	10.00	–	10.00

The fair values are within Level 3 of the fair value hierarchy.

23. Borrowings (Continued)

(c) Reconciliation of liabilities arising from financing activities

	1 JANUARY 2023	PROCEEDS FROM BORROWINGS	PRINCIPAL AND INTEREST PAYMENTS	NON-CASH CHANGES ADDITION (NOTE 18(B))	NON-CASH CHANGES INTEREST EXPENSE (NOTE 8)	NON-CASH CHANGES OTHERS	31 DECEMBER 2023
	$	$	$	$	$	$	$
Bank borrowings	11,439,753	13,016,114	(19,360,733)	–	796,018	–	5,891,152
Financial guarantee	2,024,562	–	(2,024,562)	–	–	–	–
Lease liabilities	1,935,221	–	(1,315,276)	1,776,472	85,758	(39,164)	2,443,011
Bond	3,678,829	–	(184,500)	–	315,000	–	3,809,329
	19,078,365	13,016,114	(22,885,071)	1,776,472	1,196,776	(39,164)	12,143,492

	1 JANUARY 2022	PROCEEDS FROM BORROWINGS	PRINCIPAL AND INTEREST PAYMENTS	NON-CASH CHANGES ADDITION (NOTE 18(B))	NON-CASH CHANGES DE-CONSOLIDATION OF SUBSIDIARY CORPORATIONS	NON-CASH CHANGES INTEREST EXPENSE (NOTE 8)	NON-CASH CHANGES OTHERS	31 DECEMBER 2022
	$	$	$	$	$	$	$	$
Bank borrowings	17,217,584	16,388,800	(21,267,189)	–	(2,024,562)	1,025,128	99,992	11,439,753
Financial guarantee	–	–	–	–	2,024,562	–	–	2,024,562
Lease liabilities	1,350,782	–	(1,817,756)	2,282,333	–	119,862	–	1,935,221
Bond	3,548,329	–	(184,500)	–	–	315,000	–	3,678,829
	22,116,695	16,388,800	(23,269,445)	2,282,333	–	1,459,990	99,992	19,078,365

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023

24. Bonds

The Bonds bear a fixed interest rate of 9% per annum and will mature on 5 November 2024 for redemption. Interest is payable semi-annually in arrears.

25. Deferred Income Tax

Deferred income tax assets and liabilities are offset when there is legally enforceable right to offset current income tax assets against current income tax liabilities and when the deferred income taxes relate to the same fiscal authority. The amounts, determined after appropriate offsetting, are shown on the statement of financial position as follows:

	GROUP		COMPANY	
	2023	2022	2023	2022
	$	$	$	$
Deferred income tax assets	(340,787)	(679,011)	–	–
Deferred income tax liabilities	7,629	10,460	–	–
Net deferred tax assets	(333,158)	(668,551)	–	–

Movement in deferred income tax account is as follows:

	GROUP		COMPANY	
	2023	2022	2023	2022
	$	$	$	$
Beginning of financial year	(668,551)	(940,687)	–	(16,790)
Tax charged to profit or loss (Note 9)	335,393	272,136	–	16,790
End of financial year	(333,158)	(668,551)	–	–

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023

25. Deferred Income Tax (Continued)

The movement in deferred income tax assets and liabilities (prior to offsetting of balances within the same jurisdiction) is as follows:

Deferred income tax assets:

	ACCELERATED TAX DEPRECIATION	ALLOWANCE FOR IMPAIRMENT	TAX LOSSES	TOTAL
	$	$	$	$
Group				
2023				
Beginning of financial year	(72,050)	(28,760)	(598,091)	(698,901)
Charged to profit or loss	4,669	(600)	338,987	343,056
End of financial year	(67,381)	(29,360)	(259,104)	(355,845)
2022				
Beginning of financial year	(247,649)	(67,374)	(670,134)	(985,157)
Charged to profit or loss	175,599	38,614	72,043	286,256
End of financial year	(72,050)	(28,760)	(598,091)	(698,901)

	ACCELERATED TAX DEPRECIATION	ALLOWANCE FOR IMPAIRMENT	TAX LOSSES	TOTAL
	$	$	$	$
Company				
2023				
Beginning and end of financial year	–	–	–	–
Company				
2022				
Beginning of financial year	–	(16,420)	–	(16,420)
Charged to profit or loss	–	16,420	–	16,420
End of financial year	–	–	–	–

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023

25. Deferred Income Tax (Continued)

Deferred income tax liabilities:

	ACCELERATED TAX DEPRECIATION	
	2023	2022
	$	$
Group		
Beginning of financial year	30,350	44,470
Credited to profit or loss	(7,663)	(14,120)
End of financial year	22,687	30,350
Company		
Beginning of financial year	–	(370)
Charged to profit or loss	–	370
End of financial year	–	–

The Group has unutilised tax losses and unabsorbed capital allowances of approximately $23,847,000 (2022: $25,032,000) and $925,000 (2022: $961,000) respectively at the financial year end which can be carried forward and used to offset against future taxable income subject to meeting certain statutory requirements by those companies with unrecognised tax losses and capital allowances in their respective countries of incorporation. The tax losses and capital allowances have no expiry date except for the amount of approximately $47,000 (2022: $10,558,000) relating to an Indonesian company which will expire between 2024 to 2028 (2022: 2023 to 2027).

26. Share Capital

	GROUP AND COMPANY	
	NO. OF ORDINARY SHARES	AMOUNT
		$
2023 and 2022		
Beginning and end of financial year	199,210,406	54,124,399

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

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023

27. Other Reserves

(a) *Composition:*

	GROUP	
	2023	2022
	$	$
Currency translation reserve	(1,925,607)	(1,891,837)
Premium paid on acquisition of non-controlling interests	(26,144)	(28,816)
	(1,951,751)	(1,920,653)

(b) *Movements:*

(i) *Currency translation reserve*

	GROUP	
	2023	2022
	$	$
Currency translation reserve		
Beginning of financial year	(1,891,837)	(2,008,918)
Net currency translation differences of financial statements of foreign subsidiary corporations	(31,993)	538,701
Currency translation differences arising from deconsolidation of subsidiary corporations reclassified to profit or loss	–	(407,561)
Less: Non-controlling interests	(1,777)	(14,059)
End of financial year	(1,925,607)	(1,891,837)

Currency translation reserve represents exchange differences arising from the translation of the financial statements of foreign operations whose functional currencies are different from that of the Group's presentation currency.

(ii) *Premium paid on acquisition of non-controlling interests*

	GROUP	
	2023	2022
	$	$
Beginning of financial year	(28,816)	(28,816)
Acquisition of additional interest in subsidiary corporation (Note 16)	2,672	–
End of financial year	(26,144)	(28,816)

Other reserves are non-distributable.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023

28. Accumulated Losses

Movement in accumulated losses for the Company is as follows:

	COMPANY	
	2023	2022
	$	$
Beginning of financial year	(51,212,769)	(25,310,143)
Net loss	(469,502)	(25,902,626)
End of financial year	(51,682,271)	(51,212,769)

29. Contingent Liabilities

(a) Financial guarantees

The Company has issued corporate guarantees to banks for borrowings of certain subsidiary corporations. These bank borrowings amount to $3,120,307 (2022: $6,105,714) (Note 31(b)). The Company has evaluated the fair values of the corporate guarantees and considered them not material and is of the view that the consequential liabilities derived from its guarantees to the banks with regard to the subsidiary corporations are minimal. The subsidiary corporations for which the guarantees were provided have no history of default in the payment of borrowings and credit facilities.

(b) Financial support

The Company provides financial support to certain subsidiary corporations to enable these subsidiary corporations to operate as going concern and to meet their liabilities as and when they fall due.

30. Commitments

Capital commitments

Capital expenditures contracted for at the reporting date but not recognised in the financial statements are as follows:

	GROUP	
	2023	2022
	$	$
Property, plant and equipment	-	128,260

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023

31. Financial Risk Management

Financial risk factors

The Group is exposed to financial risks arising from its operations and the use of financial instruments. The Group has established risk management policies and guidelines geared towards mitigating these risks. The Audit Committee and the Board of Directors meet periodically to review and analyse the Group's exposure to market risk (including currency risk and interest rate risk), credit risk, liquidity risk and capital risk. The Group does not hold or issue derivative financial instruments for hedging purposes.

The Group adopts a conservative strategy on managing its financial risks, thus, the exposure to market risk is kept at a minimum level. The Board reviews and agrees on policies for managing each of these risks and they are summarised below.

(a) Market risk

(i) Currency risk

The Group mainly operates in South East Asia with dominant operations in Singapore, Indonesia and Europe. Currency risk arises when transactions are denominated in foreign currencies such as Indonesian Rupiah ("IDR") and United States Dollar ("USD"). The Group's exposure to currency translation risk is not considered as significant by management and the risk is primarily managed by natural hedges of matching assets and liabilities denominated in foreign currencies. The Group closely monitors the currency translation risk and will consider hedging significant currency translation exposure should the need arise in future.

