



HAI LECK



**20
24**

**ANNUAL
REPORT**

**NAVIGATING THROUGH
TROUBLED WATERS**

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CORPORATE PROFILE



AN INTEGRATED SERVICE PROVIDER

Established in 1975, Hai Leck Holdings Limited and together with its subsidiary companies (the “Group”) is one of the leading Singapore companies that provide project and maintenance services to the oil and gas and petrochemical industries.

The Group has presence in Singapore and Thailand. Today, the Group commands a workforce of around 2,000 employees to service our customers. The Group operates through two business segments – Project and Maintenance Services and Contact Centre Services.

The Group’s principal activities are:

PROJECT AND MAINTENANCE SERVICES

- Scaffolding erection services; corrosion protection services utilising automated blasting; thermal insulation services; refractory services as well as mechanical engineering services in structural steel and piping fabrication and installation.
- Maintenance services provided on a routine or turnaround basis.

BUSINESS PROCESS OUTSOURCING – PROVISION OF CONTACT CENTRE SERVICES

- Premium contact centre providing outsource services with professional and integrated solutions. Contact centre solutions include customer service support; technical helpdesk; virtual receptionist services; lead generation; live web chat as well as email management.

Our competitive strengths include our seamless integration of in-house competencies, strong performance track record, good safety performance, technical competency, effective project management, skilled manpower, quality workmanship and high responsiveness to customers’ requests.

The Group provides its project and maintenance services through seamless integration of in-house competencies such as automated shop blasting and coating, steel structure and piping shop fabrication and field installation, tankage, scaffolding, corrosion protection, thermal insulation, refractory and general civil works.

With our operational expertise, our dedicated project management team proactively participates in our customers’ project planning, anticipating and providing solutions to challenges. We manage and measure our projects with key performance indicators that focus on safety, quality productivity and timely completion of the entire project. With our experienced management team, skilled tradesmen and advanced fabrication facilities and equipment, the Group is confident of meeting project requirements and expectations with the highest safety, reliability and quality standards.

Through the combined efforts of our two business segments, the Group strives to create value for our customers and stakeholders.

CHAIRMAN'S STATEMENT



“The Group is also challenged by an extremely competitive landscape in its operating environment and is subjected to the harsh reality of unpredictable weather conditions...”

CHENG BUCK POH

Executive Chairman and CEO, BBM

DEAR VALUED SHAREHOLDERS,

On behalf of the Board of Directors of Hai Leck Holdings Limited (the “**Company**” or “**Hai Leck**”) and its subsidiary companies (the “**Group**”), I am pleased to present the Annual Report for the financial year ended 30 June 2024 (“**FY2024**”).

In FY2024, Group revenue decreased 20.8% from \$68.6 million in the previous financial year to \$54.3 million as a result of lower project and maintenance services revenue, as well as reduced revenue contribution by the contact centre services. This gave rise to a fall in cost of sales by 22.8% to \$24.0 million, which was in tandem with the lower revenue.

CHAIRMAN'S STATEMENT

Concurrently, total operating expenses also dipped from \$38.5 million in the financial year ended 30 June 2023 (“**FY2023**”) to \$32.1 million mainly attributable to lower manpower-related costs. In view of the above factors, the Group reported a net loss attributable to equity holders of \$0.1 million in FY2024 compared to a net profit of \$4.3 million in the previous financial year.

Nevertheless, the Group maintained a strong cash position with \$67.9 million of cash and cash equivalents as at 30 June 2024, which is higher than the \$63.6 million recorded as at 30 June 2023. Total assets also remained relatively stable at \$124.6 million as at 30 June 2024 as compared to \$133.9 million as at 30 June 2023.

FY2024 was characterised by slowing growth fraught with macroeconomic uncertainties and intense competition, alongside high inflation, high foreign worker levy and further tightening of manpower regulations. This resulted in elevated operating costs with rising costs amidst the limited manpower situation.

Additionally, effects of climate change have also led to more unpredictable weather conditions. As our operations are mainly conducted outdoors, we have to ensure that our workers stay adequately rested and hydrated in addition to managing our productivity on rainy days.

On this note, the Group took a cautious approach towards the management of our costs and operations, while diversifying our customer base at the same time to mitigate our risks.

During the year, we also accepted an offer by Jurong Town Corporation to extend the lease for our workshop and dormitory premises at 9 Tuas

Avenue 1, Singapore 639494 for a further term of 30 years commencing from 1 August 2023. This will enable us to continue operations at our existing site for an extended period of time.

Business Outlook

The uncertain global political environment as impacted by recent developments in various countries and economic power zones will have knock-on effects on the global economy, which will, in turn, shape the trends of the local economy and relevant sectors.

The Group is also challenged by an extremely competitive landscape in its operating environment and is subjected to the harsh reality of unpredictable weather conditions with majority of its operations being conducted outdoors. This has rendered operations to be more challenging, resulting in a greater need for careful planning and deployment of resources to maintain the sustainability of the business.

Being mindful of the challenges that such uncertainties bring, the Group will continue to manage our operations and costs prudently to navigate the dynamic business landscape, while remaining resilient and nimble in the wake of any unforeseen variation.

Excellence in Our Safety Track Record

Safety is core in our industry and is one of the main supporting pillars in our business, notably for the project and maintenance business segment. Upholding a good safety track record is important in instilling confidence in our customers. To date, we have maintained a strong track record for safety and Workplace Safety and Health (“**WSH**”) awards.



CHAIRMAN'S STATEMENT

During the year, we were awarded Zero Lost Time Injury and Injury Free 2023 awards as well as Zero Recordable Injury awards for the past continuous years by our customers in recognition of our remarkable standard of safety performance.

We were also accorded the WSH Innovation (Gold) Award 2023, WSH Performance (Silver) Awards 2023 as well as WSH Safety and Health Award Recognition for Projects (SHARP) Awards 2023 in 2023, followed by WSH Innovation (Silver) Award 2024 and WSH Performance (Silver) Awards 2024 in 2024.

Contributing Towards a More Inclusive Society

It has always been the Group's philosophy to promote inclusivity in the society. Towards this cause, we have continued to do our part to contribute towards enabling lives and improving the community environment. During the year, we collaborated with charity organisation, Food from the Heart in their signature event – Toy Buffet.

The annual one-day carnival event is aimed at bringing joy to underprivileged children by giving them toys and the chance to have some playtime. Offering strong support in the form of a dollar-for-dollar matching for all cash donations raised, we helped to contribute towards the distribution of over 10,000 toys to thousands of primary school children.

We also took part in the meaningful SPD Ability Walk 2024 organised by the local charity organisation, SPD. This annual activity is aimed at creating opportunities for interaction and generating greater understanding and acceptance of persons with disabilities in the community, in addition to raising funds for persons with disabilities.

Sustainability

Beyond our focus on safety and promoting diversity and inclusivity, we also embrace sustainable practices to conserve and protect our environment amongst other sustainability considerations. The

Group's sustainability report for FY2024 can be found on our website at www.haileck.com.

FY2024 Dividend Distribution

The Group did not declare any dividend payout for the financial year due to the uncertain global and local economic outlook and financial performance of the Group. We will continue to monitor the situation closely and recommend suitable dividend distribution to our shareholders when the business environment improves.

In Gratitude

I would like to express my appreciation to Mr Tan Sim Cheng who stepped down from his position as Non-Executive Deputy Chairman and Lead Independent Director on 26 October 2023, as well as Mr Dennis William Thomas who retired on 16 July 2024 as Director of Hai Leck Engineering (Private) Limited and Hai Leck Industrial Services Pte. Ltd. We have benefited greatly from their valuable experience and expertise and wish them all the best for their future pursuits.

On the same note, I am also grateful to Ms Christina Chow Poh Lin for her services rendered during her term as Executive Director before switching appointment to Chief Administrative Officer of the Group on 23 June 2024.

On behalf of the Board, I want to extend heartfelt gratitude to our customers, business partners, associates and shareholders for standing by us and believing in us during these difficult times. I am also thankful to our hardworking management team and staff for their efforts and dedication towards the Group in spite of the headwinds. Finally, I would like to thank my fellow Board members who have offered guidance and advice to enable the Group to remain steadfast to our course over the years.

Cheng Buck Poh

Executive Chairman, BBM

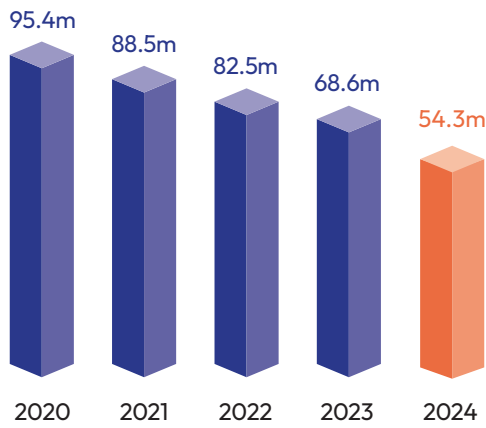


FINANCIAL HIGHLIGHTS

REVENUE

2024
\$54.3m

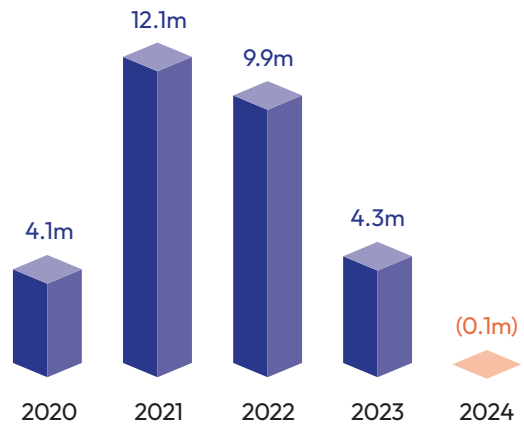
2023 - \$68.6m



NET (LOSS)/PROFIT

2024
(\$0.1m)

2023 - \$4.3m



REVENUE CONTRIBUTION BY SEGMENT FY: FINANCIAL YEAR ENDED 30 JUNE

2023



- Project and Maintenance Services **71%**
- Contact Centre Services **29%**

2024



- Project and Maintenance Services **74%**
- Contact Centre Services **26%**

FINANCIAL AND OPERATIONS REVIEW

NET (LOSS)/PROFIT ATTRIBUTABLE TO EQUITY HOLDERS



(\$0.1m)

2023: \$4.3m

NET ASSETS



\$110.1m

2023: \$115.1m

Market competition faced by the Group is increasingly keen and majority of the Group's operations, being outdoors, are subject to unpredictable climate conditions. Furthermore, the global political situation remains uncertain. Developments in the global political scene will likely have follow-on impacts on the global economy. This, in turn will also affect the local economy and relevant sectors that the Group operates in.

For FY2024, the Group recorded revenue of \$54.3 million, a decrease of 20.8% as compared to \$68.6 million for FY2023. This was mainly due to lower revenue from both the project and maintenance services and contact centre services segments.

Net profit attributable to equity holders decreased from \$4.3 million in FY2023 to a net loss of \$0.1 million in FY2024.

Basic earnings per share decreased from 1.9 cents in FY2023 to a loss per share of 0.1 cent in FY2024.

COST OF SALES AND OPERATING EXPENSES

Cost of sales decreased by \$7.1 million to \$24.0 million in FY2024 as compared to \$31.1 million in FY2023 in tandem with the lower revenue in FY2024.



FINANCIAL AND OPERATIONS REVIEW

Operating expenses decreased by \$6.4 million to \$32.1 million in FY2024 as compared to \$38.5 million in FY2023 mainly due to lower manpower-related expenses.

OTHER INCOME

Other income decreased from \$3.2 million in FY2023 to \$2.8 million in FY2024 mainly due to lower government grant income recognised, partially offset by higher interest income.

BALANCE SHEET HIGHLIGHTS

As at 30 June 2024, the Group's total assets amounted to \$124.6 million (FY2023: \$133.9 million) while net assets stood at \$110.1 million (FY2023: \$115.1 million).

Non-current assets decreased by \$5.8 million to \$40.5 million as at 30 June 2024, compared to \$46.3 million as at 30 June 2023. The decrease was mainly due to depreciation of property, plant and equipment, amortisation of right-of-use assets and decrease in investment in joint venture.

Current assets decreased by \$3.5 million from \$87.6 million as at 30 June 2023 to \$84.1 million as at 30 June 2024. The decrease was mainly due to decrease in trade receivables and contract assets, partially offset by increase in cash and cash equivalents.

Current liabilities decreased by \$3.7 million to \$9.1 million as at 30 June 2024 as compared to \$12.8 million as at 30 June 2023. This was mainly due to decrease in trade and other payables.

Non-current liabilities decreased from \$6.0 million as at 30 June 2023 to \$5.3 million as at 30 June 2024 due to repayment of lease obligations.

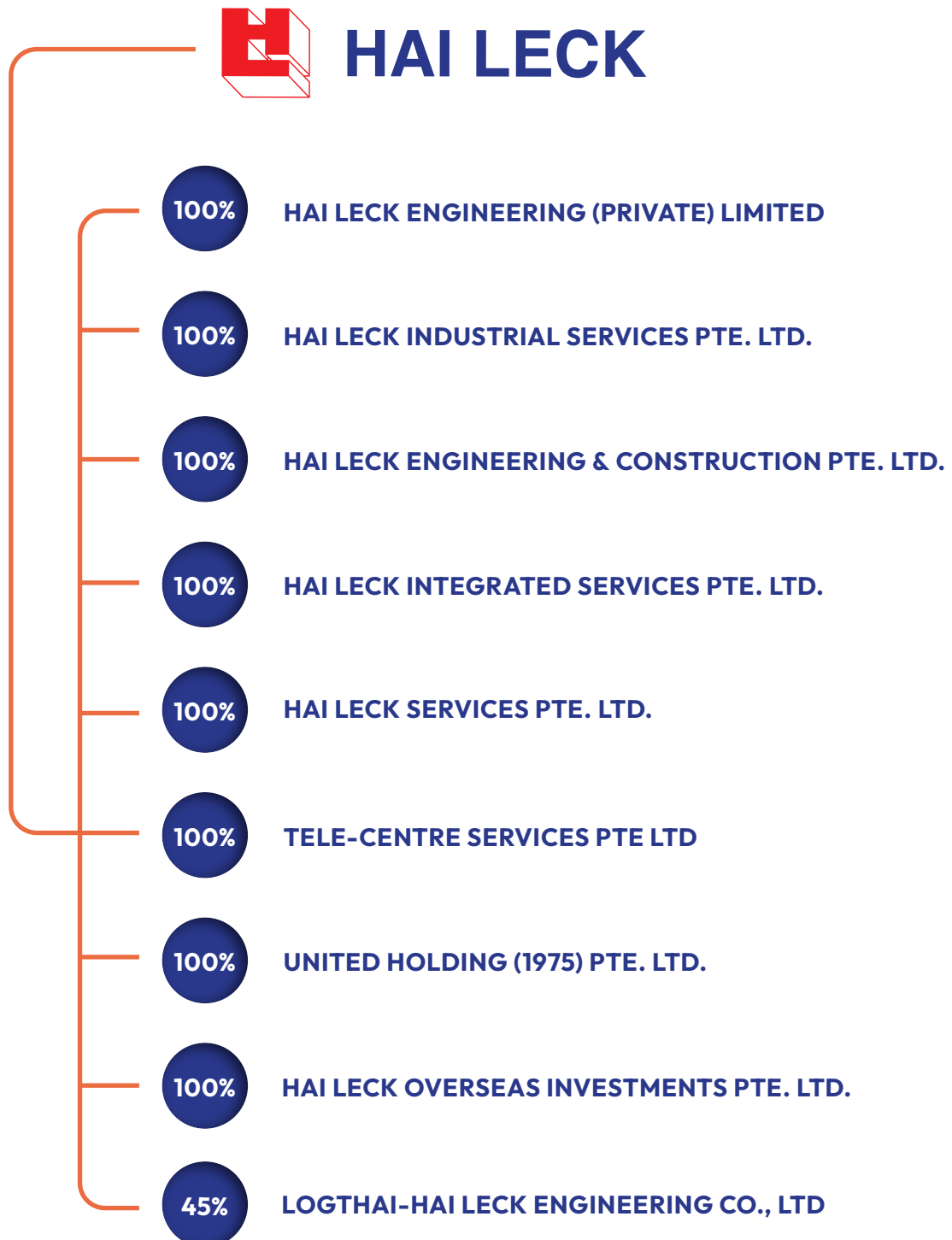
CASH FLOWS

The Group continued to maintain its healthy cash position. As at 30 June 2024, cash and cash equivalents amounted to \$67.9 million, a 6.8% increase from 30 June 2023 due to net cash flows generated from operating activities of \$8.8 million and net cash flows generated from investing activities of \$1.1 million, partially offset by net cash flows used in financing activities of \$5.6 million in FY2024.

With its strong financial position, the Group intends to continue to pursue business opportunities prudently and strategically.



CORPORATE STRUCTURE



BOARD OF DIRECTORS



MR CHENG BUCK POH @ CHNG BOK POH, BBM

is our founder and Executive Chairman and Chief Executive Officer. Appointed to the Board on 12 September 1998, Mr Cheng is responsible for charting and reviewing corporate directions and strategies for the Group; overseeing management and development of the Group's business, locally and overseas; and is also responsible for sales and marketing for the Group's business. He has more than 40 years of experience in the industry and has led the Management in pursuing the Group's mission and objectives. Mr Cheng has total direct and deemed interest in 201,225,610 shares in the Company, representing 88.94%.



MR CHUA KENG WOON

is our Lead Independent Director and was appointed to the Board as an Independent Director on 25 October 2019. Mr Chua holds a Bachelor of Business Degree majoring in Financial Analysis from Nanyang Technological University. Mr Chua is also a Chartered Financial Analyst and a member of the CFA Institute. Mr Chua has over 16 years of experience in the banking and finance industry.

He served as an advisor to Secured Capital Singapore Pte. Ltd., a company engaged in mezzanine financing services, from January to November 2018. From 2008 to 2016, Mr Chua was with Canaccord Genuity Singapore Pte. Ltd. (formerly known as Collins Stewart Pte. Limited). He last held the position of Senior Director, Equity Capital Market and was primarily involved in corporate advisory and fund raising activities for companies. Prior to that, Mr Chua had held various posts as Associate Director of Capital Market Group in Phillip Securities Pte Ltd, Assistant Vice President, Corporate Finance in Hong Leong Finance Limited, Manager, Corporate Finance in UOB Asia Limited, Manager in Capital Equity Markets in DBS Bank Limited, as well as Senior Officer - Inspectorate Department in the Stock Exchange of Singapore. Mr Chua also sits on the Board of Asiamedic Limited and Soon Lian Holdings Limited.

Mr Chua has total direct interest in 1,035,650 shares in the Company.



MS CHENG WEE LING

is our Executive Director and was appointed to the Board on 23 June 2021. Ms Cheng is also the Chief Executive Officer of Tele-centre Services Pte Ltd and is responsible for the overall management of the Group's contact centre business segment. She has more than 10 years of experience in contact centre services and holds a Degree in Business Administration from the Royal Melbourne Institute of Technology.

BOARD OF DIRECTORS



MR LIM HUI KWAN

joined the Board as an Independent Director on 30 October 2020. Mr Lim holds a Diploma from Dockyard Technical College and has more than 50 years of experience in the marine industry before retiring as Senior Marine Manager with Sembcorp Marine Admiralty Yard.



MR REUBEN TAN WEI JER

joined the Board as an Independent Director on 1 July 2023. Mr Tan holds a Bachelor of Laws (First Class) degree from the University of Warwick, and has specialised in corporate and commercial dispute resolution and arbitration for the past 8 years. Mr Tan is presently a Director with Quahe Woo & Palmer LLC.

SENIOR MANAGEMENT

MS CHRISTINA CHOW POH LIN

is our Chief Administrative Officer. Ms Chow assists the Executive Chairman and Chief Executive Officer in charting and reviewing corporate directions and strategies, overseeing sales and marketing, management and development of the Group's business. She has more than 15 years of experience in human resource management. Ms Chow has total direct interest in 237,360 shares in the Company.

MS SIN WAN LIN

is our Chief Financial Officer. Ms Sin has 15 years of audit experience with Andersen and Ernst & Young LLP as well as more than 10 years of experience in the field of finance and management. She is responsible for the full spectrum of financial, taxation and treasury functions in our Group. She oversees the day-to-day finance/accounts functions of the Group, consolidates the Group's accounts and reporting, and provides financial analysis and appraisal of the Group's investments.

Ms Sin is a Fellow Member of the Institute of Chartered Accountants in England and Wales as well as the Institute of Singapore Chartered Accountants. She is also an ASEAN Chartered Professional Accountant. She holds a Bachelor's Degree in Economics (specialising in Accounting and Finance) from the London School of Economics and Political Science and a Master of Philosophy Degree in Finance from University of Cambridge.

CORPORATE INFORMATION

BOARD OF DIRECTORS

Cheng Buck Poh @ Chng Bok Poh

(Executive Chairman

and Chief Executive Officer)

Chua Keng Woon

(Lead Independent Director)

Cheng Wee Ling

(Executive Director)

Lim Hui Kwan

(Independent Director)

Reuben Tan Wei Jer

(Independent Director)

SENIOR MANAGEMENT

Christina Chow Poh Lin (Chief Administrative Officer)

Sin Wan Lin (Chief Financial Officer)

AUDIT COMMITTEE

Chua Keng Woon (Chairman)

Lim Hui Kwan

Reuben Tan Wei Jer

REMUNERATION COMMITTEE

Lim Hui Kwan (Chairman)

Chua Keng Woon

Reuben Tan Wei Jer

NOMINATING COMMITTEE

Reuben Tan Wei Jer (Chairman)

Chua Keng Woon

Lim Hui Kwan

COMPANY SECRETARIES

Kong Wei Fung

Teo Khoon Teng

REGISTERED OFFICE

47 Tuas View Circuit Singapore 637357

Tel: (65) 6862 2211 Fax: (65) 6861 0700

Website: www.haileck.com

SHARE REGISTRAR AND SHARE TRANSFER OFFICE

In.Corp Corporate Services Pte. Ltd.

30 Cecil Street

#19-08 Prudential Tower

Singapore 049712

PRINCIPAL BANKERS

United Overseas Bank Limited

80 Raffles Place

UOB Plaza

Singapore 048624

Standard Chartered Bank (Singapore) Limited

Marina Bay Financial Centre (Tower 1)

8 Marina Boulevard, Level 27

Singapore 018981

The Hongkong and Shanghai Banking Corporation Limited

10 Marina Boulevard

Level 48

Marina Bay Financial Centre Tower 2

Singapore 018983

AUDITOR

Baker Tilly TFW LLP

600 North Bridge Road

#05-01 Parkview Square

Singapore 188778

Partner-in-charge:

Hu Weisheng

(appointed since financial year ended 30 June 2023)

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PROXY FORM

CORPORATE GOVERNANCE REPORT

The Board of Directors (the “**Board**”) and the Management (the “**Management**”) of Hai Leck Holdings Limited (the “**Company**”) together with its subsidiary companies, the “**Group**”), aim to set in place corporate governance practices to provide the structure through which the objectives of protection of shareholders’ interests and enhancement of long-term shareholders’ value are met. This report describes the Group’s corporate governance structures and practices adopted by the Group for the financial year ended 30 June 2024 (“**FY2024**”), with specific reference made to the principles and provisions of the Code of Corporate Governance 2018 (last amended 11 January 2023) (the “**Code**”) and accompanying Practice Guidance, which forms part of the continuing obligations of the Listing Manual (“**Listing Manual**”) of the Singapore Exchange Securities Trading Limited (“**SGX-ST**”).

The Board believes that it has substantially complied with the principles and guidelines as set out in the Code where appropriate. Appropriate explanations have been provided in the relevant sections below where there are deviations from the Code.

1. BOARD MATTERS

1.1 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.

Board’s Duties and Responsibilities

As at the date of this report, the Company is headed by an effective Board comprising five Directors of whom two are Executive Directors and three are Non-Executive and Independent Directors. Their combined wealth and diversity of skills, experience, gender and knowledge of the Company enable them to contribute effectively to the strategic growth and governance of the Group.

The Board’s primary role is to protect and enhance long-term shareholders’ value and returns for the shareholders. It strives to achieve this by providing leadership and guidance to the Management to develop and drive business directions and goals.

Apart from its statutory responsibilities, the principal functions of the Board encompass, *inter alia*, the following:

- (i) Providing entrepreneurial leadership and setting the overall strategy and direction of the Group, taking into account environmental and social factors as part of its strategic formulation;
- (ii) Overseeing the management of the Group’s business affairs, financial controls, performances and resources allocation;
- (iii) Monitoring and reviewing the performance of the Management team;
- (iv) Approving the Group’s strategic plans, key business initiatives, acquisition and disposal of assets, significant investments and funding decisions and major corporate policies;
- (v) Establishing a framework of prudent and effective controls and overseeing the processes of risk management, financial reporting and compliance, evaluating the adequacy of internal controls and safeguarding the shareholders’ interests and the Company’s assets;
- (vi) Setting of the Company’s values and standards (including ethical standards) and ensuring that obligations to shareholders and other stakeholders are understood and met;
- (vii) Considering sustainability issues, such as environmental and social factors, as part of its strategic formulation; and
- (viii) Being responsible for the corporate governance framework of the Group.

CORPORATE GOVERNANCE REPORT

Independent Judgement

The Board provides shareholders with a balanced and clear assessment of the Group's performance, position and prospect on a quarterly basis. All Directors exercise due diligence and independent judgement, and are obliged to act in good faith and consider at all times the interest of the Company. They have objectively discharged their duties and responsibilities at all times as fiduciaries in the interests of the Company and hold the Management accountable for performance. The Board is committed to ethics, integrity of actions and sets the appropriate tone from the top in respect of the desired organisational culture, and ensures proper accountability within the Company.

Conflict of Interest

Every Director of the Company is required to disclose any conflict or potential conflict of interest, whether direct or indirect, in relation to a transaction or proposed transaction within the Group as soon as practicable after the relevant facts have come to his/her knowledge. On an annual basis, each Director is also required to submit details of his/her associates for the purpose of monitoring interested person transactions. When there is conflict or potential conflict of interest, the concerned Directors shall abstain from voting, and recuse themselves from discussion or decision-making involving the issue of conflict and related matters.

Director Induction, Training and Development

The Company conducts briefing and orientation programs for new Directors to familiarise themselves with the Company's business and organisation structure, strategic direction and governance policies. Upon appointment, each newly appointed Director will be briefed by the Chief Executive Officer ("CEO") and/or Senior Management of the Company on the business activities of the Group and its strategic directions, as well as setting out their duties and responsibilities as Directors. The aim of the orientation program is to give Directors a better understanding of the Company's business and allow them to assimilate into their new roles. The Company will arrange and ensure that the newly appointed Directors attend the appropriate and relevant courses and trainings to equip themselves in order to effectively discharge their duties and responsibilities.

The Nominating Committee ("NC") will perform the following steps before a new Director is appointed to the Board to ensure that the Director is equipped with appropriate skills and relevant industry knowledge to perform his/her roles on the Board and Board Committees effectively:

- (i) To review the balance and diversity of skills, core experience and knowledge required by the Board that would be essential to aid decision-making;
- (ii) Upon review and consultation with the Management, the NC will assess and determine the role and desirable qualities for a particular appointment;
- (iii) The NC will interview the shortlisted candidates to determine his/her suitability for the position; and
- (iv) Thereafter, the NC will make recommendation to the Board for approval.

The Board ensures that newly appointed Directors are familiarised with the Group's business by conducting site visits as part of their orientation programmes so as to enhance their performance as Board or Board Committee members.

In addition, all Directors are encouraged to attend relevant training programmes, courses, conferences and seminars on new laws, regulations and updates on commercial areas conducted by relevant professional organisations from time to time. To keep pace with such laws and regulatory changes, the Company will provide and fund the appropriate training and development programmes for the Directors and key management personnel of the Company.

CORPORATE GOVERNANCE REPORT

All the Directors of the Company have attended and completed the sustainability training courses conducted by providers that represent different constituencies in the capital markets in FY2024. The Board as a whole is updated regularly on risk management, corporate governance, insider trading and key changes in the relevant laws and regulations, changing commercial risks and business conditions to enable them to make well-informed decisions to properly discharge their duties as Board or Board Committee members.

New releases issued by the SGX-ST and Accounting and Corporate Regulatory Authority (“ACRA”), which are relevant to the Directors are circulated to the Board. The Company Secretaries and their representatives also inform the Directors of upcoming conferences and seminars relevant to their roles as Directors of the Company as well as the key amendments and impact of the Code and Listing Rules requirements. The external auditors update the Audit Committee (“AC”) and the Board on new and revised financial reporting standards annually.

Matters Requiring Board Approval

The Company has adopted a set of Approving Authority and Limits, setting out the level of authorisation required for specified transactions, including those that require the Board’s approval for decision-making (which are embodied in its internal guidelines) which has been clearly communicated to the Management, such as the following:

- major funding proposals
- investment and divestment proposals
- major acquisitions and disposals
- corporate or financial restructuring
- mergers and acquisitions
- share issuance and dividends
- acceptance of bank facilities
- the release of the Group’s quarterly and annual financial results announcements
- approval of annual report and accounts
- approval of Board changes and appointments to Board Committees
- interested person transactions of a material nature

While matters relating in particular to the Company’s objectives, strategies and policies require the Board’s direction and approval, the Management is responsible for the day-to-day operation and administration of the Company in accordance with the objectives, strategies and policies set by the Board.

CORPORATE GOVERNANCE REPORT

Board Committees

The Directors recognise the importance of good corporate governance and in offering high standards of accountability to the shareholders. In order to provide an independent oversight and discharge its responsibilities more efficiently and to ensure that specific issues are subject to consideration and review before the Board makes its decisions, the Board has delegated certain functions to various Board Committees, namely the AC, NC and Remuneration Committee (the “**RC**”) (collectively “**Board Committees**”). These Board Committees are chaired by Independent Directors and operate within clearly defined terms of reference and play an important role in ensuring good corporate governance in the Company and within the Group. These terms of reference (setting out its composition, authorities and duties, including reporting back to the Board) of the Board Committees are reviewed on a regular basis to ensure their continued relevance and to enhance the effectiveness of these Board Committees and operate under delegated authority with the Board retaining overall oversight. The Chairman of the respective Board Committees will report to the Board on the outcome of the Board Committee meetings and their recommendations on the specific agendas mandated to the Board Committee by the Board. Please refer to the relevant principle on the composition of the Board and the Board Committees for FY2024.