The Group's currency exposure based on the information provided to key management is as follows:

AT 31 DECEMBER 2023	SGD	USD	IDR	OTHERS	TOTAL
	$	$	$	$	$
Financial assets					
Cash and cash equivalents	9,335,184	1,193,104	1,623,524	33,902	12,185,714
Trade and other receivables	5,962,266	12,077,115	3,508,290	–	21,547,671
Receivables from subsidiary corporations	50,912,882	39,558	54,275	–	51,006,715
	66,210,332	13,309,777	5,186,089	33,902	84,740,100
Financial liabilities					
Borrowings	(14,114,152)	–	(26,432)	–	(14,140,584)
Trade and other payables	(30,627,709)	(440,436)	(842,972)	(944,107)	(32,855,224)
Payables to subsidiary corporations	(50,912,882)	(39,558)	(54,275)	–	(51,006,715)
	(95,654,743)	(479,994)	(923,679)	(944,107)	(98,002,523)
Net financial (liabilities)/assets	(29,444,411)	12,829,783	4,262,410	(910,205)	(13,262,423)
Add: Contract assets	1,739,065	7,051,750	1,278,867	–	10,069,682
Currency profile including non-financial assets	(27,705,346)	19,881,533	5,541,277	(910,205)	(3,192,741)
Currency exposure of financial assets/(liabilities) net of those denominated in the respective entities' functional currencies	733,228	12,829,783	994,685	(944,106)	13,613,590

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023

31. Financial Risk Management (Continued)

(a) Market risk (continued)

(i) Currency risk (continued)

The Group's currency exposure based on the information provided to key management is as follows: (continued)

AT 31 DECEMBER 2022	SGD	USD	IDR	OTHERS	TOTAL
	$	$	$	$	$
Financial assets					
Cash and cash equivalents	2,581,833	3,295,391	796,315	38,169	6,711,708
Trade and other receivables	6,211,135	8,880,030	2,092,783	13,492	17,197,440
Receivables from subsidiary corporations	85,584,917	175,899	1,780,645	-	87,541,461
	94,377,885	12,351,320	4,669,743	51,661	111,450,609
Financial liabilities					
Borrowings	(22,190,211)	-	-	-	(22,190,211)
Trade and other payables	(27,428,915)	(386,584)	(1,624,159)	(10,928)	(29,450,586)
Payables to subsidiary corporations	(85,584,917)	(175,899)	(1,780,645)	-	(87,541,461)
	(135,204,043)	(562,483)	(3,404,804)	(10,928)	(139,182,258)
Net financial (liabilities)/assets	(40,826,158)	11,788,837	1,264,939	40,733	(27,731,649)
Add: Contract assets	2,286,115	3,034,902	1,984,415	-	7,305,432
Currency profile including non-financial assets	(38,540,043)	14,823,739	3,249,354	40,733	(20,426,217)
Currency exposure of financial assets net of those denominated in the respective entities' functional currencies	611,406	14,823,739	658,193	2,565	16,095,903

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023

31. Financial Risk Management (Continued)

(a) Market risk (continued)

(i) Currency risk (continued)

The Company's currency exposure based on the information provided to key management is as follows:

	31 DECEMBER 2023				31 DECEMBER 2022			
	SGD	USD	OTHERS	TOTAL	SGD	USD	OTHERS	TOTAL
	$	$	$	$	$	$	$	$
Financial assets								
Cash and cash equivalents	4,575,920	1,220	-	4,577,140	205,315	4,743	-	210,058
Trade and other receivables	26,216,329	-	-	26,216,329	42,876,676	-	-	42,876,676
	30,792,249	1,220	-	30,793,469	43,081,991	4,743	-	43,086,734
Financial liabilities								
Borrowings	(8,633,692)	-	-	(8,633,692)	(12,877,840)	-	-	(12,877,840)
Trade and other payables	(24,671,380)	(20,703)	(11,897)	(24,703,980)	(32,819,230)	(18,213)	(12,005)	(32,849,448)
	(33,305,072)	(20,703)	(11,897)	(33,337,672)	(45,697,070)	(18,213)	(12,005)	(45,727,288)
Net financial liabilities	(2,512,823)	(19,483)	(11,897)	(2,544,203)	(2,615,079)	(13,470)	(12,005)	(2,640,554)
Currency exposure of financial liabilities net of those denominated in the Company's functional currency	-	(19,483)	(11,897)	(31,380)	-	(13,470)	(12,005)	(25,475)

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023

31. Financial Risk Management (Continued)

(a) Market risk (continued)

(i) Currency risk (continued)

If the non-functional currencies change against the respective functional currencies of the Group's entities by approximately 2% (2022: 9%) with all other variables including tax rate being held constant, the material effect arising from the net financial (liabilities)/assets denominated in foreign currencies are as follows:

	PROFIT OR LOSS INCREASE/(DECREASE)	
	2023	2022
	$	$
USD against SGD		
- Strengthened	205,910	1,093,508
- Weakened	(205,910)	(1,093,508)
IDR against SGD		
- Strengthened	15,964	49,167
- Weakened	(15,964)	(49,167)
SGD against IDR		
- Strengthened	11,955	47,121
- Weakened	(11,955)	(47,121)

The Company has no significant foreign currency risks as it has no significant transactions denominated in foreign currencies.

(ii) Interest rate risk

Cash flow interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Fair value interest rate risk is the risk that the fair value of a financial instrument will fluctuate due to changes in market interest rates.

The Group's exposure to interest rate risks relates primarily to interest earning financial assets and interest-bearing financial liabilities. Interest rate risk is managed by the Group on an ongoing basis with the primary objective of limiting the extent to which net interest expense could be affected by an adverse movement in interest rates.

The Group obtains additional financing through bank borrowings and leasing arrangements. The Group's policy is to obtain the most favorable interest rates available in the market.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023

31. Financial Risk Management (Continued)

(a) Market risk (continued)

(ii) Interest rate risk (continued)

The table below analyses the Group's and the Company's borrowings by different type of financing at fixed rate and floating rate.

	2023 $	2022 $
Group		
31 December		
Fixed rate		
Lease liabilities	2,443,011	1,935,221
Bonds	3,809,329	3,678,829
Bank borrowings	508,638	1,222,490
Financial guarantee	–	2,024,562
Floating rate		
Bank borrowings	5,382,514	10,217,264
Bank overdrafts	1,997,092	2,351,311
Bills payable	–	760,535
Company		
31 December		
Fixed rate		
Lease liabilities	465,422	458,090
Bonds	3,809,329	3,678,829
Bank borrowings	–	2,535,016
Floating rate		
Bank borrowings	2,361,849	4,246,850
Bank overdrafts	1,997,092	1,959,057

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023

31. Financial Risk Management (Continued)

(a) Market risk (continued)

(ii) Interest rate risk (continued)

For the floating rate financial assets and liabilities, a change of 100 basis points (bp) in the interest rate at the reporting date would increase/(decrease) the net profit by the amount shown below. This analysis assumes that all variables including tax rate are being held constant.

	INCREASE/(DECREASE) IN NET PROFIT			
	GROUP		COMPANY	
	100 BP INCREASE	100 BP DECREASE	100 BP INCREASE	100 BP DECREASE
	$	$	$	$
Floating rate instruments				
31 December 2023	(73,796)	73,796	(43,589)	43,589
31 December 2022	(133,291)	133,291	(62,059)	62,059

(b) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. The major classes of financial assets of the Group and of the Company are bank deposits and trade and other receivables. For trade receivables, the Group has a credit policy in place and the exposure to credit risk is monitored on an on-going basis through the application of credit approvals, credit limits and debt monitoring procedures. Where appropriate, the Company and its subsidiary corporations obtain guarantees from the customer or arrange netting agreements. For customers of lower credit standing, the Group would usually enforce to transact in cash terms, advance payments and letters of credit. For other financial assets, the Group adopts the policy of dealing only with high credit quality counterparties.

As the Group and the Company do 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 as follows:

	COMPANY	
	2023	2020
	$	$
Corporate guarantees provided to banks on subsidiary corporations' bank borrowings (Note 29)	3,120,307	6,105,714

The trade receivables of the Group comprise 3 debtors (2022: 2 debtors) that individually represented 12% to 35% (2022: 13% and 24%) of the trade receivables.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023

31. Financial Risk Management (Continued)

(b) *Credit risk*

The credit risk for net trade receivables is as follows:

	GROUP		COMPANY	
	2023	2022	2023	2022
	$	$	$	$
By geographical areas				
- Singapore	5,403,341	7,495,403	928,714	3,401,609
- Asia	3,056,608	3,654,589	–	590,919
- Europe	10,699,526	3,353,769	–	–
- Middle East	164,199	398,915	–	–
- Others	183,355	395,642	–	–
	19,507,029	15,298,318	928,714	3,992,528
By type of customers				
- Non-related parties	19,507,029	15,297,968		–
- Subsidiary corporations	–	350	928,714	3,992,528
	19,507,029	15,298,318	928,714	3,992,528

(i) *Trade receivables and contract assets*

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

In measuring the expected credit losses, trade receivables and contract assets are grouped based on shared credit risk characteristics and days past due. The contract assets relate to unbilled work in progress, which have substantially the same risk characteristics as the trade receivables for the same type of contracts. The Group has therefore concluded that the expected loss rates for trade receivables are a reasonable approximation of the loss rates for the contract assets.

In calculating the expected credit loss rates, the Group considers historical loss rates for each category of customers and adjusts to reflect current and forward-looking macroeconomic factors affecting the ability of the customers to settle the receivables.

Trade receivables and contract assets are written off when there is no reasonable expectation of recovery, such as a debtor failing to engage in a repayment plan with the Group. The Group considers a financial asset as in default if the counterparty fails to make contractual payments within 180 days from due date, and considers to write off or provide credit loss allowance when a debtor fails to make contractual payments after more than 365 days past due. Where receivables are written off, the Group continues to engage in enforcement activity to attempt to recover the receivables due. Where recoveries are made, these are recognised in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023

31. Financial Risk Management (Continued)

(b) Credit risk (continued)

(i) Trade receivables and contract assets (continued)

The Group's and the Company's credit risk exposure in relation to trade receivables and contract assets under SFRS(I) 9 as at 31 December 2023 are set out in the provision matrix as follows:

	NOT PAST DUE NOR IMPAIRED	PAST DUE 0 TO 30 DAYS	PAST DUE 31 TO 180 DAYS	PAST DUE 181 TO 365 DAYS	MORE THAN ONE YEAR	TOTAL
	$	$	$	$	$	$
Group						
Infrastructure engineering						
Expected loss rate	0%	0%	0%	16%	20%	
Trade receivables	5,963,909	3,262,464	3,733,004	610,025	653,256	14,222,658
Contract assets	8,351,934	–	–	–	–	8,351,934
Loss allowance	–	–	–	(99,693)	(133,390)	(233,083)
Corrosion prevention						
Expected loss rate	0%	0%	1%	30%	96%	
Trade receivables	2,211,359	1,440,174	1,645,550	195,715	256,359	5,749,157
Contract assets	1,717,747	–	–	–	–	1,717,747
Loss allowance	(579)	(288)	(13,101)	(58,905)	(247,232)	(320,105)
Others						
Expected loss rate	0%	0%	0%	0%	65%	
Trade receivables	1,319	869	30,680	14,428	117,236	164,532
Loss allowance	–	–	–	–	(76,130)	(76,130)
Company						
Corporate						
Expected loss rate	0%	0%	100%	17%	44%	
Trade receivables	5,400	5,400	10,800	32,396	1,590,957	1,644,953
Loss allowance	–	–	(10,800)	(5,396)	(700,043)	(716,239)

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023

31. Financial Risk Management (Continued)

(b) Credit risk (continued)

(i) Trade receivables and contract assets (continued)

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

	NOT PAST DUE NOR IMPAIRED	PAST DUE 0 TO 30 DAYS	PAST DUE 31 TO 180 DAYS	PAST DUE 181 TO 365 DAYS	MORE THAN ONE YEAR	TOTAL
	$	$	$	$	$	$
Group						
Infrastructure engineering						
Expected loss rate	0%	0%	0%	0%	77%	
Trade receivables	3,421,158	2,132,517	3,608,042	362,736	1,647,901	11,172,354
Contract assets	6,026,524	–	–	–	–	6,026,524
Loss allowance	–	–	–	–	(1,267,830)	(1,267,830)
Corrosion prevention						
Expected loss rate	0%	0%	0%	0%	91%	
Trade receivables	1,343,705	1,319,544	2,106,660	237,497	1,265,582	6,272,988
Contract assets	920,895	–	–	–	–	920,895
Loss allowance	–	–	–	–	(1,156,161)	(1,156,161)
Others						
Expected loss rate	0%	0%	0%	0%	43%	
Trade receivables	4,160	–	21,990	176,251	130,050	332,451
Contract assets	358,013	–	–	–	–	358,013
Loss allowance	–	–	–	–	(55,484)	(55,484)
Company						
Corporate						
Expected loss rate	0%	0%	2%	4%	13%	
Trade receivables	63,537	48,150	320,992	763,393	3,260,680	4,456,752
Loss allowance	–	–	(5,350)	(26,750)	(432,124)	(464,224)

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023

31. Financial Risk Management (Continued)

(b) Credit risk (continued)

(i) Trade receivables and contract assets (continued)

Expected credit losses

The movement in credit loss allowance is as follows:

	TRADE RECEIVABLES $	CONTRACT ASSETS $	TOTAL $
Group			
31 December 2023			
Beginning of financial year	2,479,475	–	2,479,475
Allowance made (Note 5 and 7)	874,169	1,239,882	2,114,051
Allowance written back (Note 5)	(48,068)	–	(48,068)
Allowance written off	(2,662,288)	(1,239,882)	(3,902,170)
Currency translation differences	(13,970)	–	(13,970)
End of the financial year (Note 13)	629,318	–	629,318
31 December 2022			
Beginning of financial year	4,367,772	–	4,367,772
Allowance made (Note 5)	627,187	–	627,187
Allowance written back (Note 5)	(192,258)	–	(192,258)
Deconsolidation of subsidiary corporation	(2,285,502)	–	(2,285,502)
Currency translation differences	(37,724)	–	(37,724)
End of the financial year (Note 13)	2,479,475	–	2,479,475

	TRADE RECEIVABLES $
Company	
31 December 2023	
Beginning of financial year	464,224
Allowance made	252,015
End of the financial year (Note 13)	716,239
31 December 2022	
Beginning of financial year	–
Allowance made	464,244
End of the financial year (Note 13)	464,224

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023

31. Financial Risk Management (Continued)

(b) Credit risk (continued)

(ii) Non-trade receivables

Group

During the current financial year, the Group has recorded an impairment loss of $147,194 (2022: $1,016,788) (Note 7) on the non-trade balances due from third parties as the amounts were considered to be credit impaired. The non-trade balances were written off at the reporting date.

Company

The Company provides for expected credit loss on non-trade receivable balances due from subsidiary corporations based on general approach.

In assessing whether there is a significant increase in credit risk, the Company compares the risk of a default occurring on the non-trade receivable balances due from subsidiary corporations as at the reporting date with the risk of default as at the date of initial recognition. The Company considered amongst other factors, the financial position of the subsidiary corporations at the reporting date, the past financial performance and cash flows trends, adjusted for the outlook of the industry and economy in which the subsidiary corporations operate in.

	LIFETIME EXPECTED CREDIT LOSS $
31 December 2023	
Beginning of financial year	21,165,667
Allowance made	4,255,595
Allowance written-back	(1,279)
End of the financial year (Note 13)	25,419,983
31 December 2022	
Beginning of financial year	30,501,172
Allowance made	22,586,891
Allowance written off	(31,922,396)
End of the financial year (Note 13)	21,165,667

The Company uses lifetime expected credit loss for the non-trade receivables balances due from certain subsidiary corporations operating in infrastructure engineering (2022: shipping segment), and determined that the expected credit loss is $4,255,595 (2022: $22,586,891) after taking into consideration their adverse performance.

31. Financial Risk Management (Continued)

(b) Credit risk (continued)

(ii) Non-trade receivables (continued)

Company (continued)

During the previous financial year, the Company wrote off $31,922,396 of non-trade receivables balances due from CLT Group. The amounts were unsecured and had been fully impaired in previous year. In consideration of its financial position and subsequent events as disclosed elsewhere in these financial statements, the Company assessed that there was no reasonable expectation of recovery.

Except for the above, the expected credit loss is insignificant for the remaining non-trade receivables balances using 12-month expected credit loss.

(iii) Financial guarantee contracts

The Group has issued financial guarantees to banks for borrowings of its subsidiary corporations. These guarantees are subject to the impairment requirements of SFRS(I) 9.

During the previous financial year, the CLT was in the process of liquidation. Notice of Default from United Overseas Bank was received in 2023, and management assessed that the exposure to credit risk of financial guarantee contract is significant and therefore made a provision for financial guarantee of $2,024,561 for financial year ended 31 December 2022. The Company has paid and redeemed the financial guarantee during the financial year ended 31 December 2023.

Other than the above, the Company has assessed that its subsidiary corporations have strong financial capacity to meet the contractual cash flow obligations in the near future and hence, does not expect significant credit losses arising from these guarantees.

(iv) Other financial assets

The Group and the Company held cash and cash equivalents with banks with high credit ratings and are considered to have low credit risk. The cash balances are measured on 12-month expected credit loss and subject to immaterial credit loss.

(c) Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and having an adequate amount of committed credit facilities (Note 23) to enable the Group to meet its normal operating commitments. The Group's objective is to maintain a balance through the use of bank borrowings, bank overdrafts and lease liabilities. As at reporting date, assets held by the Group and the Company for managing liquidity risks included cash and bank balances as disclosed in Note 12.

The Group monitors its liquidity risk and maintains a level of cash and bank balances deemed adequate by the Group management to finance the Group's operations and mitigate the effects of fluctuations in cash flows. The Group also manages sufficient funding through short-term bank loans and overdraft facilities.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023

31. Financial Risk Management (Continued)

(c) Liquidity risk (continued)

The table below analyses non-financial derivative financial liabilities of the Group and the Company into relevant maturity groupings based on the remaining period from the reporting date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying amounts as the impact of discounting is not significant.