The Board will conduct at least four meetings a year to approve the quarterly financial results announcements and to oversee the business affairs of the Group. The yearly schedule of all the Board and Board Committee meetings for the calendar year is usually given to all the Directors well in advance. Board papers are sent to the Board or Board Committee members prior to each Board or Board Committee meeting, to allow them to prepare for the meetings and enable discussions to focus on any questions or issues that they have or have identified. The minutes of all Board and Board Committees meetings which provide a fair and accurate record of the discussions and key deliberations and decisions taken during the meetings, are circulated and made available to the Board and Board Committees.

During the financial year, the agenda for Board and Board Committee meetings are prepared in consultation with and incorporate inputs from the Management, the Chairman and the respective Board Committees’ chairs. This provides assurance that important topics will be covered. The Board will seek clarification and information from the Management on all matters within their purview. Ad-hoc meetings are also convened as and when the circumstances require.

The Board is provided with relevant information on a timely basis prior to Board and Board Committee meetings. This enables Directors to make informed decisions to discharge their duties and responsibilities. The Management also provides the Board with information on an ongoing basis and ongoing reports relating to the operational and financial performance of the Company, as well as updates on market developments.

The Company’s Constitution (the “**Constitution**”) provides for meetings of the Directors to be held by means of telephone conference or other methods of simultaneous communication by electronic or telegraphic means. The Board also approves transactions through circular resolutions, which are circulated to the Board together with all the relevant information relating to the proposed transaction.

CORPORATE GOVERNANCE REPORT

During FY2024, the number of meetings held by the Board and Board Committees and the attendance of each member at the meetings are disclosed in the table below:

	Annual General Meeting	Board	Board Committees		
			Audit Committee	Nominating Committee	Remuneration Committee
No. of meetings held	1	5	4	1	1
Name of Directors	No. of meetings attended				
Cheng Buck Poh @ Chng Bok Poh	1	5	4*	-	-
Tan Sim Cheng ¹	1	1	1	1	1
Chua Keng Woon	1	5	4	1	1
Lim Hui Kwan	1	5	4	1	1
Reuben Tan Wei Jer	1	5	4	1	1
Cheng Wee Ling	1	5	4*	-	-
Christina Chow Poh Lin ²	1	5	4*	-	-

* By invitation

1 Resigned as Non-Executive Deputy Chairman and Lead Independent Director on 26 October 2023

2 Resigned as an Executive Director with effect from 23 June 2024

The Directors were appointed based on their experience, stature and potential contribution to the proper guidance of the Group and its business. As such, we believe that each individual Director's contributions can be reflected in ways other than the reporting of attendances at Board and Board Committee meetings.

Despite some of the Directors having multiple board representations, the NC had reviewed the directorship of the Directors and is satisfied that these Directors are able to ensure that sufficient time and attention are given to the affairs of the Company and have adequately carried out their duties as Directors of the Company after taking into consideration the number of listed company board representations and other principal commitments of these Directors.

Currently, the NC and the Board do not limit the maximum number of listed board representations which any Director may hold as long as each of the board members is able to commit his or her time and attention to the affairs of the Company. The NC and the Board believe that each individual Director is best placed to determine and ensure that he or she is able to devote sufficient time and attention to discharge his or her duties and responsibilities as a Director of the Company, having regard to his or her other commitments.

Access to Information

The Company recognises the importance of continual dissemination of relevant information which is explicit, accurate, timely and vital to the Board in carrying out its duties. As such, the Board expects the Management to report the Company's progress and drawbacks in meeting its strategic business objectives or financial targets and other information relevant to the strategic issues encountered by the Company, in a timely and accurate manner.

The Directors are informed of any significant developments or events relating to the Group. Occasionally, external consultants engaged on specific projects may also be invited to brief the Board. However, sensitive matters may be tabled at the meeting itself or discussed without any papers being distributed.

CORPORATE GOVERNANCE REPORT

Consistent with the Group's effort towards sustainability of the environment, the Board has adopted the practice of circulating all board papers by means of electronic format prior to the scheduled meetings. This gives the Directors sufficient time to review and consider the matters to be discussed, so that discussions during the meetings are more meaningful and productive.

Independent Access to Management, the Company Secretaries and Other Professional Advisers

The Directors have separate and unrestricted access to the Company's Management, Company Secretaries and independent auditors in carrying out their duties. Under the direction of the Chairman, the Company Secretaries ensure good information flow within the Board and Board Committees, and between the Management and Non-Executive Directors. The Company Secretaries and their representatives attend all Board and Board Committee meetings and assist the Chairman of the Board and Board Committees in ensuring that the relevant procedures are followed and reviewed so that the Board and Board Committees function effectively. The decision to appoint or remove a Company Secretary is a decision made by the Board as a whole.

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, to assist them in performing their duties and responsibilities as Directors.

1.2 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.

Board Composition

As of the date of this report, the Board comprises the following five Directors, two of whom are Executive Directors and three of whom are Non-Executive and Independent Directors. The current board composition complies with Provisions 2.2 and 2.3 of the Code where the Non-Executive and Independent Directors make up a majority of the Board. The Board and the NC are satisfied that the Board has substantial independent elements to ensure that objective judgement is exercised on corporate affairs. Matters requiring the Board's approval are discussed and deliberated with participation from each member of the Board and all major decisions are made collectively. There is no individual or small group of individuals that dominate the Board's decision-making process and matters requiring the Board's approval are discussed and deliberated with participation from each member of the Board.

The composition of the Board during the financial year is as follows:

Name of Director	Designation	Nature of Appointment
Cheng Buck Poh @ Chng Bok Poh	Executive Chairman/CEO	Executive Director
Tan Sim Cheng ¹	Non-Executive Deputy Chairman and Lead Independent Director	Non-Executive/ Lead Independent Director
Chua Keng Woon ²	Lead Independent Director	Non-Executive/ Lead Independent Director
Lim Hui Kwan	Director	Non-Executive/ Independent Director
Reuben Tan Wei Jer	Director	Non-Executive/ Independent Director
Cheng Wee Ling	Director	Executive Director
Christina Chow Poh Lin ³	Director	Executive Director

1 Resigned as Non-Executive Deputy Chairman and Lead Independent Director on 26 October 2023

2 Appointed as Lead Independent Director on 21 May 2024

3 Resigned as an Executive Director with effect from 23 June 2024

CORPORATE GOVERNANCE REPORT

In view of the new requirements that impose hard tenure limit for independent directors, Mr Tan Sim Cheng who has served on the Board of the Company for more than nine years has retired at the Company's annual general meeting held on 26 October 2023.

The profiles of the Directors are set out on pages 9 and 10 of this Annual Report.

The Board's structure, size and composition are reviewed annually by the NC with a view to determining the impact of its number upon its effectiveness. The NC is of the view that the Board is of the appropriate size and with the right mix of skills and diverse expertise and experience given the nature and scope of the Group's operations. The Executive Directors have extensive experiences in the integrated service provider industry while the Non-Executive and Independent Directors are well established and competent in their respective professions. This balance is important in ensuring that the strategies proposed by the Management are fully discussed and examined, taking into account the long-term interests of the Company.

Board Independence

The Board has adopted the Code's criteria of an independent director in its review and is of the view that all Non-Executive and Independent Directors have satisfied the criteria of independence. All Directors are required to disclose any relationships or appointments which would impair their independence to the Board in a timely manner. The NC reviews annually the independence of each Director in accordance with the Code's definition of what element constitutes an independent director. The NC has reviewed the "Confirmation of Independence" forms completed by each Independent Director and is of the view that the three Independent Directors (who represent majority of the Board) are independent, i.e., they have no relationship with the Company, its related companies, its substantial shareholders with shareholdings of 5% or more in the voting shares of the Company, or their officers that could interfere, or be reasonably perceived to interfere, with the exercise of the Director's independent business judgement with a view to the best interests of the Group, and they are able to exercise objective judgement on corporate affairs independently from the Management and the substantial shareholders with shareholdings of 5% or more in the voting shares of the Company.

None of the Non-Executive and Independent Directors and their immediate family members are a substantial shareholder of or partner in or an executive officer of or a Director of, any organisation to which the Company or any of its subsidiary companies made, or from which the Company or any of its subsidiary companies received, significant payments or materials services aggregated over any financial year in excess of \$50,000 (to an individual) or \$200,000 (to a firm), which may include auditing, banking, consulting and legal services, in the current or immediate past financial year.

Following the review, the NC with the concurrence of the Board, is satisfied with the independence status of Mr Chua Keng Woon ("**Mr Chua**"), Mr Lim Hui Kwan ("**Mr Lim**") and Mr Reuben Tan Wei Jer ("**Mr Tan**") as Independent Directors, and is satisfied that Mr Chua, Mr Lim and Mr Tan are independent in accordance with Provision 2.1 of the Code and Rule 210(5)(d) of the Listing Rules of SGX-ST.

As NC members, Mr Chua, Mr Lim and Mr Tan have abstained from participating in the discussion and voting on any resolution in relation to their independence.

To date, none of the Independent Directors of the Company has been appointed as Director of the Company's principal subsidiary companies.

CORPORATE GOVERNANCE REPORT

Board Diversity

The Board has adopted a Board Diversity Policy on 10 February 2023 to assist the NC and the Board in identifying prospective candidates for directorship that meet the criteria as determined by the NC and that support the diversity objectives. The Board Diversity Policy promotes diversity among the Directors in order to improve performance and to avoid groupthink and foster constructive debate and ensure that the composition is optimal to support the Group's needs in achieving the short-term and long-term goals. Diversity includes the appropriate mix of complementary skills, business and industry experience, gender, age, ethnicity, geographical background, length of service and other distinctive qualities of the board members. The Company recognises that an effective Board requires Directors to possess not only integrity, commitment, relevant experiences, qualifications and skills in carrying out their duties effectively but also diverse background in order to promote good corporate governance.

In concurrence with the NC, the Board is of the view that the current Board has the appropriate structure, size, diversity and composition to provide effective guidance and make decisions in the best interests of the Group. In terms of age diversity, the Board comprises one female and four male Directors with an age group ranging from their thirties to eighties. Each Director has been appointed based on the strength of his/her calibre, experience, grasp of corporate strategy and potential contribution to the Company and its business.

As the NC has assessed the current level of diversity in the Board to be satisfactory, the Company generally does not set concrete timeline for achieving board diversity targets. Instead, the Company takes the approach that maintaining a satisfactory level of diversity is an ongoing process. The targets to achieve diversity on the Board are assessed from time to time, based on the composition of the Board and operations of the Group at the relevant time.

Regular Meeting for Independent Directors

The Independent Directors also communicate regularly to discuss matters such as the Group's financial performance, corporate initiatives and the remuneration of the Executive Directors and Senior Management. The Independent Directors constructively challenge and help to develop proposals and strategies, review the performance of the Management in meeting agreed goals and objectives and monitor the reporting of performance. The Independent Directors meet at least once a year, or when necessary, without the presence of the Executive Directors and/or Management and provide such feedback to the Chairman of the Board after such meeting.

1.3 Chairman and CEO

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.

There is a clear division of responsibilities at the top Management, with clearly defined lines of responsibility between the Board and executive functions of the Management of the Group's business.

As at the date of this report, the roles and responsibilities of the Executive Chairman and CEO are held by Mr Cheng Buck Poh @ Chng Bok Poh ("**Mr Cheng**"). In his capacity as CEO, he is supported by the Executive Director, Ms Cheng Wee Ling ("**Ms Cheng**"), and Chief Administrative Officer, Ms Christina Chow Poh Lin ("**Ms Chow**").

Ms Chow stepped down as an Executive Director of the Company on 23 June 2024 to focus on assisting Mr Cheng in overseeing the Company's day-to-day operations and in developing the Group's business locally and internationally. She is also responsible for the sales and marketing functions of the Group.

CORPORATE GOVERNANCE REPORT

In view of succession planning and during the transitional period of exploring and hiring a suitable CEO to take over the position, currently the roles and responsibilities of both the Executive Chairman and CEO are vested in Mr Cheng and therefore does not comply with Provision 3.1 of the Code. Notwithstanding the above, major decisions of the Company are made in consultation with the Board. The performance of the Executive Chairman and the CEO are reviewed periodically by the NC and the remuneration packages are reviewed periodically by the RC. The Board also believes that there are sufficient safeguards and checks to ensure that the process of decision-making by the Board is independent and based on collective decisions without any individual exercising considerable concentration of power or influence. Furthermore, all the Board Committees are chaired by Independent Directors.

The Executive Chairman, Mr Cheng is the founder of the Group and is responsible for the charting and reviewing of the corporate directions and business strategies, policies, budget and development for the Group. He is also responsible for, among others, the exercise of control over quantity, quality and timely information flow between the Management and the Board.

He, with the assistance of the Company Secretaries and their representatives, ensures that the Board receives accurate, timely and clear information and that there is effective communication with shareholders of the Company. He further ensures that board meetings are held as and when necessary and sets the Board's meeting agenda. He assists in ensuring compliance with the Group's guidelines on corporate governance and facilitating the effective contribution by the Non-Executive Directors. The Chairman also promotes a culture of openness and debate at the Board, encourages constructive relations, mutual respect and trust within the Board and the Management.

Lead Independent Director

As the Executive Chairman is not independent, to be in compliance with Provision 3.3 of the Code, the Board has appointed Mr Chua as the Lead Independent Director to lead the Independent Directors, to provide independent view and foster constructive discussion. The Lead Independent Director serves as a principal liaison on board issues between the Independent Directors and the Chairman of the Board. During the financial year, the Lead Independent Director was available to shareholders who have concerns which contact through the normal channels of the Executive Chairman, CEO, Executive Directors or Chief Financial Officer have failed to resolve or for which such contact is inappropriate.

Led by the Lead Independent Director, the Independent Directors meet at least once annually without the presence of the Executive Directors and Management to discuss matters of significance, which are thereafter reported to the Chairman accordingly.

For FY2024 under review, the Board believes that notwithstanding the roles of Executive Chairman and CEO are vested in the same individual, the current composition of the Board is able to make precise, objective and prudent judgement on the Group's corporate affairs. The Board is of the view that there are sufficient safeguards and checks to ensure that the process of decision-making by the Board is independent and are based on collective decisions without any individual exercising any considerable concentration of power or influence.

1.4 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.*

NC Composition

The Company has established the NC to, among other things, make recommendations to the Board, *inter alia*, on all Board appointments and re-appointments of Directors and oversee the Company's succession and leadership development plans.

CORPORATE GOVERNANCE REPORT

As at the date of this report, the NC is entirely composed of Independent Directors and the members of the NC are:

Name of Director	Position held
Mr Reuben Tan Wei Jer	Chairman
Mr Chua Keng Woon	Member
Mr Lim Hui Kwan	Member

In accordance with the definition in the Code, the Chairman of the NC is independent and has no relationship with the Company, its related corporations, its substantial shareholders with shareholdings of 5% or more in the voting shares of the Company and its officers that could interfere, or be reasonably perceived to interfere, with the exercise of his independent judgement in the best interest of the Company. The Lead Independent Director is also a member of the NC.