	LESS THAN 1 YEAR	BETWEEN 1 TO 5 YEARS	MORE THAN 5 YEARS
	$	$	$
Group			
At 31 December 2023			
Trade and other payables	30,738,957	2,116,267	–
Lease liabilities	1,210,634	1,272,105	36,716
Borrowings	11,392,488	312,325	–
At 31 December 2022			
Trade and other payables	28,721,243	–	–
Lease liabilities	1,136,276	839,685	15,660
Borrowings	16,067,687	4,294,879	–

	LESS THAN 1 YEAR	BETWEEN 1 TO 5 YEARS	MORE THAN 5 YEARS
	$	$	$
Company			
At 31 December 2023			
Trade and other payables	24,703,980	–	–
Lease liabilities	207,677	265,759	32,804
Borrowings	8,168,270	–	–
Financial guarantee contracts	3,120,307	–	–
At 31 December 2022			
Trade and other payables	32,849,448	–	–
Lease liabilities	183,514	296,763	–
Borrowings	8,740,922	3,766,671	–
Financial guarantee contracts	6,105,714	–	–

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023

31. Financial Risk Management (Continued)

(d) *Capital risk*

The Group manages its capital to ensure that entities within the Group will be able to continue as a going concern while maximising the return to stakeholders through the optimisation of the debt and equity balance except where decisions are made to exit businesses or close companies.

The capital structure of the Group consists of debt, which includes lease liabilities and interest bearing loans, and equity attributable to equity holders of the parent, comprising issued capital and accumulated losses.

The Board of Directors reviews the capital structure periodically. As part of the review, the Management considers the cost of capital and the risks associated with each class of capital. Based on recommendations of the Management, the Group will balance its overall capital structure through the payment of dividends, new share issues as well as the issue of new debt or the redemption of existing debts.

Other than those disclosed in the financial statements, the Company is not exposed to any externally imposed capital requirements for the financial years ended 31 December 2023 and 2022.

The Group's overall strategy remains unchanged from 2023.

(e) *Financial instruments by category*

The carrying amount of the different categories of financial instruments is as follows:

	GROUP		COMPANY	
	2023	2022	2023	2022
	$	$	$	$
Financial assets, at amortised cost	33,733,385	31,214,570	30,793,469	43,086,734
Financial liabilities at amortised cost	46,995,808	50,911,454	33,337,672	45,727,288

(f) *Fair value measurement*

The fair values of current financial assets and liabilities carried at amortised cost approximate their carrying amounts. The fair values of non-current financial liabilities carried at amortised cost can be found at Notes 21 and 23(b).

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023

32. Related Party Transactions

(a) In addition to the information disclosed elsewhere in the financial statements, the following transactions took place between the Group and related parties at terms agreed between the parties:

	GROUP	
	2023	2022
	$	$
Loan from a related party	300,000	250,000
Repayment of loan to a related party	244,900	470,000
Purchase of materials and/or services from related parties	5,320	19,976

Related parties comprise of a firm of which an independent director is a partner of and companies controlled by the Group's key management personnel and their close family members.

Outstanding balances at 31 December 2023, arising from sale/purchase of goods and services, are unsecured and receivable/payable within 12 months from reporting date and are disclosed in Notes 13 and 21 respectively.

(b) Key management personnel compensation

	GROUP	
	2023	2022
	$	$
Wages and salaries	3,754,518	2,135,913
Employer's contribution to defined contribution plans, including Central Provident Fund	178,734	169,162
Other short-term benefits	30,699	26,143
Directors' fee	143,200	146,000
	4,107,151	2,477,218
Directors of the Company	1,270,706	552,281
Directors of the subsidiary corporations	1,098,753	996,752
Executive officers of the Group	1,737,692	928,185
	4,107,151	2,477,218

Outstanding balance at 31 December 2023 pertaining to key management personnel compensation amounted to $2,797,865 (2022: $1,847,835) and is disclosed in Note 21.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023

33. Segment Information

The Executive Committee ("Exco") is the Group's chief operating decision maker. The Exco comprises the Chief Executive Officer and the heads of each business within each primary geographic segment. Management has determined the operating segments based on the reports reviewed by the Exco that are used to make strategic decisions, allocate resources and assess performance.

The Exco considers the business from both a geographic and business segment perspective. Geographically, management manages and monitors the business in the three primary geographic areas namely, Singapore, Indonesia and Europe.

Business segments

For management purposes, the Group organised their business units into four reportable operating segments as follows:

(a) Infrastructure Engineering ("IE")

This relates to provision of a wide range of engineering services including repairs and maintenance of floating production platforms, onshore and offshore marine fabrications; and the production and supply of customised pedestal cranes and deck equipment.

(b) Corrosion Prevention ("CP")

This relates to the provision of comprehensive corrosion protection services such as surface preparation and application of protective coatings as part of the marine and offshore energy sectors.

(c) Corporate Services

This relates to corporate administration and treasury related functions at Group level.

(d) Others

This relates to other non-core activities comprising vessel owning and freighting services.

During the current financial year, the Group underwent corporate restructuring, exiting the Shipping segment following the discontinuation of the Cattle Line business, and incorporating the Selling and Distribution business into the CP segment. The Group also exited the business of supplying tin dredging equipment. IE and CP are now recognised as the Group's core business segments. Unallocated costs related to corporate administration and treasury functions have been reclassified to corporate services for improved clarity. As a result, the amounts relating to the above changes were restated accordingly.

Except as indicated above, no operating segments have been aggregated to form the above reportable operating segments.

Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on the operating profit or loss which in certain respects, as explained in the table below, is measured differently from operating profit or loss in the consolidated financial statements. Income taxes are managed on a group basis and are not allocated to operating segments.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023

33. Segment Information (Continued)

Transfer prices between operating segments are on an arm's length basis in a manner similar to transactions with third parties.

The segment information provided to the Board of Directors for the reportable segments is as follows:

	CONTINUING OPERATIONS					
	INFRA-STRUCTURE ENGINEERING	CORROSION PREVENTION	CORPORATE SERVICES	OTHERS	TOTAL FOR CONTINUING OPERATIONS	TOTAL FOR DISCONTINUED OPERATIONS
	$	$	$	$	$	$
2023						
Total segment sales	57,435,454	24,177,220	–	82,559	81,695,233	–
Inter-segment sales	(409,778)	(2,090,624)	–	(32,808)	(2,533,210)	–
Sales to external customers	57,025,676	22,086,596	–	49,751	79,162,023	–
Results:						
Segment results	15,765,894	2,080,325	(4,316,752)	(915,564)	12,613,903	–
Interest expense	(308,773)	(480,464)	(1,015,032)	–	(1,804,269)	–
Interest income	2,023	6,231	–	151	8,405	–
Profit/(loss) from operating segment	15,459,144	1,606,092	(5,331,784)	(915,413)	10,818,039	–
Income tax expense					(2,900,680)	–
Net profit					7,917,359	–
Profit attributable to non-controlling interests					4,493,093	–
					3,424,266	–
Net profit includes:						
- Depreciation of property, plant and equipment	1,468,389	1,051,299	307,579	217,349	3,044,616	–
- Impairment of property, plant and equipment	–	–	–	–	–	–
- Credit loss allowance for non-trade receivables	100,000	–	47,194	–	147,194	–
- Credit loss allowance for contract assets	881,868	–	–	358,014	1,239,882	–

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023

33. Segment Information (Continued)

The segment information provided to the Board of Directors for the reportable segments is as follows: (continued)

	CONTINUING OPERATIONS					
	INFRA-STRUCTURE ENGINEERING	CORROSION PREVENTION	CORPORATE SERVICES	OTHERS	TOTAL FOR CONTINUING OPERATIONS	TOTAL FOR DISCONTINUED OPERATIONS
	$	$	$	$	$	$
2022 (Restated)						
Total segment sales	43,747,875	23,518,746	–	208,157	67,474,778	–
Inter-segment sales	(4,950,442)	(3,259,376)	–	(130,485)	(8,340,303)	–
Sales to external customers	38,797,433	20,259,370	–	77,672	59,134,475	–
Results:						
Segment results	4,398,270	2,907,298	(4,909,176)	(6,248,148)	(3,851,756)	(16,346,496)
Interest expense	(289,743)	(585,264)	(826,607)	–	(1,701,614)	(295,387)
Interest income	1,378	3,508	520	–	5,406	–
Profit/(loss) from operating segment	4,109,905	2,325,542	(5,735,263)	(6,248,148)	(5,547,964)	(16,641,883)
Income tax expense					(1,478,732)	–
Net loss					(7,026,696)	(16,641,883)
Profit/(loss) attributable to non-controlling interests					1,600,339	(3,439,448)
					(8,627,035)	(13,202,435)
Net loss includes:						
- Depreciation of property, plant and equipment	2,013,913	1,190,160	780,025	435,663	4,419,761	2,224,918
- Impairment of property, plant and equipment	–	–	–	448,474	448,474	5,830,487
- Credit loss allowance for non-trade receivables	1,016,788	–	–	–	1,016,788	–
- Credit loss allowance for contract assets	–	–	–	–	–	–

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023

33. Segment Information (Continued)

The segment information provided to the Board of Directors for the reportable segments is as follows: (continued)

	INFRA-STRUCTURE ENGINEERING	CORROSION PREVENTION	CORPORATE SERVICES	OTHERS	TOTAL
	$	$	$	$	$
2023					
Segment assets	41,583,848	13,429,585	5,714,118	2,272,987	63,000,538
Segment assets include: -					
Additions to: Property, plant and equipment	320,678	1,714,009	316,034	350,284	2,701,005
Segment liabilities	(15,373,378)	(18,110,299)	(16,867,246)	(798,020)	(51,148,943)
2022 (Restated)					
Segment assets	39,867,525	12,570,284	1,215,366	3,733,842	57,387,017
Segment assets include: -					
Additions to: Property, plant and equipment	384,188	1,844,931	501,473	30,110	2,760,702
Segment liabilities	(16,542,211)	(15,025,054)	(20,646,146)	(197,787)	(52,411,198)

(a) Reconciliations

(i) Segment assets

The amounts provided to management with respect to total assets are measured in a manner consistent with that of the financial statements. For the purposes of monitoring segment performance and allocating resources between segments, management monitors the property, plant and equipment, inventories, receivables and operating cash attributable to each segment. All assets are allocated to reportable segments.

(ii) Segment liabilities

The amounts provided to the management with respect to total liabilities are measured in a manner consistent with that of the financial statements. These liabilities are allocated based on the operations of the segment. All liabilities are allocated to the reportable segments.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023

33. Segment Information (Continued)

(b) Geographical information

The Group's four business segments operate in five main geographical areas:

- Singapore – the Company is headquartered and has operations in Singapore. The operations in this area are principally the infrastructure engineering, the corrosion prevention and corporate service;
- Asia – the operations in this area relate to all the reportable segments in Indonesia, Malaysia and China;
- Europe – the operations in this area relate to infrastructure engineering segments in Norway, Switzerland and United Kingdom; and
- Middle East – the operations in this area relate to infrastructure engineering segments in United Arab Emirates and Saudi Arabia; and
- Other countries – the operations include the infrastructure engineering in Marshal Island and others.

Revenue from the external customers of the Group was derived based on the country of origin of the customers. Non-current assets (other than intangible assets and deferred income tax assets) of the Group were derived based on the operating location of the assets.

	REVENUE	
	2023	2022
	$	$
Singapore	31,804,650	29,654,706
Asia	12,167,623	7,041,951
Europe	33,727,771	20,805,533
Middle East	1,291,749	1,507,827
Others	170,230	124,458
	79,162,023	59,134,475

	NON-CURRENT ASSETS	
	2023	2022
	$	$
Singapore	3,054,815	2,862,994
Asia	10,786,582	18,802,740
	13,841,397	21,665,734

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023

33. Segment Information (Continued)

(c) *Revenue from major services and customers*

Revenue from external customers is derived from all reportable segments as disclosed in Note 4.

Revenue from 4 (2022: 2) major customers amounted to $55,395,143 (2022: $23,280,781), arising from sales by both the corrosion prevention and infrastructure engineering segments.

34. New or Revised Accounting Standards and Interpretations

Below are the mandatory standards and amendments and interpretations to existing standards that have been published, and are relevant for the Group's accounting periods beginning on or after 1 January 2024 and which the Group has not early adopted.

<u>Effective for annual periods beginning on or after 1 January 2024</u>

- Amendments to SFRS(I) 1-1: Classification of Liabilities as Current or Non-current
- Amendments to SFRS(I) 1-1: Non-current Liabilities with Covenants
- Amendments to SFRS(I) 1-7 and SFRS(I) 7: Supplier Finance Arrangements
- Amendments to SFRS(I) 16: Lease Liability in a Sale and Leaseback

<u>Effective for annual periods beginning on or after 1 January 2025</u>

- Amendments to SFRS(I) 1-21: Lack of Exchangeability

<u>Effective date to be determined</u>

- Amendments to SFRS(I) 10 and SFRS(I) 1-28 Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

35. Subsequent Events

On 19 January 2024, the Group's wholly-owned subsidiary PT Marina Shipping has completed its sale of the second 1,700HP tugboat, and recognised gain on sale of $0.32 million. This asset was classified as part of disposal group as at 31 December 2023 (Note 15(c)).

On 24 January 2024, the Group's wholly-owned subsidiary PT Nexus Engineering Indonesia has completed its sale of 90,000 square metres of land forming part of the Group's 328,956 square metre waterfront fabrication yard in Batam, Indonesia, and recognised gain on sale of $6.83 million. This asset was classified as part of disposal group as at 31 December 2023 (Note 15(a)).

36. Authorisation of Financial Statements

These financial statements were authorised for issue in accordance with a resolution of the Board of Directors of Beng Kuang Marine Limited on 26 March 2024.

SUSTAINABILITY STATEMENT

for Beng Kuang Marine 2023

The Group recognizes that sustainability is now a fundamental principle that guides future business practices and decisions as it shapes our future. We will strive to deliver value to our shareholders while contributing positively to the environment, society, and economy in which we operate.

As such, the Group will be publishing its standalone FY2023 Sustainability Report (the "SR") by 29 April 2024, disclosing the sustainability practices and performance of the Group from 1 January 2023 to 31 December 2023. The SR will be prepared in accordance with the Global Reporting Initiative ("GRI") Standards alongside the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD). The report will comply with the SGX-ST Listing Rules (711A and 711B). The SR will be publicly available through the Group's corporate website as well as SGXNET.

Through our SR for FY2023, we hope to detail the Group's efforts in demonstrating our commitment to transform the Group into a more sustainable and environmentally friendly organization. Integrating Environmental, Social, and Governance (ESG) principles into everything we do, we will commit to foster positive relationships with our stakeholders and environment in the various aspects below.

Anti-Corruption:

The Group upholds a zero-tolerance policy towards corruption in all its forms. We are committed to conducting our business with the highest standards of integrity, honesty, and transparency. Our anti-corruption measures include robust internal controls, comprehensive training programs for employees, and regular assessments to detect and prevent corrupt practices. We adhere to applicable anti-corruption laws and regulations globally, ensuring that our interactions with government officials, customers, suppliers, and other stakeholders are conducted ethically and in compliance with legal requirements.

Energy:

We recognize the importance of energy efficiency to mitigate climate change and promote sustainable development. The Group strives to optimize our energy use across our operations by implementing energy-saving technologies, upgrading equipment, and promoting energy conservation practices among our employees. We will also look to invest in renewable energy sources such as solar and wind power to reduce our carbon footprint and transition towards a low-carbon future.

Emissions:

Reducing greenhouse gas emissions is a priority for the Group. Over in 2023, we have begun to track and monitor our emissions across our Singapore operations, setting ambitious targets to reduce our carbon footprint. As we expand our monitoring systems and bring in initiatives such as energy efficiency improvements, transitioning to cleaner fuels, and implementing emissions reduction technologies, we aim to minimize our contribution to global warming and contribute to the transition to a low-carbon economy.

SUSTAINABILITY STATEMENT
for Beng Kuang Marine 2023

Waste:

We recognize the importance of responsible waste management in preserving natural resources and minimizing environmental impacts. The Group aims to continue current good practices in disposing of hazardous waste with verified waste collectors to prevent any harmful pollution of the environment. We will also look to factor in more ways to prioritize waste reduction, recycling, and reuse initiatives across our operations to minimise our waste production as an organisation.

Employment:

We are committed to providing our employees with a safe, inclusive, and fulfilling work environment. The Group will strive to prioritize employee well-being, offering competitive wages, benefits, and opportunities for professional development and advancement. We promote diversity and inclusion, ensuring equal opportunities for all employees regardless of race, gender, age, or background. Through regular engagement and communication, we foster a culture of respect, collaboration, and empowerment among our workforce.

Water and Effluents:

We recognize the importance of responsible water management in safeguarding this precious resource for future generations. We educate our employees to be water-savvy and look towards implementing water conservation measures to minimize our water consumption and reduce our impact on local water sources.

Occupational Health and Safety:

The health and safety of our employees are paramount in our Group. We are committed to providing a safe and healthy work environment, free from hazards and risks. We implement robust occupational health and safety management systems, conducting regular risk assessments, providing comprehensive training, and empowering employees to report safety concerns. We strive for continuous improvement in our health and safety performance, aiming to prevent workplace injuries and illnesses and promote a culture of safety awareness and responsibility among our workforce.

SHAREHOLDING STATISTICS

As at 15 March 2024

Issued and fully paid-up capital	:	S$54,825,342.00
Number of shares issued	:	199,210,406
Number of treasury shares and subsidiary holdings held	:	Nil
Class of shares	:	Ordinary shares
Voting rights	:	One vote per share

Shareholdings Held in Hands of Public

Based on information available to the Company as at 15 March 2024, 63.13% of the issued ordinary shares of the Company is held by the public and therefore Rule 723 of the Listing Manual is complied with.