The NC meets at least once a year. During FY2024, the NC met, discussed and reviewed the issue of board composition.

NC Role

The NC is regulated by its terms of reference and its key functions include:

- (i) Appointment and re-appointment of the Directors (including Alternate Director, if any) having regard to the Director's contribution and performance;
- (ii) Identifying and nominating candidates for the approval of the Board;
- (iii) Determining annually the independence of each Director;
- (iv) Recommending Directors who are retiring by rotation to be put forward for re-election;
- (v) Assessing whether a Director is able to and has been adequately carrying out his/her duties as a Director of the Company, particularly when he/she has multiple board representations;
- (vi) Reviewing the training and professional development programmes for the Board and its individual Directors;
- (vii) Evaluating and assessing the performance and effectiveness of the Board, its committees and Directors; and
- (viii) Ensuring that the Company has a succession plan for Executive Directors, in particular, the Chairman, CEO and key management personnel.

The NC's functions include determining the criteria and how the Board's performance is to be evaluated, subject to the approval of the Board, which addresses how the Board has enhanced long-term shareholders' value.

The Board also implements a process to be carried out by the NC for assessing the effectiveness of the Board and its Board Committees. 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.

CORPORATE GOVERNANCE REPORT

As at the date of this report, the initial appointment date and the date of the last re-election of the Directors, key information of Directors, disclosure of directorships held over the preceding three years in other listed companies as well as other principal commitments of each Director are set out below:

Name of Director	Position held on the Board	Date of first appointment to the Board	Date of last re-election as Director	Directorships in other listed companies and Principal Commitments	
				Current	Past three years
Mr Cheng Buck Poh @ Chng Bok Poh	Executive Chairman/CEO	12 September 1998	21 October 2022	-	-
Mr Chua Keng Woon	Lead Independent Director	25 October 2019	21 October 2022	Asiamedic Limited Soon Lian Holdings Limited	-
Mr Lim Hui Kwan	Independent Director	30 October 2020	26 October 2023	-	-
Mr Reuben Tan Wei Jer	Independent Director	1 July 2023	26 October 2023	Director, Asiapacific Interim Management Resources Private Limited Director, Quahe Woo & Palmer LLC	-
Ms Cheng Wee Ling	Executive Director	23 June 2021	28 October 2021	Chief Executive Officer, Tele-centre Services Pte Ltd	Managing Director, Tele-centre Services Pte Ltd

Succession Planning

The NC regards succession planning as an important part of corporate governance and has an internal process of succession planning for the Chairman, Directors, the CEO and Senior Management, to ensure the progressive and orderly renewal of the Board and key executives.

Reviewing and Recommending Nomination for Appointment and Re-appointment of Directors

Where a vacancy arises, the NC will consider each candidate based on the selection criteria after consultation with the Board and after taking into consideration the qualification, experience, ability and skills to contribute effectively to the Board and to add value to the Group's business, in line with its strategic objectives before recommending the suitable candidate to the Board for approval.

CORPORATE GOVERNANCE REPORT

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/her responsibilities, good decision-making track record, relevant experience and financial literacy. The NC will make recommendation to the Board on the appointment. The Board will appoint the most suitable candidate who must stand for re-election at the next AGM of shareholders in accordance with the Constitution.

The Constitution provides that the number nearest to one-third of the Directors shall retire by rotation and subject themselves to re-election by the shareholders at every AGM of the Company. In addition, all Directors of the Company shall retire from office once every three years. It was also provided in the Constitution that Directors who were newly appointed during the financial year (whether as an additional Director or to fill a casual vacancy) shall only hold office until the next AGM of the Company and are subject to re-election by the shareholders.

With regard to the re-election of existing Directors each year, the NC advises the Board of those Directors who are retiring or due for consideration to retire in accordance with the Constitution. A retiring Director is eligible for re-election by the shareholders of the Company at the AGM, and prior to nominating a retiring Director for re-election, the NC will evaluate the Director's contribution and performance taking into consideration factors such as attendance, preparedness, participation and any other factors as may be determined by the NC. The Board and the NC have endeavoured to ensure that the Directors appointed to the Board possess the relevant experience, knowledge and expertise critical to the Group's business.

Each member of the NC shall abstain from voting on any resolutions and making recommendations and/or participating in any deliberations of the NC in respect of his/her re-nomination as a Director. Mr Chua and Ms Cheng (the "**Retiring Directors**") have been nominated for re-election by rotation pursuant to Regulation 93 of the Constitution at the forthcoming AGM and have abstained themselves from the voting process on their own re-election.

In this regard, the NC having considered the overall contributions and performance as well as the attendance and participation of Mr Chua and Ms Cheng at the Board and Board Committee meetings, has recommended their re-election to the Board. Both Mr Chua and Ms Cheng being eligible, have offered themselves for re-election at the forthcoming AGM. The Board has concurred with the NC's recommendation.

The details of the Retiring Directors seeking re-election at the AGM are set out in Table A on pages 40 and 41 of this Annual Report in compliance with Rule 720(6) of the Listing Manual of the SGX-ST.

Annual Review of Directors' Commitments

Where a Director has multiple board representations, the NC will determine if the Director has been able to devote sufficient time and attention to the Company's affairs and if he/she has been adequately carrying out his/her duties as a Director. The recommendation of the NC for the nomination of a Director for re-election is made to the Board. The Board will review this recommendation.

The NC is of the view that the number of directorships a Director can hold and his/her principal commitments should not be prescriptive as the time commitment for each board membership will vary. The NC will review the number of listed company board representations which each Director holds on an annual basis or from time to time when the need arises. In this respect, the NC believes that it would not be necessary to prescribe a maximum number of listed company board representations a Director may hold. The Board affirms and supports this view.

During the financial year, the NC had reviewed the directorships and principal commitments disclosed by each Director and was of the view that the existing directorships and principal commitments of the respective Directors have not impinged on their abilities to discharge their duties. The Board concurred with the NC.

CORPORATE GOVERNANCE REPORT

Continuous Review of Board Independence

The NC is guided by the definition and criteria of independence given in the Code in determining if a Director is independent.

The NC annually, and as and when circumstances require, determines if a Director is independent bearing in mind the circumstances set forth in Provision 2.1 and any other salient factors of the Code.

Each Independent Director is required to complete a Confirmation of Independence form drawn up based on Principle 2 of the Code for the NC's review and recommendation to the Board.

For the financial year under review, the Board concurred with the NC's view that the three Independent Directors are independent (as defined in the Code), and in character and judgement, there were no circumstances which would likely affect or appear to affect their judgement.

During FY2024, there was no appointment of Alternate Directors to the Board.

1.5 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.

The Board and the NC has developed a process of evaluation for assessing the effectiveness of the Board, Board Committees and individual Directors through establishment of quantifiable performance criteria. The evaluation performance checklist is drawn up based on the guidelines provided in the Code.

Based on the recommendations of the NC, the Board has an annual performance evaluation process, carried out by the NC, to assess the effectiveness of the Board, Board Committees and each Director's contributions. This annual assessment process consists principally of evaluation by and feedback from each Director.

(a) Assessment of the effectiveness of the Board as a whole

The NC uses an objective performance criteria to conduct board assessments via the circulation of assessment evaluation forms to the Directors annually for their evaluation of various board issues and processes, such as the board structure, conduct of board meetings, review of the Company's corporate strategy and planning, ensuring and reviewing the Company's risk management and internal control processes, review of the Company's performance, review of the Board's compensation evaluations and communication with the Company's shareholders. The NC has reviewed and is satisfied with the performance and effectiveness of the Board as a whole for FY2024.

(b) Assessment of the effectiveness of the Board Committees

The NC has implemented a process to be carried out by the NC via the circulation of assessment evaluation forms to assess the effectiveness of the respective Board Committees annually. The NC has recommended that the members of the respective Board Committees complete the evaluation form adopted by the respective Board Committees. The results of the Board Committees' assessments are reviewed and discussed by the NC, and any recommendations and suggestions arising from the evaluation exercise are circulated to the Board for consideration. The NC has reviewed and is satisfied with the performance and effectiveness of the respective Board Committees for FY2024.

CORPORATE GOVERNANCE REPORT

(c) Assessment of the contribution by individual Directors to the effectiveness of the Board

The individual Directors' assessments implemented by the NC are based on the Director's self-assessment which is evaluated annually and informally on a continual basis by the NC. The criteria taken into consideration by the NC and the Executive Chairman include individual skills and experience, contribution and performance based on factors such as attendance, preparedness and participation. The evaluations are discussed by the NC and appropriate actions are taken as necessary. The NC has reviewed and is satisfied with the contributions by individual Directors to the effectiveness of the Board for FY2024.

The NC is of the view that such assessments by the Directors are useful and constructive, and this collective process has provided an opportunity to obtain insightful feedback from each Director on suggestions to enhance the effectiveness of the Board from time to time and has helped the Directors to be more focused on their duties, responsibilities and contributions to the effectiveness of the Board. The assessments also help the NC to determine whether the Directors with multiple board representations are able to and have adequately discharged their duties as Directors of the Company.

In general, the selected performance criteria will not change from year to year unless they are deemed necessary and the Board is able to justify the changes.

The Executive Chairman, together with the NC, in considering the re-nomination and re-appointment of any Director, consider the attendance records for the Board and Board Committee meetings, the intensity of participation at meetings, the quality of contributions to the development of strategy, the degree of preparedness, industry and business knowledge and experience that each Director possesses, which are key to the success of the Group's business.

During FY2024 under review, the NC had met to discuss and evaluate the Board's performance as a whole, the Board Committees' and individual Directors' assessments. The results of the assessments had been communicated to and accepted by the Board.

No external facilitators were used in the assessment of the Board as a whole, its Board Committees and the individual Directors. However, if need arises, the NC has full authority to engage external facilitator to assist the NC in carrying out the evaluation process at the Company's expense.

2. REMUNERATION MATTERS

2.1 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.

RC Composition and Role

As at the date of this report, the RC is entirely composed of Independent Directors and the members of the RC are as follows:

Name of Director	Position Held
Mr Lim Hui Kwan	Chairman
Mr Chua Keng Woon	Member
Mr Reuben Tan Wei Jer	Member

The Group's remuneration policy is to provide compensation packages at market rates, which reward successful performance and attract, retain and motivate Directors and key management personnel.

CORPORATE GOVERNANCE REPORT

The RC is regulated by its terms of reference and has access to independent professional advice, if necessary. The responsibilities of the RC are as follows:

- (i) To review and recommend to the Board a general framework of remuneration for the Directors and key management personnel, including those employees related to the Executive Directors and controlling shareholders of the Group, and determine specific remuneration packages, including termination terms, for each Executive Director, Senior Management or key management personnel;
- (ii) To carry out its duties in the manner deemed effective, subject to any regulations or restrictions that may be imposed upon the RC by the Board from time to time; and
- (iii) Ensure that all aspects of remuneration are covered, taking into consideration Principle 8 and Provisions 8.1 to 8.3 of the Code, that the remuneration packages are comparable within the industry and comparable companies; and shall include a performance-related element with appropriate and meaningful measures of assessing performance. The remuneration packages of employees related to Executive Directors and controlling shareholders of the Group are in line with the Group's staff remuneration guidelines and commensurate with their respective job scopes and levels of responsibility.

The RC is responsible for recommending a remuneration framework for the Directors and key management personnel which is submitted to the Board for endorsement. The RC reviews and approves recommendations on remuneration policies and packages for Directors and key management personnel in the interest of improving corporate performance. The RC's review of remuneration packages takes into consideration pay and employment conditions within the industry and in comparable companies, the Company's relative performance, the performance of the individual Directors and key management personnel, the long-term interests of the Group and ensures that the interests of the Directors align with those of the shareholders. The review covers all aspects of remuneration, including but not limited to Directors' fees, salaries, allowances, bonuses, options, profit-sharing (where applicable) and benefits-in-kind.

The RC's recommendations are submitted for endorsement by the Board. Each member of the RC abstains from voting on any resolution concerning his own remuneration.

Access to Expert Advice

The RC has access to expert advice from the internal human resources personnel and/or outside the Company from external experts with regard to remuneration matters. No individual Director shall be involved in deciding his/her own remuneration.

The RC, in considering the remuneration of all Directors, has not sought external advice nor appointed remuneration consultants during FY2024. The Directors' fees to be paid to the Non-Executive and Independent Directors are subject to shareholders' approval at the forthcoming AGM.

Remuneration Policy in Respect of Executive Directors and Key Management Personnel

In reviewing the service agreements of the Executive Directors and key management personnel of the Company, the RC will review the Company's obligations in the event of termination of these service agreements, to ensure that such service agreements contain fair and reasonable termination clauses which are not overly generous. The RC aims to be fair and avoid rewarding poor performance.

CORPORATE GOVERNANCE REPORT

2.2 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.*

Remuneration Framework

In setting remuneration packages, the Company takes into account pay and employment conditions within the same industry and comparable companies, as well as the Group's relative performance, the Company's risk policies and the performance of individual Directors. The terms of the contracts of services of Executive Directors and the key management personnel, including termination clauses, are in line with market practices and are not overly generous. The remuneration packages of the Executive Directors are determined based on the framework recommended by the RC where the RC reviews the length of the fixed appointment period, the notice period for termination and the terms of the compensation package in the event of the termination of any Executive Directors' service agreements to ensure that the terms of such clauses are not onerous to the Company.

The variable component is dependent on a key management personnel's ability to achieve the performance targets, both personal and those of the Group. This aligns the compensation of key management personnel with that of the shareholders in terms of value creation. Key performance indicators for key management personnel are aligned to the interests of and value creation for all stakeholders.

Remuneration of Non-Executive Director

The Non-Executive and Independent Directors receive Directors' fees in accordance with their contribution, taking into consideration factors such as effort, time spent, responsibilities of the Directors and the necessity to pay competitive fees to attract, motivate and retain such Non-Executive and Independent Directors. Directors' fees are recommended by the Board for approval by the shareholders at the AGM of the Company. Non-Executive Directors are not to be over-compensated to the extent that their independence may be compromised. The remuneration of Directors is reviewed from time to time to ensure that it is appropriate to attract, retain and motivate the Directors to provide good stewardship of the Company.

Contractual Provisions to Reclaim Incentives

The Executive Directors do not receive Directors' fees. The remuneration of the Executive Directors and the key management personnel comprise primarily a basic salary component and a variable component which is inclusive of bonuses and other benefits.

The Group has also previously entered into various letters of employment with the key management personnel. Such letters typically provide for the salaries payable to the key management personnel, their working hours, annual leave, medical benefits, grounds of termination and certain restrictive covenants.

The RC is of the view that the remuneration packages of the Executive Directors (including the Executive Chairman) and key management personnel are moderate. The Executive Directors owe a fiduciary duty to the Company. The Company should be able to avail itself to remedies against the Executive Directors in the event of such breach of fiduciary duties. Therefore, there is no necessity for the Company to institute contractual provisions in the service agreements or employment agreements to reclaim incentive components of remuneration paid in prior years from the Executive Directors and key management personnel in exceptional circumstances of misstatement of financial statements, or of misconduct resulting in financial loss to the Company.

CORPORATE GOVERNANCE REPORT

2.3 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.

The breakdown of remuneration of the Directors of the Company, in percentage terms showing the level and mix, for FY2024 falling within the broad bands are set out below.

The Board believes that it is for the benefit of the Company and the Group that the value of the Directors' remuneration be kept confidential due to its sensitive nature and to safeguard the long-term performance of the Group, especially in this highly competitive industry. Similarly, the remuneration of the key management personnel and the employees who are immediate family members of a Director or the CEO are shown in bands of \$250,000 due to the Company's concern over poaching of these key management personnel by competitors.

Name of Director	Salary	Variable Bonus	Directors' Fees	Benefits	Total
	%	%	%	%	%
\$500,001 to \$750,000					
Mr Cheng Buck Poh @ Chng Bok Poh	68	23	-	9	100
\$250,001 to \$500,000					
Ms Cheng Wee Ling	63	35	-	2	100
Below \$250,000					
Mr Tan Sim Cheng ¹	-	-	100	-	100
Mr Chua Keng Woon	-	-	100	-	100
Mr Lim Hui Kwan	-	-	100	-	100
Mr Reuben Tan Wei Jer	-	-	100	-	100
Ms Christina Chow Poh Lin ²	78	19	-	3	100

1 Resigned as Non-Executive Deputy Chairman and Lead Independent Director on 26 October 2023

2 Resigned as an Executive Director with effect from 23 June 2024

The Company's staff remuneration policy is based on individual's rank and role, individual performance, Company's performance and industry benchmark gathered from companies in comparable industries.

The Board is of the view that notwithstanding the deviation from Provision 8.1 of the Code, the Company is transparent on its remuneration policies, which has been disclosed not only as part of compliance with Principle 8 but also in respect of Principle 7 of the Code. In particular, the Company has elaborated on the remuneration policy governing the remuneration of the Executive Directors and the factors taken into account for the remuneration of the Non-Executive and Independent Directors. The Company has also disclosed the remuneration paid to each Director and key management personnel using percentage terms and remuneration bands, as well as the breakdown of the components of their remuneration, for transparency. Accordingly, the Board is of the view that the non-disclosure of the exact quantum of the remuneration of each Director and key management personnel will not be prejudicial to the interest of shareholders and complies with the intent of Provision 8.1 of the Code.

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 RC will consider and deliberate on the performance conditions related to the Executive Directors' and key management personnel's entitlement to short-term and long-term incentive schemes and will make the necessary disclosures as and when it deems necessary.

CORPORATE GOVERNANCE REPORT

Details of remuneration paid to key management personnel of the Group (who are not Directors or the CEO), in percentage terms showing the level and mix, for FY2024 are set out below:

Key Management Personnel of the Group

Name	Salary	Bonus	Other Benefits	Total
	%	%	%	%
Below \$250,000				
Mr Dennis W. Thomas	82	9	9	100
Ms Christina Chow Poh Lin ¹	100	–	–	100
Ms Sin Wan Lin	81	16	3	100

¹ Appointed as Chief Administrative Officer with effect from 23 June 2024

The aggregate total remuneration paid to these key management personnel (who are not Directors or the CEO) in FY2024 is approximately \$476,000.

Ms Cheng Wee Ling, the Executive Director of the Company and the Chief Executive Officer of Tele-centre Services Pte Ltd, a subsidiary company of the Group is the daughter of Mr Cheng.

Save as disclosed, there are no other employees who are substantial shareholders of the Company, or are immediate family members of a Director, CEO or substantial shareholder of the Company whose remuneration amounts exceeded \$100,000 during FY2024.

In FY2024, no termination, retirement and post-employment benefit or other long-term incentive has been granted to the Directors or key management personnel.

The Company currently has no employee share option scheme or other long-term incentive scheme in place, and the RC will consider such schemes as and when it deems necessary.

The RC and the Board have considered and are of the view that the Company's remuneration packages are appropriate and fair.

3. ACCOUNTABILITY AND AUDIT

3.1 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.

Risk Governance

The Board recognises the importance of sound internal controls and risk management practices. The Board is responsible for the overall internal control framework, but acknowledges that no cost-effective internal control system will preclude all errors and irregularities.

The internal controls in place will address the financial, operational (including information technology) and compliance risks and the objectives of these controls are to provide reasonable assurance that there are no material financial misstatements or material losses, there is maintenance of proper accounting records, financial information are reliable and assets are safeguarded.

CORPORATE GOVERNANCE REPORT

Given the nature and size of the Group's business and operations, the Board did not establish a separate board risk committee to review and assess the internal control systems and risk management framework. The Board is currently assisted by the AC, internal auditors and external auditors in carrying out its responsibility of overseeing the Group's risk management framework and policies.

To further enhance the risk management procedures in place, the Group has established a structured Enterprise Risk Management ("**ERM**") programme to identify, prioritise, assess, manage and monitor key risks. The risk management process in place covers, *inter alia*, financial, operational (including information technology) and compliance risks faced by the Group, as well as assessing its risk management systems. Key risks identified are deliberated by Senior Management and reported to the AC. The AC reviews the adequacy and effectiveness of the ERM programme against identified key risks vis-à-vis changes in the Group's operating environment.

Complementing the ERM programme is a Group-wide system of internal controls, which includes documented policies and procedures, proper segregation of duties, approval procedures and authorities, as well as checks-and-balances built into the business processes.

To ensure that internal controls and risk management processes are adequate and effective, the AC is assisted by various independent professional service providers. External auditors provide assurance over the risk of material misstatements in the Group's financial statements. The assistance of the internal and external auditors has enabled the AC to carry out assessments of the effectiveness of the key internal controls during the financial year. Any material non-compliance or weaknesses in internal controls or recommendations from the internal and external auditors to further improve the internal controls were reported to the AC. The AC will also follow up on the actions taken by the Management on the recommendations made by the internal and external auditors. Based on the reports submitted by the internal and external auditors received by the AC and the Board, nothing material has come to the attention of the AC and the Board to cause the AC and the Board to believe that the internal controls and risk management processes are not satisfactory for the current industry type and size of business conducted.

For FY2024, the Board has received assurances from the Executive Directors, the CEO and the Chief Financial Officer ("**CFO**") of the Company that:

- (a) the financial records have been properly maintained and the financial statements give a true and fair view of the Group's operations and finances; and
- (b) the CEO and the key management personnel have given assurance to the Board that the Group's risk management and internal control systems in addressing financial, operational, compliance and information technology controls and risk management systems are adequate and operating effectively.

Based on the various management controls in place, internal controls established and maintained by the Group, work performed by the internal and external auditors, and reviews performed by the Management, the Board with the concurrence of the AC, is of the opinion that the Group's system of internal controls and risk management procedures in addressing the financial, operational, compliance and information technology controls and risk management systems maintained by the Group during the financial year are adequate and effective as at 30 June 2024.

The Board recognises that the risk management and internal control systems established by the Group provides reasonable, but not absolute, assurance that the Group will not be adversely affected by any event that can be reasonably foreseen as it strives to achieve its business objectives. The Board also noted that all internal control systems contain inherent limitations and no system of risk management and internal controls can provide absolute assurance against the occurrence of material errors, poor judgement in decision-making, human error, losses, fraud or other irregularities.

CORPORATE GOVERNANCE REPORT

3.2 Audit Committee

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

As at the date of this report, the AC is entirely composed of Independent Directors and the members of the AC are as follows:

Name of Director	Position held
Mr Chua Keng Woon	Chairman
Mr Lim Hui Kwan	Member
Mr Reuben Tan Wei Jer	Member

The members of the AC have many years of expertise and experience in accounting, legal, business and financial management. The Board considers the members of the AC appropriately qualified to discharge the responsibilities of the AC. None of the AC members were previous partners or directors of the existing auditing firm within the previous two years and/or hold any financial interest in the auditing firm in accordance to Provision 10.3 of the Code.

The AC is regulated by its terms of reference and its key functions include:

- (i) To review the audit plans of the internal auditors and external auditors of the Company with the CFO, the internal auditors' evaluation of the adequacy and effectiveness of internal controls, risk management and the Company's system of accounting controls and the co-operation given by the Management to the internal auditors and external auditors;
- (ii) To review significant financial reporting issues and judgements with the CFO, CEO and the external auditors so as to ensure the integrity of the financial statements of the Company and any formal announcements relating to the Group's financial performance, before submission to the Board;
- (iii) To review the adequacy and effectiveness of the Company's material internal controls with the CFO, including financial, operational (including information technology) and compliance controls and risk management via reviews carried out by the internal auditors;
- (iv) To review the adequacy, effectiveness, independence, scope and results of the Company's internal audit functions;
- (v) To meet with the external auditors, other Board Committees and the Management in separate sessions to discuss any matters that these groups believe should be discussed privately with the AC;
- (vi) To review legal and regulatory matters with the CFO and the external auditors that may have a material impact on the financial statements, related compliance policies and programmes and any reports received from regulators;
- (vii) To review the co-operation given by the Management to the auditors;
- (viii) To consider the appointment and re-appointment of the external auditors and internal auditors and matters relating to resignation or dismissal of the auditors;
- (ix) To review the adequacy, effectiveness, independence and objectivity of the external auditors;
- (x) To review the nature and extent of non-audit services provided by the external auditors;

CORPORATE GOVERNANCE REPORT

- (xi) To recommend to the Board the external auditors to be nominated, to approve the compensation of the external auditors and to review the scope and results of the audit;
- (xii) To report actions and minutes of the AC to the Board with such recommendations as the AC considers appropriate;
- (xiii) To review interested person transactions in accordance with the requirements of the Listing Manual of the SGX-ST; and
- (xiv) To generally undertake such other functions and duties, as may be required by statute or the Listing Manual of the SGX-ST and by such amendments made thereto from time to time.

The AC has full access to and co-operation of the Management, external auditors and internal auditors. The AC Chairman usually reviews the external and internal audit plans before meetings, focusing on changes in the accounting policies, to discuss the reasonableness of the financial reporting process, the internal controls and risk management systems, and the significant comments and recommendations by the auditors and matters that would affect the Group's performance.

The AC also has full discretion to invite any Director and key management personnel to attend its meetings and explicit authority to investigate any matters within its terms of reference which may give rise to suspected fraud, infringement of any law which will lead to a material impact on the Company. The AC has adequate resources to enable it to discharge its responsibilities properly.

Each member of the AC abstains from voting on any resolutions and making any recommendations and/or participating in any deliberations of the AC in respect of matters in which he is interested.

The external auditors have unrestricted access to the AC. Both the external auditors and internal auditors report directly to the AC in respect of their findings and recommendations. The AC meets with the internal and external auditors separately at least once a year without the presence of the Management. The AC reviews the findings from the auditors and the assistance given to the auditors by the Management.

The AC, having reviewed the scope and value of non-audit services provided to the Group by the external auditors, is satisfied that the nature and extent of such services will not prejudice and affect the independence and objectivity of the external auditors. The audit fees paid/payable to the external auditors for FY2024 were \$144,000. No non-audit fees were paid or are payable to the external auditors for FY2024.

The Company has complied with Rules 715 of the Listing Manual of the SGX-ST as all Singapore-incorporated subsidiary companies of the Company are audited by Messrs Baker Tilly TFW LLP, for the purposes of the consolidated financial statements of the Group.

External Auditors

The AC has reviewed the scope of services provided by the external auditors, the independence and the objectivity of the external auditors on an annual basis. Messrs Baker Tilly TFW LLP, the external auditors of the Company, has confirmed that they are a Public Accounting Firm registered with ACRA and provided a confirmation of their independence to the AC. The AC had evaluated the performance of the external auditors based on the key indicators of audit quality and guidance, where relevant, as set out in the "Guidance to Audit Committee on Evaluation of Quality of Work performed by the External Auditors" such as performance, adequacy of resources and experience of the audit engagement partner and audit team assigned to the Group's audit, given the size and complexity of the Group. Accordingly, the AC is satisfied that Rules 712 and 715 of the Listing Manual of the SGX-ST is complied with.

CORPORATE GOVERNANCE REPORT

Changes to accounting standards and accounting issues which have significant impact on the financial statements were reported to the AC and highlighted by the external auditors in their meetings with the AC. No former partner or director of the Company's existing auditing firm has acted as a member of the AC.

In the review of the financial statements, the AC has discussed with the Management and the external auditors the accounting principles that were applied and their judgement of items that might affect the true and fair view of the financial statements. In particular, the following significant matter impacting the financial statements was discussed with the Management and the external auditors and was reviewed by the AC.

Significant matter	How the AC reviewed the matter and what decisions were made
Accounting for fixed-price contract – Revenue recognition	The AC reviewed revenue recognition and the findings of the external auditors, and was satisfied that this had been appropriately accounted for in the consolidated financial statements.

Internal Audit Function

The Board recognises the importance of maintaining a system of internal controls to safeguard the shareholders' investments and the Company's assets. For FY2024, the Company outsourced its internal audit function to independent internal auditors ("IA"), RSM SG Risk Advisory Pte. Ltd. ("RSM") who has a direct reporting line to the AC and assists the AC in overseeing the implementation of required improvements to internal controls and risk management systems.

The internal audit function is performed in accordance with the standards set by internationally recognised professional bodies including the International Standards for the Professional Practice of Internal Auditing set by The Institute of Internal Auditors. The IA has unfettered access to all the Company's documents, records, properties and personnel, including access to the Board, the AC and the Management to perform their internal audit, where necessary, and has the right to seek information and explanation.

The appointed IA reports directly to the AC and is responsible for assessing the adequacy and effectiveness of the system of internal controls, ensuring procedures are complied with, and identifying and recommending improvements to internal control procedures, where required.

Annually, the IA plans its internal audit schedule in consultation with, but independent of, the Management. The internal audit plan is submitted to the AC for approval prior to the commencement of the internal audit. The AC will review the activities performed by the IA and monitor the Management's implementation of the improvements required for internal control weaknesses identified.

For FY2024, the AC met once with the IA without the presence of the Management. The AC is of the opinion that RSM is independent, effective and adequately resourced with qualified personnel to discharge its responsibilities. The AC has reviewed the internal audit reports based on the controls in place and is satisfied that the internal audit function has been (i) adequately resourced, (ii) staffed by suitably qualified and experienced professionals with relevant experiences and have appropriate standing within the Group, and (iii) conducted in accordance with the standards set by professional bodies. RSM has provided a confirmation of their independence to the AC.

CORPORATE GOVERNANCE REPORT

Whistle-Blowing Policy

The Group has designated and implemented an independent whistle-blowing policy which is overseen and monitored by the AC. Accessible channels are provided for employees to raise concerns about possible improprieties in matters of financial reporting or other matters which they become aware of and to ensure that:

- (i) independent investigations are carried out in an appropriate and timely manner;
- (ii) appropriate action is taken to correct the weakness in internal controls and policies which allowed the perpetration of fraud and/or misconduct and to prevent a recurrence; and
- (iii) administrative, disciplinary, civil and/or criminal actions that are initiated following the completion of investigations are appropriate, balanced and fair, while providing reassurance that employees will be protected from reprisals or victimisation for whistle-blowing in good faith and without malice.

The policy is aimed at encouraging the reporting of such matters in good faith, with the confidence that the identity of staff of the Group and other persons making such reports will be kept confidential and that they will be treated fairly and, to the extent possible, protected from detrimental or unfair treatment. There was no whistle-blowing report received during FY2024.