Analysis of Shareholdings

SIZE OF SHAREHOLDINGS	NO. OF SHAREHOLDERS	% OF SHAREHOLDERS	NO. OF SHARES	% OF SHARES
1 - 99	55	3.33	2,650	0.00
100 - 1,000	98	5.93	60,700	0.03
1,001 - 10,000	813	49.15	3,963,050	1.99
10,001 - 1,000,000	662	40.02	51,159,075	25.68
1,000,001 and above	26	1.57	144,024,931	72.30
TOTAL	**1,654**	**100.00**	**199,210,406**	**100.00**

SHAREHOLDING STATISTICS

As at 15 March 2024

Top 20 Shareholders

NO.	NAME OF SHAREHOLDERS	NO. OF SHARES	%. OF SHARES
1.	CHAN KWAN BIAN	27,305,575	13.71
2.	DBS NOMINEES PTE LTD	20,955,600	10.52
3.	MAYBANK SECURITIES PTE. LTD.	9,241,731	4.64
4.	CHUA BENG KUANG	9,066,875	4.55
5.	CHUA MENG HUA	8,829,875	4.43
6.	CHUA BENG YONG	8,729,875	4.38
7.	CHUA BENG HOCK	7,819,875	3.93
8.	TAN XIE WEI	6,984,500	3.51
9.	RAFFLES NOMINEES (PTE) LIMITED	6,781,725	3.40
10.	PHILLIP SECURITIES PTE LTD	5,293,150	2.66
11.	TEO GIM KIM	4,500,000	2.26
12.	YEO CHUNG SUN	3,250,000	1.63
13.	LIM AND TAN SECURITIES PTE LTD	3,206,600	1.61
14.	LEE YEOW LENG RONALD	2,900,000	1.46
15.	UOB KAY HIAN PTE LTD	2,537,000	1.27
16.	CGS-CIMB SECURITIES (SINGAPORE) PTE LTD	2,318,850	1.16
17.	TAY YEW CHONG	1,961,250	0.99
18.	NGIN TEO MEE	1,812,300	0.91
19.	TIGER BROKERS (SINGAPORE) PTE. LTD.	1,581,800	0.79
20.	OCBC SECURITIES PRIVATE LTD	1,556,350	0.78
		136,632,931	68.59

Substantial Shareholders

	NO. OF SHARES		
	DIRECT INTERESTS	DEEMED INTEREST	%
CHAN KWAN BIAN	27,305,575	–	13.71

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Annual General Meeting ("**AGM**") of BENG KUANG MARINE LIMITED (the "**Company**") will be held at 2 Venture Drive #09-22, Vision Exchange, Singapore 608526 on Friday, 26 April 2024 at 3.00 p.m., to transact the following business:

As Ordinary Business

1. To receive and adopt the Directors' Statement and the Audited Financial Statements for the financial year ended 31 December 2023 together with the Independent Auditor's Report thereon. **(Resolution 1)**

2. To re-elect Mr. Chua Beng Yong, a Director retiring pursuant to Regulation 107 of the Company's Constitution. **(Resolution 2)**

   [See Explanatory Note 1]

3. To re-elect Mr. Lum Kin Wah, a Director retiring pursuant to Regulation 107 of the Company's Constitution. **(Resolution 3)**

   [See Explanatory Note 2]

4. To re-elect Mr. Yee Chia Hsing, a Director retiring pursuant to Regulation 117 of the Company's Constitution. **(Resolution 4)**

   [See Explanatory Note 3]

5. To approve the payment of Directors' fees of S$143,200 (FY2022: S$146,000) for the financial year ended 31 December 2023. **(Resolution 5)**

6. To re-appoint Messrs CLA Global TS Public Accounting Corporation as auditors of the Company and to authorise the Directors to fix its remuneration. **(Resolution 6)**

NOTICE OF ANNUAL GENERAL MEETING

As Special Business

To consider and, if thought fit, to pass the following resolution which will be proposed as Ordinary Resolutions, with or without amendments:

7. **Authority to allot and issue shares**

"That pursuant to Section 161 of the Companies Act 1967, and the listing rules of the Singapore Exchange Securities Trading Limited ("**SGX-ST**"), authority be and is hereby given to the Directors of the Company to allot and issue shares or convertible securities from time to time (whether by way of rights, bonus or otherwise) and upon such terms and conditions and for such purposes and to such person as the Directors may in their absolute discretion deem fit, provided that the aggregate number of shares and convertible securities issued pursuant to such authority shall not exceed 50 per centum (50%) of the issued share capital (excluding treasury shares and subsidiary holdings) of the Company, of which the aggregate number of shares and convertible securities issued other than on a pro-rata basis to the existing shareholders of the Company shall not exceed 20 per centum (20%) of the issued share capital (excluding treasury shares and subsidiary holdings) of the Company (the percentage of issued share capital being based on the issued share capital (excluding treasury shares and subsidiary holdings) at the time such authority is given after adjusting for (i) new shares arising from the conversion or exercise of convertible securities which were issued and outstanding or subsisting at the time this Resolution is passed or (ii) new shares arising from the exercise of share options or vesting of awards which were issued and outstanding or subsisting at the time this Resolution is passed, provided the options or awards were granted in compliance with Part VIII of Chapter 8 of the Listing Manual of the SGX-ST and (iii) any subsequent consolidation or subdivision of shares) and, unless revoked or varied by the Company in general meeting, such authority shall continue in force until the conclusion of the next Annual General Meeting ("**AGM**") of the Company or on the date by which the next AGM is required by law to be held, whichever is the earlier." **(Resolution 7)**

[See Explanatory Note 4]

8. **Authority to issue Shares under Employee Share Option Scheme ("ESOS")** **(Resolution 8)**

"That pursuant to Section 161 of the Companies Act, the Directors of the Company be authorised and empowered to offer and grant options under the ESOS and to allot and issue from time to time such number of Shares as may be required to be issued pursuant to the exercise of options granted by the Company under the ESOS, whether granted during the subsistence of this authority or otherwise, provided always that the aggregate number of Shares to be allotted and issued pursuant to the ESOS, the PSP (as defined below) and such other share-based incentive scheme collectively shall not exceed 15% of the total number of issued Shares (excluding treasury shares and subsidiary holdings) from time to time and that such authority shall, unless revoked or varied by the Company in a general meeting, continue in force until the conclusion of the next AGM of the Company or the date by which the next AGM of the Company is required by law to be held, whichever is earlier."

[See Explanatory Note 5]

NOTICE OF ANNUAL GENERAL MEETING

9. **Authority to issue Shares under the Performance Share Plan ("PSP")** **(Resolution 9)**

"That pursuant to Section 161 of the Companies Act, the Directors of the Company be authorised and empowered to offer and grant awards pursuant to the PSP and to allot and issue from time to time such number of Shares as may be required to be issued pursuant to the vesting of awards under the PSP, provided always that the aggregate number of Shares to be allotted and issued pursuant to the ESOS, the PSP and such other share-based incentive scheme collectively shall not exceed 15% of the total number of issued Shares (excluding treasury shares and subsidiary holdings) from time to time and that such authority shall, unless revoked or varied by the Company in a general meeting, continue in force until the conclusion of the next AGM of the Company or the date by which the next AGM of the Company is required by law to be held, whichever is earlier."

[See Explanatory Note 6]

10. **Renewal of Share Buyback Mandate** **(Resolution 10)**

That:

(a) for the purposes of Sections 76C and 76E of the Companies Act 1967 (the "**Companies Act**"), the exercise by the Directors of the Company of all the powers of the Company to purchase or otherwise acquire ordinary shares ("**Shares**") in the issued share capital of the Company not exceeding in aggregate the Maximum Buyback Shares (as hereafter defined), at such price or prices as may be determined by the Directors of the Company from time to time up to the Maximum Price (as hereafter defined), whether by way of:

(i) on-market purchases (each a "**Market Purchase**"), transacted on the Singapore Exchange Securities Trading Limited ("**SGX- ST**") or any other securities exchange on which the Shares may for the time being be listed and quoted, through one or more duly licensed stockbrokers appointed by the Company for the purpose; and/or

(ii) off-market purchases (each an "**Off-Market Purchase**") effected otherwise than on the SGX-ST in accordance with an "equal access scheme" as defined in Section 76C of the Companies Act,

and otherwise in accordance with all other laws, regulations and rules of the SGX-ST as may for the time being be applicable, be and is hereby authorised and approved generally and unconditionally (the "**Share Buyback Mandate"**);

(b) the authority conferred on the Directors of the Company pursuant to the Share Buyback Mandate may be exercised by the Directors of the Company at any time and from time to time during the period commencing from the passing of this Resolution and expiring on the earliest of:

(i) the conclusion of the next AGM of the Company following the passing of this Resolution or the date by which such AGM is required by law to be held;

(ii) the date on which the purchase or acquisition of Shares have been carried out to the full extent of the Share Buyback Mandate; or

(iii) the date on which the authority conferred by the Share Buyback Mandate is varied or revoked by an ordinary resolution of shareholders of the Company in general meeting.