4. SHAREHOLDERS' RIGHTS AND ENGAGEMENT

4.1 Shareholders' 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.

The Company firmly believes in high standards of transparent corporate disclosure, in line with the continuous disclosure obligations of the Company pursuant to the Listing Rules of the SGX-ST and the Singapore Companies Act 1967. It is the Board's policy to ensure that all shareholders should equally and on timely basis be informed of all major developments that have impact on the Group. Quarterly financial results and news releases (if any) will be published through SGXNet. Where there is inadvertent disclosure made to a selected group, the Company will make the same disclosure publicly to all others as soon as is practicable.

The forthcoming AGM will be held physically. Notices for general meetings are announced via SGXNet within the mandatory period prior to the meetings (or as otherwise disseminated in accordance with such laws and regulations as may be applicable), together with the explanatory notes or a circular on items of special business (if necessary) so as to enable shareholders to exercise their voting rights on an informed basis. The AGM is held within four months after the end of the financial year.

The shareholders of the Company receive hard copy of the annual report and/or relevant circular upon specific requests by them for it. The shareholders may download the annual report, notice of the general meetings and circulars from the Company's website at www.haileck.com. To safeguard shareholders' interests and rights, a separate resolution is proposed for each substantially separate issue at general meetings.

CORPORATE GOVERNANCE REPORT

In accordance with the Constitution, the shareholders may appoint up to a maximum of two proxies to attend, vote and question the Board and the Management, for and on behalf of the shareholders who are not able to attend the general meetings personally. The Constitution allows corporations and members of the Company to appoint one or two proxies to attend and vote at general meetings. A Relevant Intermediary¹ may appoint more than two proxies, but each proxy must be appointed to exercise the rights attached to a different share or shares held by him/her (which number and class of shares shall be specified). An investor who holds shares under the Central Provident Fund Investment Scheme (“**CPF Investor**”) and/or the Supplementary Retirement Scheme (“**SRS Investor**”) (as may be applicable) may attend and cast his/her vote(s) at the meeting in person. CPF and SRS Investors who are unable to attend the meeting but would like to vote, may inform their CPF and/or SRS Approved Nominees to appoint the Chairman of the Meeting to act as their proxy, in which case, the CPF and SRS Investors shall be precluded from attending the meeting.

In view of the above, all the shareholders are given an opportunity to participate effectively and vote at the general meetings.

To promote greater transparency in the voting process and effective participation, the Company conducts electronic poll voting for all the resolutions proposed at general meetings. An independent external consultant is also appointed as scrutineer to validate the vote tabulation process. The outcome of the general meeting, including the total numbers and percentage of votes cast for, or against, or to abstain from voting each resolution tabled, is announced immediately at the general meeting and via SGXNet on the same day after the general meeting.

The Board and Chairman of each Board Committee are required to be present to address questions at the general meeting. External auditors are also invited to attend the general meeting to assist the Board in addressing shareholders’ queries about the conduct of audit and the preparation of content of the external auditors’ report.

The Company currently does not provide for voting in absentia by mail or electronic means. This is due to concerns with the authentication of the shareholder’s identity and other related security and integrity issues. The Company will consider implementing the relevant amendments to the Constitution to permit absentia voting after it has carried out careful study and is satisfied with the highlighted concerns. Nevertheless, the Company is of the view that the shareholders have opportunities to communicate their views on matters affecting the Company even when they are not in attendance at general meetings. For instance, shareholders may appoint proxies to attend, speak and vote, on their behalf, at the respective general meetings.

The Company Secretaries and their representatives prepare minutes of general meetings, which incorporate substantial and relevant queries from shareholders relating to the agenda of the meeting and responses from the Board and Management. In line with the guidance on the conduct of general meetings issued jointly by ACRA, Monetary Authority of Singapore and Singapore Exchange Regulation, the Company will be publishing the minutes within one month after the AGM on SGXNet.

The Company does not have any dividend policy. The Board considers various factors when deliberating on payment of dividends annually, ie. Company’s profit, cash flow, capital requirements for investment and growth, general business conditions and other factors as the Board deems appropriate. In compliance with Rule 704(24) of the Listing Rules of the SGX-ST, the Company is mindful to disclose the reason(s) for the decision together with the announcement of the financial statements, in the event that the Board decides not to declare or recommend a dividend.

¹ A Relevant Intermediary is:

- a) a banking corporation licensed under the Banking Act 1970 or a wholly-owned subsidiary of such a banking corporation, whose business includes the provision of nominee services and who holds shares in that capacity; or
- b) a person holding a capital markets services licence to provide custodial services for securities under the Securities and Futures Act 2001 and who holds shares in that capacity; or
- c) the Central Provident Fund Board established by the Central Provident Fund Act 1953, in respect of shares purchased under the subsidiary legislation made under that Act providing for the making of investments from the contributions and interest standing to the credit of members of the Central Provident Fund, if the Board holds those shares in the capacity of an intermediary pursuant to or in accordance with that subsidiary legislation.

CORPORATE GOVERNANCE REPORT

4.2 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.

The Company recognises the importance of actively engaging with stakeholders to promote effective and fair communication.

The Company does not have a dedicated investor relations team to regularly convey pertinent information to the shareholders. However, the Company's CEO and CFO are responsible for the Company's communication with shareholders. The Board also acknowledges its obligation to furnish timely information to shareholders and ensures that full disclosure of material information to comply with statutory requirements and the Listing Manual of the SGX-ST is made.

The Company adopts the practice of providing adequate and timely disclosure of material information to its shareholders. Where there is an inadvertent disclosure made to a selected group, the Company will make the same disclosure publicly as soon as is practicable.

Pertinent information is communicated to shareholders on a regular and timely basis through the following means:

- Financial results, annual reports and sustainability reports are announced or issued within the mandatory period;
- Material information are disclosed in a comprehensive, accurate and timely manner via SGXNet and/or the press;
- Updates on the Company's website – www.haileck.com; and
- Company's general meetings.

The Company does not practice selective disclosure: price-sensitive information is first publicly released through SGXNet prior to meeting with any investors or analysts. All shareholders of the Company will receive the annual report with the notice of AGM.

5. MANAGING STAKEHOLDER RELATIONSHIPS

5.1 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.

The Company adopts an inclusive approach by considering and balancing the needs and interests of material stakeholders. The Company has arrangements in place to identify and engage with its material stakeholder groups and to manage its relationship with such groups. These arrangements as well as strategies and key areas to focus in relation to the management of stakeholder relationships are set out in the Company's Sustainability Report. More information on the Company's material stakeholders, sustainability efforts (including its strategy and key areas of focus), and performance can be found in the Sustainability Report which will be uploaded to the Company's website.

The Company maintains a corporate website at www.haileck.com to communicate and engage with stakeholders such as customers and investors.

CORPORATE GOVERNANCE REPORT

ADDITIONAL INFORMATION

6. DEALING IN SECURITIES

The Company has adopted and ensured compliance with Rule 1207(19) of the Listing Manual of the SGX-ST with regards to dealing in the Company's securities by its Directors and officers. The Company, Directors and its officers are prohibited from dealing in the securities of the Company during the period commencing two weeks immediately preceding the announcement of the Company's quarterly financial results and one month immediately preceding the announcement of the Company's full year financial results and ending on the date of the announcement of such results on SGXNet, or when they are in possession of any unpublished price-sensitive information of the Group.

In addition, the Company, Directors, key management personnel and employees are expected to observe insider trading laws at all times even when dealing in securities within the permitted trading period. They are also discouraged from dealing in the Company's shares based on short-term considerations.

7. MATERIAL CONTRACTS

Since the end of the previous financial year, no Director of the Company has received or become entitled to receive a benefit by reason of a contract made by the Company or a related corporation with the Director, or with a firm of which the Director is a member, or with a company in which the Director has a substantial financial interest, except for Mr Cheng Buck Poh @ Chng Bok Poh and Ms Cheng Wee Ling as they have employment relations with the subsidiary companies and received remuneration in those capacities.

Save as disclosed in the Directors' Statement and financial statements, there were no other material contracts entered into by the Company or any of its subsidiary companies, involving the interests of the CEO, any Director or the controlling shareholder subsisting at the end of FY2024.

8. INTERESTED PERSON TRANSACTIONS

The Company has established procedures to ensure that all transactions with interested persons are reported in a timely manner to the AC and those transactions are carried out on normal commercial terms and are not prejudicial to the interests of the shareholders.

The AC has reviewed the Interested Person Transactions ("IPTs") for FY2024 and noted that the transactions were on normal commercial terms and not prejudicial to the interests of the Company and its minority shareholders.

There were no interested person transactions above \$100,000 for FY2024.

Prior to entering into an interested person transaction by the Group, the Board and the AC will review such a transaction to ensure that the relevant rules under Chapter 9 of the Listing Manual of the SGX-ST are complied with.

9. RISK MANAGEMENT

The Company does not have a Risk Management Committee. However, to ensure that internal controls and risk management processes are adequate and effective, the AC is assisted by various independent professional service providers. The Management regularly reviews the Company'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 all significant control policies and procedures and highlights all significant matters to the Directors and the AC.

Information relating to the significant risk management policies are set out on pages 78 to 82 of this Annual Report.

CORPORATE GOVERNANCE REPORT

10. PROPERTIES OWNED BY THE GROUP

As at the date of this report, the Group owns the following properties:

Location	Use	Land area/ Built-in area (sq m) (approximately)	Tenure
12 Tuas Drive 1 Singapore 638679	Workshop and dormitory	5,742/5,409	30 years commencing 1 July 2012, subject to JTC terms and conditions
9 Tuas Avenue 1 Singapore 639494	Workshop and dormitory	4,703/5,836	30 years with an additional 30 years, commencing 1 August 1993
47 Tuas View Circuit Singapore 637357	Workshop and office premises	24,164/17,008	30 years commencing 15 December 2007, subject to terms and conditions of JTC building agreement between JTC and Hai Leck Engineering (Private) Limited dated 30 May 2008 being complied with

INFORMATION RELATING TO DIRECTORS SEEKING RE-ELECTION		
Name of Director	Mr Chua Keng Woon	Ms Cheng Wee Ling
Date of appointment	25 October 2019	23 June 2021
Date of last re-election	21 October 2022	28 October 2021
Age	52	45
Country of principal residence	Singapore	Singapore
The Board's comments on this re-election (including rationale, selection criteria, board diversity considerations, and the search and nomination process)	<p>The Board has accepted the NC's recommendation, who has reviewed and considered Mr Chua's performance as Non-Executive and Lead Independent Director of the Company, Chairman of the Audit Committee and a member of the Nominating Committee and Remuneration Committee.</p> <p>The Board considers Mr Chua to be independent for the purpose of Rule 704(8) of the Listing Manual of the SGX-ST.</p>	The Board has accepted the NC's recommendation, which has reviewed and considered Ms Cheng's performance as an Executive Director.
Whether appointment is executive, and if so, the area of responsibility	Non-Executive and Lead Independent Director	Executive: Responsible for overall management of the Group's contact centre business segment
Job Title (e.g. Lead ID, AC Chairman, AC Member, etc.)	Non-Executive and Lead Independent Director, Chairman of the Audit Committee and a member of the Nominating Committee and Remuneration Committee	Executive Director
Professional Qualification	Bachelor of Business from Nanyang Technological University Chartered Financial Analyst	Degree in Business Administration from the Royal Melbourne Institute of Technology, Australia

CORPORATE GOVERNANCE REPORT

INFORMATION RELATING TO DIRECTORS SEEKING RE-ELECTION		
Name of Director	Mr Chua Keng Woon	Ms Cheng Wee Ling
Working experience and occupation(s) during the past 10 years	2018 Advisor, Secured Capital Singapore Pte Ltd 2008 – 2016 Senior Director, Equity Capital Market, Canaccord Genuity Singapore Pte Ltd	Managing Director of Tele-centre Services Pte Ltd General Manager of Tele-centre Services Pte Ltd Business Development Manager of Tele-centre Services Pte Ltd
Shareholding interest in the listed issuer and its subsidiaries	1,035,650 ordinary shares in the Company	None
Any relationship (including immediate family relationships) with any existing director, existing executive officer, the issuer and/or substantial shareholder of the listed issuer or of any of its principal subsidiaries	None	Daughter of Mr Cheng, the Executive Chairman, Chief Executive Officer and substantial shareholder of the Company and Madam Goo Guik Bing @ Goh Guik Bing, substantial shareholder of the Company
Conflict of interest (including any competing business)	None	None
Undertaking (in the format set out in Appendix 7.7) under Rule 720(1) has been submitted to the listed issuer	Yes	Yes
Other Principal Commitments* including Directorships#		
* “Principal Commitments” has the same meaning as defined in the Code		
# These fields are not applicable for announcements of appointments pursuant to Listing Rule 704(9)		
Past (for the last 5 years)	–	Managing Director, Tele-centre Services Pte Ltd
Present	Asiamedic Limited Soon Lian Holdings Limited	Chief Executive Officer, Tele-centre Services Pte Ltd

The Retiring Directors have responded negatively to items (a) to (k) listed in Rule 720(6) of the Listing Rules of SGX-ST.

DIRECTORS' STATEMENT

The directors hereby present their statement to the members together with the audited consolidated financial statements of Hai Leck Holdings Limited (the "Company") and its subsidiary companies (collectively the "Group") and the balance sheet and statement of changes in equity of the Company for the financial year ended 30 June 2024.

Opinion of the directors

In the opinion of the directors,

- (a) the consolidated financial statements of the Group and the balance sheet and statement of changes in equity of the Company are drawn up so as to give a true and fair view of the financial position of the Group and of the Company as at 30 June 2024 and the financial performance, changes in equity and cash flows of the Group and the changes in equity of the Company for the financial year then ended in accordance with the provisions of the Companies Act 1967 and Singapore Financial Reporting Standards (International) ("SFRS(I)"); and
- (b) at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

Directors

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

Cheng Buck Poh @ Chng Bok Poh
 Cheng Wee Ling
 Chua Keng Woon
 Lim Hui Kwan
 Reuben Tan Wei Jer

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 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' interests in shares and debentures

The following directors, who held office at the end of the financial year, had, according to the register of directors' shareholdings, required to be kept under Section 164 of the Singapore Companies Act 1967, an interest in shares of the Company, as stated below:

Name of director	Direct interest as at			Deemed interest as at		
	1 July 2023	30 June 2024	21 July 2024	1 July 2023	30 June 2024	21 July 2024
The Company						
Ordinary shares						
Cheng Buck Poh						
@ Chng Bok Poh	106,222,665	115,425,610	115,425,610	85,800,000	85,800,000	85,800,000
Chua Keng Woon	1,035,650	1,035,650	1,035,650	-	-	-

DIRECTORS' STATEMENT

Directors' interests in shares and debentures (Continued)

Cheng Buck Poh @ Chng Bok Poh is deemed to have an interest in the shares of the Company's subsidiary companies in proportion to the Company's interest in the subsidiary companies by virtue of his interest in more than 20% of the issued share capital of the Company as provided by Section 7 of the Companies Act 1967.

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

Share options

No option to take up unissued shares of the Company or its subsidiary companies was granted during the financial year.

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

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

Audit Committee

The Audit Committee ("AC") comprises the following independent directors:

Chua Keng Woon (Chairman)
Lim Hui Kwan
Reuben Tan Wei Jer

The AC performs the functions set out in the Singapore Companies Act, the Listing Manual and Best Practices Guide issued by Singapore Exchange Securities Trading Limited. In performing those functions, the AC reviewed the overall scope of the internal audit functions, external audit functions and the assistance given by the Company's officers to the auditors.

The AC met with the external auditors to discuss the results of their audit. The AC also reviewed the financial statements of the Company and the consolidated financial statements of the Group for the financial year ended 30 June 2024, as well as the external auditor's report thereon.

The AC held 4 meetings during the financial year ended 30 June 2024.

The AC, having reviewed all the non-audit services provided by the external auditors to the Group, is satisfied that the nature and extent of such services would not affect the independence of the external auditors. The AC has also conducted a review of interested person transactions.

Further details regarding the AC are disclosed in the Corporate Governance Report.

DIRECTORS' STATEMENT

Independent auditor

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

On behalf of the Board of Directors,

Cheng Buck Poh @ Chng Bok Poh
Director

Cheng Wee Ling
Director

20 September 2024

INDEPENDENT AUDITOR'S REPORT

To the members of Hai Leck Holdings Limited

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Hai Leck Holdings Limited (the "Company") and its subsidiary companies (collectively, the "Group") as set out on pages 48 to 87, which comprise the balance sheets of the Group and the Company as at 30 June 2024, the statements of changes in equity of the Group and the Company and the consolidated statement of comprehensive income and consolidated statement of cash flows of the Group for the year then ended, and notes to the financial statements, including material accounting policy information.

In our opinion, the accompanying consolidated financial statements of the Group, and the balance sheet and the statement of changes in equity of the Company are properly drawn up in accordance with the provisions of the Companies Act 1967 (the "Act") and Singapore Financial Reporting Standards (International) ("SFRS(I)") so as to give a true and fair view of the consolidated financial position of the Group and the financial position of the Company as at 30 June 2024 and of the consolidated financial performance, consolidated changes in equity and consolidated cash flows of the Group and changes in equity of the Company for the year ended on that date.

Basis for Opinion

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

Key Audit Matter

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

Accounting for fixed-price contract – Revenue recognition

The Group recognises fixed-price contract revenue for project and maintenance services of \$13,827,000 (2023: \$6,960,000) over time based on the stage of completion of the contract activity at the end of each reporting period. The stage of completion is determined based on proportion of total contract costs incurred to-date over the estimated budgeted costs. The determination of the estimated budgeted costs (including rectification works and post-completion warranties) requires significant management estimations, which could have a material impact on the amounts of contract assets/liabilities, fixed-price contract revenues, costs and profits recognised in the year. Accordingly, we have identified this as a key audit matter.

We obtained an understanding of internal controls with respect to job management, related cost and revenue estimation process, and the accounting for such contracts. We obtained an understanding of the terms and conditions of key contracts. We performed procedures with respect to estimated budgeted costs, and management's assessment thereof. In connection with this, we discussed a range of financial and other risks, any ongoing disputes and related estimation uncertainties with the Group's finance and operational management and assessed whether these have been adequately addressed in the costing. We reviewed job files and discussed with management the progress of significant contracts to determine if there are any delays, penalties, or overruns that it is probable that the unavoidable costs of meeting the obligations under the contracts exceed the economic benefits expected to be received that require provision for onerous contracts. On a sample basis, we tested the contract costs incurred to-date. We also tested the mathematical accuracy of contract revenues and profits based on the stage of completion calculations.

We also assessed the adequacy of the relevant disclosures in Note 2(m), Note 3, Note 4, Note 20 and Note 35 to the financial statements.

INDEPENDENT AUDITOR'S REPORT

To the members of Hai Leck Holdings Limited

Other Information

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

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

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

Responsibilities of Management and Directors for the Financial Statements

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

INDEPENDENT AUDITOR'S REPORT

To the members of Hai Leck Holdings Limited

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

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

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

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

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

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 companies incorporated in Singapore of which we are the auditors have been properly kept in accordance with the provisions of the Act.

The engagement partner on the audit resulting in this independent auditor's report is Hu Weisheng.

Baker Tilly TFW LLP
Public Accountants and
Chartered Accountants
Singapore

20 September 2024

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the financial year ended 30 June 2024

	Note	Group	
		2024 \$'000	2023 \$'000
Revenue	4	54,348	68,617
Cost of sales		(23,975)	(31,059)
Gross profit		30,373	37,558
Other income	5	2,772	3,183
Distribution and selling expenses		(9,338)	(14,683)
Administrative expenses		(17,147)	(18,181)
Other expenses		(5,608)	(5,665)
Interest expense	8	(157)	(148)
Share of results of joint venture		(621)	2,035
Profit before taxation	6	274	4,099
Taxation	9	(417)	190
(Loss)/profit for the year		(143)	4,289
Attributable to:			
Equity holders of the Company		(143)	4,289
(Loss)/earnings per share			
Basic (cents)	10	(0.1)	1.9
Fully diluted (cents)	10	(0.1)	1.9
(Loss)/profit net of tax		(143)	4,289
Other comprehensive income, net of tax:			
<u>Items that may be reclassified to profit and loss</u>			
Foreign currency translation		(339)	(180)
Realisation of foreign currency translation reserve on liquidation of a subsidiary company		16	-
Other comprehensive income for the year, net of tax		(323)	(180)
Total comprehensive income for the year		(466)	4,109
Total comprehensive income attributable to:			
Equity holders of the Company		(466)	4,109

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

BALANCE SHEETS

As at 30 June 2024

	Note	Group		Company	
		2024 \$'000	2023 \$'000	2024 \$'000	2023 \$'000
Non-current assets					
Property, plant and equipment	11	28,485	32,390	187	289
Right-of-use assets	24	3,004	3,610	-	-
Investments in subsidiary companies	12	-	-	49,674	41,754
Investment in joint venture	13	8,549	9,506	817	817
Intangible assets	14	240	376	52	92
Other receivables and deposits	17	16	209	-	-
Deferred tax assets	25	168	250	-	-
		40,462	46,341	50,730	42,952
Current assets					
Inventories	15	1,819	1,564	-	-
Trade receivables	16	11,481	17,312	-	-
Other receivables and deposits	17	813	885	265	2,891
Prepayments and advances to suppliers	18	698	834	44	62
Customer retention monies		24	168	-	-
Amount due from a subsidiary company (trade)	19	-	-	222	433
Contract assets	20	1,349	3,211	-	-
Cash and cash equivalents	21	67,928	63,592	39,988	41,764
		84,112	87,566	40,519	45,150
Total assets		124,574	133,907	91,249	88,102
Current liabilities					
Trade and other payables	22	7,822	11,265	322	932
Amounts due to subsidiary companies (trade)	19	-	-	-	43
Amount due to a subsidiary company (non-trade)	19	-	-	11,961	12,706
Contract liabilities	20	-	134	-	-
Provisions	23	571	646	-	-
Lease liabilities	24	516	652	-	-
Income tax payable		212	109	249	116
		9,121	12,806	12,532	13,797
Non-current liabilities					
Provisions	23	1,919	1,946	-	-
Lease liabilities	24	2,805	3,401	-	-
Deferred tax liabilities	25	622	656	108	139
		5,346	6,003	108	139
Total liabilities		14,467	18,809	12,640	13,936
Net assets		110,107	115,098	78,609	74,166
Equity attributable to equity holders of the Company					
Share capital	26(a)	65,403	65,403	65,403	65,403
Treasury shares	26(b)	(160)	(160)	(160)	(160)
Retained earnings		45,798	50,466	13,366	8,923
Foreign currency translation reserve	27	(934)	(611)	-	-
Total equity		110,107	115,098	78,609	74,166

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

STATEMENTS OF CHANGES IN EQUITY

For the financial year ended 30 June 2024

	← Attributable to equity holders of the Company →				Total equity \$'000
	Share capital (Note 26(a)) \$'000	Treasury shares (Note 26(b)) \$'000	Retained earnings \$'000	Foreign currency translation reserve (Note 27) \$'000	
Group					
Balance at 1 July 2023	65,403	(160)	50,466	(611)	115,098
Loss for the year	-	-	(143)	-	(143)
Other comprehensive income for the year	-	-	-	(323)	(323)
Total comprehensive income for the year	-	-	(143)	(323)	(466)
<u>Contributions by and distribution to owners</u>					
Dividends on ordinary shares (Note 28)	-	-	(4,525)	-	(4,525)
Balance at 30 June 2024	65,403	(160)	45,798	(934)	110,107
Balance at 1 July 2022	65,403	(160)	50,702	(431)	115,514
Profit for the year	-	-	4,289	-	4,289
Other comprehensive income for the year	-	-	-	(180)	(180)
Total comprehensive income for the year	-	-	4,289	(180)	4,109
<u>Contributions by and distribution to owners</u>					
Dividends on ordinary shares (Note 28)	-	-	(4,525)	-	(4,525)
Balance at 30 June 2023	65,403	(160)	50,466	(611)	115,098

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

STATEMENTS OF CHANGES IN EQUITY

For the financial year ended 30 June 2024

	← Attributable to equity holders of the Company →			
	Share capital (Note 26(a)) \$'000	Treasury shares (Note 26(b)) \$'000	Retained earnings \$'000	Total equity \$'000
Company				
Balance at 1 July 2023	65,403	(160)	8,923	74,166
Profit for the year	-	-	8,968	8,968
Total comprehensive income for the year	-	-	8,968	8,968
<u>Contributions by and distribution to owners</u>				
Dividends on ordinary shares (Note 28)	-	-	(4,525)	(4,525)
Balance at 30 June 2024	65,403	(160)	13,366	78,609
Balance at 1 July 2022	65,403	(160)	7,428	72,671
Profit for the year	-	-	6,020	6,020
Total comprehensive income for the year	-	-	6,020	6,020
<u>Contributions by and distribution to owners</u>				
Dividends on ordinary shares (Note 28)	-	-	(4,525)	(4,525)
Balance at 30 June 2023	65,403	(160)	8,923	74,166

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

CONSOLIDATED STATEMENT OF CASH FLOWS

For the financial year ended 30 June 2024

	Note	Group	
		2024 \$'000	2023 \$'000
Cash flows from operating activities			
Profit before taxation		274	4,099
Adjustments:			
Depreciation of property, plant and equipment	11	4,456	4,182
Depreciation of right-of-use assets	24	736	826
Amortisation of intangible assets	14	205	410
Gain on disposal of property, plant and equipment	5	(313)	(426)
Impairment loss on property, plant and equipment	11	113	-
Share of results of joint venture		621	(2,035)
Write-back of provision for warranty, net	23	(177)	(710)
Provision for onerous contract	23	102	-
Write-back of expected credit losses, net	16	(49)	(79)
(Write-back of provision)/provision for stock obsolescence	6	(7)	16
Write-back of provision for reinstatement cost	23	(27)	-
Interest income	5	(1,445)	(1,002)
Interest expense	8	157	148
Loss on lease modification	6	83	-
Loss on dilution of interest in joint venture	6	-	27
Unrealised exchange loss/(gain)		13	(14)
		4,742	5,442
Operating cash flows before working capital changes			
Changes in working capital:			
Decrease in customer retention monies, trade and other receivables, deposits, prepayments and advances to suppliers		6,307	7,080
Increase in inventories		(248)	(278)
Decrease/(increase) in contract assets/liabilities, net		1,728	(3,554)
Decrease in trade and other payables		(3,443)	(5,800)
		9,086	2,890
Cash generated from operations		9,086	2,890
Tax paid		(266)	(3,340)
		8,820	(450)
Net cash flows generated from/(used in) operating activities			
Cash flows from investing activities			
Interest received		1,563	617
Purchase of property, plant and equipment	11	(821)	(5,930)
Purchase of intangible assets	14	(69)	(315)
Proceeds from disposal of property, plant and equipment		470	541
		1,143	(5,087)
Net cash flows generated from/(used in) investing activities			
Cash flows from financing activities			
Interest paid	24	(157)	(148)
Payment of principal portion of lease liabilities	24	(945)	(956)
Decrease in fixed deposit pledged		-	1,134
Dividends paid	28	(4,525)	(4,525)
		(5,627)	(4,495)
Net cash flows used in financing activities			
Net increase/(decrease) in cash and cash equivalents			
		4,336	(10,032)
Cash and cash equivalents at the beginning of the year		63,592	73,624
Cash and cash equivalents at the end of the year	21	67,928	63,592

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2024

1. CORPORATE INFORMATION

Hai Leck Holdings Limited (the “Company”) is a limited liability company, domiciled and incorporated in Singapore and is listed on the Singapore Exchange Securities Trading Limited (“SGX-ST”).

The registered office and principal place of business of the Company is located at 47 Tuas View Circuit, Singapore 637357.

The principal activities of the Company are those of investment holding and providing managerial, administrative, supervisory and consultancy services to its subsidiary companies. The principal activities of the subsidiary companies and joint venture are disclosed in Notes 12 and 13 respectively.

2. MATERIAL ACCOUNTING POLICIES

(a) Basis of preparation

The consolidated financial statements of the Group and the balance sheet and statement of changes in equity of the Company have been prepared in accordance with the provisions of the Companies Act 1967 and Singapore Financial Reporting Standards (International) (“SFRS(I)”).

The financial statements have been prepared on the historical cost basis, except as disclosed in the accounting policies below.

The financial statements are presented in Singapore Dollars (“SGD” or “\$”), which is also the Company’s functional currency. All values are rounded to the nearest thousand (“\$’000”), except when otherwise indicated.

(b) Changes in accounting policies

The accounting policies adopted are consistent with those of the previous financial year except in the current financial year, the Group has adopted all the new and revised standards which are effective for annual periods beginning on or after 1 July 2023. The adoption of these standards and interpretations did not have any effect on the financial performance or position of the Group and the Company except as disclosed below:

Amendments to SFRS(I) 1-1 and SFRS(I) Practice Statement 2: Disclosure of Accounting Policies

The amendments to SFRS(I) 1-1 and SFRS(I) Practice Statement 2 *Making Materiality Judgements* provide guidance and examples to help entities apply materiality judgements to accounting policy disclosures. The amendments require entities to disclose their material accounting policies rather than their significant accounting policies, and provide guidance on how entities apply the concept of materiality in making decisions about accounting policy disclosures.

The Group has adopted the amendments to SFRS(I) 1-1 on disclosures of accounting policies. The amendments have no impact on the measurement, recognition and presentation of any items in the Group’s and the Company’s financial statements.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2024

2. MATERIAL ACCOUNTING POLICIES (Continued)

(b) Changes in accounting policies (Continued)

Amendments to SFRS(I) 1-12: Deferred Tax related to Assets and Liabilities arising from a Single Transaction

The amendments narrow the scope of the initial recognition exemption to exclude transactions that give rise to equal amounts of taxable and deductible temporary differences, such as leases and reinstatement provision liabilities. For leases and reinstatement provision liabilities, an entity is required to recognise the associated deferred tax assets (subject to the recoverability criteria under SFRS(I) 1-12) and liabilities from the beginning of the earliest comparative period presented, with any cumulative effect recognised as an adjustment to retained earnings or other components of equity at that date. For other transactions, an entity applies the amendments to transactions that occur on or after the beginning of the earliest period presented.