NOTICE OF ANNUAL GENERAL MEETING

(c) In this Resolution:

"**Maximum Buyback Shares**" means the number of Shares representing 10% of the total number of issued Shares (excluding treasury shares and subsidiary holdings) of the Company as at the date of the passing of this Resolution, unless the Company has reduced its share capital in accordance with the applicable provisions of the Companies Act, at any time during the Relevant Period (as defined hereinafter), in which event the total number of issued Shares of the Company shall be taken to be the total number of issued Shares as altered (excluding any treasury shares and subsidiary holdings held by the Company);

"**Relevant Period**" means the period commencing from the date of the passing of this Resolution and expiring on the date on which the earliest of the date the next AGM of the Company is held or is required by law to be held, or it is varied or revoked by the Company in general meeting (if so varied or revoked to the next AGM), or the date on which purchases and acquisitions of Shares pursuant to Share Buyback Mandate are carried out to the full extent mandated, whichever is the earlier; and

"**Maximum Price**" in relation to a Share to be purchased, means an amount (excluding brokerage, commissions, stamp duties, applicable goods and services tax and other related expenses) not exceeding:

(i) in the case of a Market Purchase: 105% of the Average Closing Price; and
(ii) in the case of an Off-Market Purchase: 120% of the Average Closing Price, where:

"**Average Closing Price**" is the average of the closing market prices of a Share over the last five (5) Market Days, on which transactions in the Shares were recorded, immediately preceding the date of the Market Purchase by the Company or, as the case may be, the date of the making of the offer pursuant to the Off-Market Purchase, and deemed to be adjusted for any corporate action that occurs after such five-day market period;

"**day of the making of the offer**" means the date on which the Company announces its intention to make an offer for the purchase or acquisition of Shares from shareholders of the Company stating the purchase price (which shall not be more than the Maximum Price calculated on the foregoing basis) for each Share and the relevant terms of the equal access scheme for effecting the Off-Market Purchase; and

"**Market Day**" means a day on which the SGX-ST is open for trading in securities; and

(d) the Directors of the Company be and are hereby authorised to complete and do all such acts and things (including executing such documents as may be required) as they may consider expedient or necessary to give effect to the transactions contemplated by this Resolution.

[See Explanatory Note 7]

NOTICE OF ANNUAL GENERAL MEETING

11. To transact any other business that may be properly transacted at an AGM.

BY ORDER OF THE BOARD

Sharon Lim Siew Choo
Company Secretary

Singapore

11 April 2024

Explanatory Notes:

1. Mr. Chua Beng Yong will, if re-elected as Director of the Company, continue to serve as the Executive Chairman of the Company. Please refer to the "Information on Directors seeking Re-election" section of the Annual Report for the detailed information required pursuant to Rule 720(6) of the Listing Manual of the SGX-ST.

2. Mr. Lum Kin Wah will, upon re-election as Director of the Company, continue to serve as Independent Director of the Company, Chairman of Remuneration Committee and a member of the Audit and Nominating Committees of the Company. Further information on Mr. Lum Kin Wah can be found in the Annual Report 2023. Mr. Lum Kin Wah is considered by the Board to be independent for the purposes of Rule 704(8) of the Listing Manual of the SGX-ST. Please refer to pages 42 to 46 of the Annual Report for the detailed information required pursuant to Rule 720(6) of the Listing Manual of the SGX-ST.

3. Mr. Yee Chia Hsing will, upon re-election as Director of the Company, continue to serve as Independent Director of the Company, Chairman of Nominating Committee and a member of the Audit and Remuneration Committees of the Company. Further information on Mr. Yee Chia Hsing can be found in the Annual Report 2023. Mr. Yee Chia Hsing is considered by the Board to be independent for the purposes of Rule 704(8) of the Listing Manual of the SGX-ST. Please refer to pages 42 to 46 of the Annual Report for the detailed information required pursuant to Rule 720(6) of the Listing Manual of the SGX-ST.

4. The proposed Ordinary Resolution 7, if passed, will authorise the Directors of the Company, effective until the conclusion of the next AGM of the Company, 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 at a general meeting, whichever is earliest, to issue shares up to 50% of the Company's issued share capital (excluding treasury shares and subsidiary holdings), with an aggregate sub-limit of 20% of the Company's share capital for any issue of shares not made on a pro-rata basis to shareholders of the Company.

5. The proposed Ordinary Resolution 8, if passed, will authorise the Directors of the Company from the date of this AGM until the date 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 allot and issue Shares pursuant to the exercise of options granted or to be granted under the ESOS and such other share-based incentive scheme or share plan up to a number not exceeding in aggregate, 15% of the total number of issued Shares (excluding treasury shares and subsidiary holdings) from time to time.

6. The proposed Ordinary Resolution 9, if passed, will authorise the Directors of the Company from the date of this AGM until the date 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 allot and issue Shares pursuant to the exercise of options granted or to be granted under the PSP and such other share-based incentive scheme or share plan up to a number not exceeding in aggregate, 15% of the total number of issued Shares (excluding treasury shares and subsidiary holdings) from time to time.

7. The proposed Ordinary Resolution 10, if passed, will authorise the Directors of the Company to purchase or otherwise acquire the Maximum Buyback Shares at such price(s) as may be determined by the Directors from time to time up to the Maximum Price and will empower the Directors of the Company, effective until the conclusion of the next AGM of the Company following the passing of Ordinary Resolution granting the said authority or date by which such AGM is required to be held (whereupon it will lapse, unless renewed at such meeting), or it is varied or revoked by the Company in general meeting (if so varied or revoked to the next AGM), or the date on which purchases and acquisitions of Shares pursuant to Share Buyback Mandate are carried out to the full extent mandated, whichever is the earliest. Please refer to Appendix for more details.

NOTICE OF ANNUAL GENERAL MEETING

Notes:

(1) The AGM will be held, in a wholly physical format, at 2 Venture Drive, #09-22, Vision Exchange, Singapore 608526 on Friday, 26 April 2024 at 3.00 p.m. **There will be no option for Shareholders to participate virtually**.

(2) **Submission of Questions in Advance of the AGM**

(a) All Shareholders may submit substantial and relevant questions relating to the business of the AGM up till 18 April 2024 at 3.00 p.m. either:

(i) via post to Company's registered office at 2 Venture Drive #14-15, Vision Exchange, Singapore 608526; or

(ii) via electronic mail to william@bkmgroup.com.sg.

Shareholders who submit questions in advance of the AGM should provide their full name, address, contact number, email and the manner in which they hold Shares (if you hold Shares directly, please provide your account number with The Central Depository (Pte) Limited ("**CDP**"); otherwise, please state if you hold your Shares through the Central Provident Fund ("**CPF**"), Supplementary Retirement Scheme ("**SRS**") or other Relevant Intermediary, for our verification purposes.

(b) The Company will endeavour to address all substantial and relevant questions:

(i) (if received by the deadline set out in section 2(a) above) before the AGM, and in any case by 3.00 p.m. on 22 April 2024 (being more than 48 hours prior to the closing date and time for the lodgement of the Proxy Forms), via an announcement on SGXNet and the Company's website; or

(ii) (if received by the deadline set out in section 2(a) above) during the AGM.

(c) The Company will also, within one (1) month after the date of the AGM, publish the minutes of the AGM on SGXNet and the Company's website, and the minutes will include the responses to the questions referred to above.

(3) **Voting**

Shareholders who wish to exercise their voting rights at the AGM may:

(a) (where the Shareholder is an individual) attend and vote at the AGM; or

(b) (where the Shareholder is an individual or a corporate) appoint a proxy to vote on their behalf.

Each of the resolutions to be put to the vote of members at the AGM (and at any adjournment thereof) will be voted on by way of a poll.

Shareholders (including Relevant Intermediaries) who wish to vote on any or all of the resolutions at the AGM via proxy must submit a form of proxy to appoint the proxy ("**Proxy Form**"). The Proxy Form must be submitted to the Company in the following manner:

(a) if submitted by post, be lodged at the office of the Company's registered office at 2 Venture Drive #14-15, Vision Exchange, Singapore 608526; or

(b) if submitted electronically, be submitted via email to william@bkmgroup.com.sg,

in either case **by no later than 3.00 p.m. on 24 April 2024, being 48 hours before the time appointed for the AGM**.

The accompanying Proxy Form for the AGM may be accessed via the Company's corporate website at the following URL: http://www.bkmgroup.com.sg, and will also be made available on the SGX website at the URL: https://www.sgx.com/securities/company-announcements.

A member can appoint the Chairman of the AGM as his/her/its proxy, but this is not mandatory. A proxy need not be a member of the Company.

NOTICE OF ANNUAL GENERAL MEETING

In the case of submission of the Proxy Form appointing the Chairman of the AGM as proxy, it must be under the hand of the appointor or of his attorney duly authorised in writing. Where the instrument appointing the Chairman of the AGM as proxy is executed by a corporation, it must be executed either under its seal or signed on its behalf by an attorney duly authorised in writing or by an authorised officer of the corporation. Where the instrument appointing the Chairman of the AGM as proxy is executed by an attorney on behalf of the appointor, the letter or power of attorney or a duly certified copy thereof must be lodged with the instrument, failing which the instrument may be treated as invalid.

A corporation which is a Shareholder 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, and the person so authorised shall upon production of a copy of such resolution certified by a director of the corporation to be a true copy, be entitled to exercise the powers on behalf of the corporation so represented as the corporation could exercise in person if it were an individual.

An investor who holds shares through CPF or SRS and wishes to vote, should approach their respective CPF Agent Banks (i.e. the agent banks approved by CPF) or SRS Operators (i.e. the agent banks included in the SRS) to submit their votes to appoint the Chairman of the AGM as their proxy, at least 7 working days before the AGM (i.e. 16 April 2024).

The name of a Depositor (as defined under Section 81SF of the Securities and Futures Act 2001 of Singapore) must appear on the Depository Register maintained by CDP as at 72 hours before the time fixed for holding the AGM in order for the Depositor to be entitled to vote at the AGM.

The Company shall be entitled to reject the instrument appointing a proxy(ies) if it is incomplete, improperly completed or illegible, or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified in the instrument appointing a proxy(ies). In addition, in the case of Shares entered in the Depository Register, the Company may reject any instrument appointing a proxy(ies) lodged if the Shareholder, 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 CDP to the Company.

(4) **Voting Results**

An independent scrutineer will be appointed by the Company to direct and supervise the counting and validation of all valid votes cast at the AGM. The voting results will be announced during the AGM and the Company will also issue an announcement on SGXNet on the results of the resolutions put to vote at the AGM.

"**Relevant Intermediary**" has the same meaning ascribed to it in Section 181 of the Companies Act 1967 of Singapore.

PERSONAL DATA PRIVACY

Where a member of the Company submits an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the AGM and/or any adjournment thereof, a member of the Company (i) consents to the collection, use and disclosure of the member's personal data by the Company (or its agents) for the purpose of the processing and administration by the Company (or its agents) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, "**Purposes**"), (ii) warrants that where the member discloses the personal data of the member's proxy(ies) and/or representative(s) to the Company (or its agents), the member has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Company (or its agents) of the personal data of such proxy(ies) and/or representative(s) for the Purposes, and (iii) agrees that the member will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the member's breach of warranty.

BENG KUANG MARINE LIMITED
(Company Registration No.: 199400196M)
(Incorporated in the Republic of Singapore)

PROXY FORM

IMPORTANT:

(a) CPF and SRS investors may attend and vote at the AGM in person. CPF and SRS investors who are unable to attend the AGM but would like to vote may approach their respective CPF agent banks and SRS operators at least 7 working days before the AGM to appoint the Chairman of the AGM to act as their proxy and submit their votes, in which case, such CPF and SRS investors shall be precluded from attending the AGM.

(b) This Proxy Form is not valid for use by the CPF and SRS investors and shall be ineffective for all intents and purposes if used or purported to be used by them.

(c) Please read the notes to this Proxy Form. By submitting an instrument appointing proxy(ies) and/or representative(s), a shareholder accepts and agrees to the personal data privacy terms set out in the Notice of AGM dated 11 April 2024.

I/We• ______________________ (Name) ____________________ NRIC/Passport number/Company Registration No.*

of ____ (Address)

being a shareholder/shareholders* of **BENG KUANG MARINE LIMITED** (the "**Company**") hereby appoint:

NAME	NRIC/PASSPORT NO.	PROPORTION OF SHAREHOLDINGS	
		NO. OF SHARES	%
ADDRESS			

and/or (delete as appropriate)

NAME	NRIC/PASSPORT NO.	PROPORTION OF SHAREHOLDINGS	
		NO. OF SHARES	%
ADDRESS			

or failing him, the Chairman of the Annual General Meeting ("**AGM**") of the Company as my/our* proxy/proxies* to attend and vote for me/us* on my/our* behalf at the AGM of the Company to be held at 2 Venture Drive #09-22, Vision Exchange, Singapore 608526 on Friday, 26 April 2024 at 3.00 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 to be proposed at the AGM as indicated hereunder. If no specific direction as to voting is given, the proxy/proxies* will vote or abstain from voting at his/their* discretion, as he/they* will on any other matter arising at the AGM and at any adjournment thereof. All resolutions put to the vote at the AGM shall be decided by way of poll.

NO.	RESOLUTIONS	FOR**	AGAINST**	ABSTAIN**
	Ordinary Business			
1	To receive and adopt the Directors' Statement and the Audited Financial Statements for the financial year ended 31 December 2023 together with the Independent Auditor's Report thereon.			
2	To re-elect Mr. Chua Beng Yong, a Director retiring pursuant to Regulation 107 of the Company's Constitution.			
3	To re-elect Mr. Lum Kin Wah, a Director retiring pursuant to Regulation 107 of the Company's Constitution.			
4	To re-elect Mr. Yee Chia Hsing, a Director retiring pursuant to Regulation 117 of the Company's Constitution.			
5	To approve the payment of Directors' fees of S$143,200 (FY2022: S$146,000) for the financial year ended 31 December 2023.			
6	To re-appoint Messrs CLA Global TS Public Accounting Corporation as auditors of the Company and to authorise the Directors to fix its remuneration.			
	Special Business			
7	Authority to allot and issue shares.			
8	Authority to allot and issue new shares under the Employee Share Option Scheme.			
9	Authority to allot and issue shares under the Performance Share Plan.			
10	Renewal of Share Buyback Mandate.			

* *Delete accordingly*

** *If you wish to exercise all your votes "For" or "Against" or "Abstain", please indicate with a tick (√) within the boxes provided. Alternatively, please indicate the number of votes as appropriate.*

Dated this _________ day of___________, 2024

TOTAL NUMBER OF SHARES IN:	NO. OF SHARES
(a) CDP Register	
(b) Register of Members	

____

Signature or Common Seal of Shareholder(s)

IMPORTANT: PLEASE READ NOTES OVERLEAF.

Notes:
IMPORTANT

1. Please insert the total number of ordinary shares in the issued share capital of the Company ("**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 kept by the Share Registrar ("**Register of Members**"), you should insert that number of Shares. If you have Shares entered against your name in the Depository Register and Shares registered in your name in the Register of Members, you should insert the aggregate number of Shares entered against your name in the Depository Register and registered in your name in the Register of Members. If no number is inserted, the instrument appointing a proxy or proxies shall be deemed to relate to all the Shares held by you.

2. Shareholders who wish to exercise their voting rights at the AGM may:

   (a) (where the Shareholder is an individual) attend and vote at the AGM; or

   (b) (where the Shareholder is an individual or a corporate) appoint a proxy to vote on their behalf.

   Each of the resolutions to be put to the vote of members at the AGM (and at any adjournment thereof) will be voted on by way of a poll.

   Shareholders (including Relevant Intermediaries) who wish to vote on any or all of the resolutions at the AGM via proxy must submit a Proxy Form to appoint the proxy. The Proxy Form must be submitted to the Company in the following manner:

   (a) if submitted by post, be lodged at the office of the Company's registered office at 2 Venture Drive #14-15, Vision Exchange, Singapore 608526; or

   (b) if submitted electronically, be submitted via email to william@bkmgroup.com.sg,

   in either case **by no later than 3.00 p.m. on 24 April 2024, being 48 hours before the time appointed for the AGM**.

3. A member can appoint the Chairman of the AGM as his/her/its proxy, but this is not mandatory. A proxy need not be a member of the Company.

4. In the case of submission of this Proxy Form appointing the Chairman of the AGM as proxy, it must be under the hand of the appointor or of his attorney duly authorised in writing. Where the instrument appointing the Chairman of the AGM as proxy is executed by a corporation, it must be executed either under its seal or signed on its behalf by an attorney duly authorised in writing or by an authorised officer of the corporation. Where the instrument appointing the Chairman of the AGM as proxy is executed by an attorney on behalf of the appointor, the letter or power of attorney or a duly certified copy thereof must be lodged with the instrument, failing which the instrument may be treated as invalid.

5. A corporation which is a Shareholder 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, and the person so authorised shall upon production of a copy of such resolution certified by a director of the corporation to be a true copy, be entitled to exercise the powers on behalf of the corporation so represented as the corporation could exercise in person if it were an individual.

6. An investor who holds shares through CPF or SRS and wishes to vote, should approach their respective CPF Agent Banks (i.e. the agent banks approved by CPF) or SRS Operators (i.e. the agent banks included in the SRS) to submit their votes to appoint the Chairman of the AGM as their proxy, at least 7 working days before the AGM (i.e. 16 April 2024).

7. The name of a Depositor (as defined under Section 81SF of the Securities and Futures Act 2001 of Singapore) must appear on the Depository Register maintained by the The Central Depository (Pte) Limited ("**CDP**") as at 72 hours before the time fixed for holding the AGM in order for the Depositor to be entitled to vote at the AGM.

"**Relevant Intermediary**" has the same meaning ascribed to it in Section 181 of the Companies Act 1967 of Singapore.

General:

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

Personal Data Privacy:

By submitting an instrument appointing a proxy(ies) and/or representative(s), the Shareholder accepts and agrees to the personal data privacy terms set out in the Notice of AGM dated 11 April 2024.

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BENG KUANG GROUP

BENG KUANG MARINE LIMITED
COMPANY REG NO.: 199400196M

2 Venture Drive #14-15
Vision Exchange Singapore 608526
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Fax : (65) 6264 0010
Email : bkm@bkmgroup.com.sg
Website : www.bkmgroup.com.sg