The Group and the Company have previously accounted for deferred tax on leases and reinstatement provision liabilities by applying the “integrally linked” approach, resulting in a similar outcome under the amendments, except that the deferred tax asset or liability was recognised on a net basis. The amendments have no impact to the Group’s and the Company’s balance sheet and opening retained earnings as at 1 July 2022 except that the Group and the Company have now recognised a separate deferred tax asset in relation to its lease liability and a deferred tax liability in relation to its right-of-use assets as disclosed in Note 25.

(c) Standards issued but not yet effective

The Group has not adopted the following standards that have been issued but not yet effective:

Description	Effective for annual periods beginning on or after
Amendments to SFRS(I) 1-1 <i>Classification of Liabilities as Current or Non-current</i>	1 January 2024
Amendments to SFRS(I) 1-16 <i>Lease liability in a Sale and Leaseback</i>	1 January 2024
Amendments to SFRS(I) 1-1 <i>Non-current Liabilities with Covenants</i>	1 January 2024
Amendments to SFRS(I) 1-7 and SFRS(I) 7 <i>Supplier Finance Arrangements</i>	1 January 2024
Amendments to SFRS(I) 1-21 <i>Lack of Exchangeability</i>	1 January 2025
Amendments to SFRS(I) 10 and SFRS(I) 1-28 <i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture</i>	To be determined

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

(d) Business combinations

Business combinations are accounted for by applying the acquisition method. Identifiable assets acquired and liabilities assumed in a business combination are measured initially at their fair values at the acquisition date.

(e) Subsidiary companies

In the Company’s separate financial statements, investments in subsidiary companies are accounted for at cost less any impairment losses.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2024

2. MATERIAL ACCOUNTING POLICIES (Continued)

(f) Joint arrangement

The Group recognises its interest in a joint venture as an investment and accounts for the investment using the equity method from the date on which it becomes a joint venture.

In the Company's financial statements, investment in joint venture is carried at cost less accumulated impairment loss.

(g) Property, plant and equipment

All items of property, plant and equipment are initially recorded at cost. Subsequent to recognition, property, plant and equipment are measured at cost less accumulated depreciation and any accumulated impairment losses.

Depreciation is computed on a straight-line basis over the estimated useful life of the asset as follows:

Leasehold premises	-	25 to 33 years
Machineries and equipment	-	5 to 10 years
Motor vehicles	-	5 years
Office equipment	-	10 years
Workshop tools and equipment	-	3 to 5 years
Trucks, cranes and forklifts	-	5 years
Computers	-	1 to 3 years
Electrical appliances, air-conditioners, furniture and fittings and renovation	-	3 to 10 years

Improvements to leasehold premises are depreciated over the remaining life of the lease. Assets under construction included in property, plant and equipment are not depreciated as these assets are not yet available for use.

(h) Intangible assets

Computer software

Computer software that is accounted for as an intangible asset is measured initially at cost and amortised on a straight-line basis over 3 years.

(i) Impairment of financial assets

For trade receivables, customer retention monies and contract assets, the Group applies a simplified approach in calculating expected credit losses ("ECLs"). Therefore, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

The Group considers a financial asset in default when contractual payments are 180 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2024

2. MATERIAL ACCOUNTING POLICIES (Continued)

(j) Inventories

Inventories are stated at the lower of cost and net realisable value. Costs incurred in bringing the inventories to their present location and condition are accounted for using purchase costs on a first-in, first-out basis.

(k) Provisions

Provision for warranty

Provision for warranty is recognised when service is provided. Initial recognition is based on historical experience. The initial estimate of warranty costs is revised annually and any change is charged or credited to profit or loss.

Provision for onerous contracts

If the Group has a contract that is onerous, the present obligation under the contract is recognised and measured as a provision. Before a separate provision for an onerous contract is established, the Group recognises any impairment loss that has occurred on assets dedicated to that contract. An onerous contract is a contract under which the unavoidable costs (i.e. the costs that the Group cannot avoid because it has the contract) of meeting the obligations under the contract exceed the economic benefits expected to be received under it. The unavoidable costs under a contract reflect the least net cost of exiting from the contract, which is the lower of the cost of fulfilling it and any compensation of penalties arising from failure to fulfil it. The cost of fulfilling a contract comprises the costs that relate directly to the contract (i.e. both incremental costs and an allocation of costs directly related to contract activities).

(l) Leases – as lessee

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

Right-of-use assets

Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets as follows:

Leasehold land	–	28 to 60 years
Office premises	–	3 to 6 years
Office equipment	–	5 years
Staff accommodation	–	2 years

If ownership of the leased asset transfers to the Group at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

Short-term leases and leases of low-value assets

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2024

2. MATERIAL ACCOUNTING POLICIES (Continued)

(m) Revenue

Revenue from fixed-price contracts whereby the Group has an enforceable right to payment for performance completed to-date is recognised over time, based on proportion of total contract costs incurred to-date over the estimated budgeted costs (including rectification works and post-completion warranties). Progress billings to the customers are based on a payment schedule in the contract which may be triggered upon achievement of specified project milestones. A contract asset is recognised when the Group has performed under the contract but has not yet billed the customer. Conversely, a contract liability is recognised when the Group has not yet performed under the contract but has received consideration from the customer. Contract assets are transferred to receivables when the rights to consideration become unconditional. Contract liabilities are recognised as revenue as the Group performs under the contract.

Revenue from services is recognised over time as the customer simultaneously receives and consumes the benefits of the services as they are provided. The Group applies the practical expedient to recognise revenue for these services as invoiced as the Group's right to payment is for an amount that corresponds directly with the value to the customer of the services provided by the Group.

For contracts with variable considerations (such as billing deductions and discounts), the variable consideration is typically estimated using the expected value method and constrained based on the Group's experience with similar types of contracts and is included in the transaction only to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur when the uncertainty associated with the variable consideration is subsequently resolved. The Group recognises revenue for such contracts over time based on performance completed to-date.

At the end of each reporting date, the Group updates its assessment of the estimated transaction price, including its assessment of whether an estimate of variable consideration is constrained. The corresponding amounts are adjusted against revenue in the period in which the transaction price changes.

Trading revenue is recognised at a point in time when the Company satisfies a performance obligation by transferring the promised good or service to the customer, which is when the customer obtains control of the good or service.

3. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of the Group's consolidated financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities at the end of each reporting period. However, uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in the future periods.

Key sources of estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of the reporting period are discussed below. The Group based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising beyond the control of the Group. Such changes are reflected in the assumptions when they occur.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2024

3. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS (Continued)

Key sources of estimation uncertainty (Continued)

Allowance for expected credit losses of trade receivables, customer retention monies and contract assets

The Group uses a provision matrix to calculate ECLs for trade receivables, customer retention monies and contract assets. The provision rates are based on days past due for groupings of various customer segments that have similar loss patterns.

The provision matrix is initially based on the Group's historical observed default rates. The Group will calibrate the matrix to adjust historical credit loss experience with forward-looking information. At each reporting date, historical default rates are updated and changes in the forward-looking estimates are analysed.

The assessment of the correlation between historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and forecast of economic conditions. The Group's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future. The information about the ECLs on the Group's trade receivables, customer retention monies and contract assets is disclosed in Note 32(b).

Impairment of non-financial assets

The Group assesses whether there are any indicators of impairment for all non-financial assets at each reporting date. Non-financial assets are tested for impairment when there are indicators that the carrying value of an asset or cash-generating unit exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use.

The fair value less costs of disposal assessment of non-financial assets is based on available market data and recent transactions of similar assets less costs for disposing the asset.

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

The carrying amount of the Group's property, plant and equipment, right-of-use assets and the Company's investments in subsidiary companies as at 30 June 2024 were \$28,485,000 (2023: \$32,390,000), \$3,004,000 (2023: \$3,610,000) and \$49,674,000 (2023: \$41,754,000) respectively. An impairment loss on property, plant and equipment of \$113,000 (2023: Nil) was recognised for the financial year ended 30 June 2024.

Revenue recognition

The Group recognises fixed-price contract revenue over time based on the stage of completion of the contract activity at the end of each reporting period. The stage of completion is determined based on proportion of total contract costs incurred to-date over the estimated budgeted costs.

The determination of the estimated budgeted costs (including rectification works and post-completion warranties) requires significant management estimations, which could have a material impact on the amounts of contract assets/liabilities, fixed-price contract revenues, costs and profits recognised in the year. In making these estimations, management relies on past experience and knowledge of job specialists.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2024

3. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS (Continued)

Key sources of estimation uncertainty (Continued)

Revenue recognition (Continued)

The management has determined that a cost-based input method provides a faithful depiction of the Group's performance in transferring control to the customers, as it reflects the Group's efforts incurred to-date relative to the total inputs expected to be incurred for the jobs. Fixed-price contract revenue for the year ended 30 June 2024 was \$13,827,000 (2023: \$6,960,000) for the Group.

Provision for warranty

Provision for warranty is recognised for expected warranty claims from painting works. Management has estimated the amount of provision based on their past experience and understanding of the historical trends of warranty claims and the warranty periods. It is expected that the provision will be utilised within the respective warranty periods. The provision for warranty as at 30 June 2024 amounted to \$469,000 (2023: \$646,000).

Judgements made in applying accounting policies

Management is of the opinion that there are no significant judgements made in applying accounting estimates and policies that have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities within the next financial year.

4. REVENUE

	Group	
	2024	2023
	\$'000	\$'000
Disaggregation of revenue by timing of revenue recognition:		
Project and maintenance services		
– Over time*	40,221	48,589
– Point in time	89	352
Contract centre services – Over time	14,038	19,676
	54,348	68,617

* Included in project and maintenance services is fixed-price contract revenue amounted to \$13,827,000 (2023: \$6,960,000).

5. OTHER INCOME

	Group	
	2024	2023
	\$'000	\$'000
Interest income from:		
– Fixed deposits	1,440	981
– Bank deposits	5	21
Gain on disposal of property, plant and equipment	313	426
Government grant income	750	1,397
Others	264	358
	2,772	3,183

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2024

6. PROFIT BEFORE TAXATION

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

	Group	
	2024 \$'000	2023 \$'000
Audit fees:		
– Auditors of the Company	144	148
– Other auditors – non-network firms	1	1
Non-audit fees:		
– Auditors of the Company	–	–
Depreciation of property, plant and equipment (Note 11)	4,456	4,182
Depreciation of right-of-use assets (Note 24)	736	826
Amortisation of intangible assets (Note 14)	205	410
Impairment loss on property, plant and equipment (Note 11)	113	–
Employee benefits expenses (Note 7)	35,292	42,541
Foreign exchange loss, net	10	14
(Write-back of provision)/provision for stock obsolescence	(7)	16
Loss on dilution of interest in joint venture (Note 13)	–	27
Loss on lease modification	83	–
Write-back of expected credit losses, net (Note 16)	(49)	(79)
Write-back of provision for warranty, net (Note 23)	(177)	(710)
Write-back of provision for reinstatement cost (Note 23)	(27)	–
Provision for onerous contract (Note 23)	102	–

7. EMPLOYEE BENEFITS EXPENSES

	Group	
	2024 \$'000	2023 \$'000
<i>Employee benefits expenses (including Executive Directors)</i>		
Wages, salaries, bonuses	26,966	31,674
Central Provident Fund contributions	1,497	1,786
Others	6,829	9,081
	35,292	42,541

Employee benefits expenses include the amount of Directors' remuneration as disclosed in Note 29(b).

Employee benefits costs are charged into cost of sales and administrative expenses according to where the employees are deployed.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2024

8. INTEREST EXPENSE

	Group	
	2024 \$'000	2023 \$'000
Interest expense on lease liabilities	157	148

9. TAXATION

	Group	
	2024 \$'000	2023 \$'000
Current taxation		
– Current year	315	211
– Under/(over) provision in respect of prior years	54	(326)
Deferred taxation		
– Origination and reversal of temporary differences	31	365
– Under/(over) provision in respect of prior years	17	(440)
Tax expense/(credit)	417	(190)

The reconciliation of the tax expense/(credit) and the product of accounting profit multiplied by the applicable tax rate is as follows:

	Group	
	2024 \$'000	2023 \$'000
Profit before taxation	274	4,099
Tax at Singapore statutory tax rate of 17% (2023: 17%)	47	697
Adjustments:		
Effect of partial tax exemption and tax incentives	(68)	(82)
Non-deductible expenses	269	306
Non-taxable income	–	(14)
Under/(over) provision in respect of prior years, net	71	(766)
Tax on undistributed earnings of joint venture	(8)	15
Share of results of joint venture	106	(346)
	417	(190)

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2024

10. (LOSS)/EARNINGS PER SHARE

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

Diluted (loss)/earnings per share is calculated by dividing the (loss)/profit for the year that is attributable to ordinary equity holders of the Company by the weighted average number of ordinary shares outstanding during the year plus the weighted average number of ordinary shares that would be issued on the conversion of all the dilutive potential ordinary shares into ordinary shares.

The following tables reflect the (loss)/profit and share data used in the computation of basic and diluted (loss)/earnings per share for the years ended 30 June:

	Group	
	2024	2023
	\$'000	\$'000
(Loss)/profit for the year attributable to ordinary equity holders of the Company used in computation of basic and diluted earnings per share	<u>(143)</u>	<u>4,289</u>
	Number of shares	
	2024	2023
	'000	'000
Weighted average number of ordinary shares for basic and diluted earnings per share computation	<u>226,241</u>	<u>226,241</u>

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2024

11. PROPERTY, PLANT AND EQUIPMENT

Group	Leasehold premises \$'000	Machineries and equipment \$'000	Motor vehicles \$'000	Office equipment \$'000	Workshop tools and equipment \$'000	Trucks, cranes and forklifts \$'000	Computers \$'000	Electrical appliances, air-conditioners, furniture and fittings and renovation \$'000	Assets under construction \$'000	Total \$'000
Cost										
At 1 July 2022	50,532	28,747	3,734	868	6,028	5,763	3,837	3,232	221	102,962
Additions	-	3,404	911	69	580	49	468	449	-	5,930
Disposals/written off	(15,419)	(1,928)	(404)	-	(122)	(562)	-	(79)	(5)	(18,519)
Reclassifications	-	-	-	-	-	-	216	-	(216)	-
At 30 June 2023 and 1 July 2023	35,113	30,223	4,241	937	6,486	5,250	4,521	3,602	-	90,373
Additions	-	377	216	12	81	-	107	28	-	821
Disposals/written off	-	(557)	(150)	(2)	(97)	(795)	(320)	(87)	-	(2,008)
At 30 June 2024	35,113	30,043	4,307	947	6,470	4,455	4,308	3,543	-	89,186
Accumulated depreciation and impairment loss										
At 1 July 2022	26,244	26,440	2,845	677	5,353	5,471	3,341	1,834	-	72,205
Depreciation charge for the year	1,286	953	494	49	428	98	394	480	-	4,182
Disposals/written off	(15,419)	(1,906)	(340)	-	(122)	(562)	-	(55)	-	(18,404)
At 30 June 2023 and 1 July 2023	12,111	25,487	2,999	726	5,659	5,007	3,735	2,259	-	57,983
Depreciation charge for the year	1,285	1,308	445	50	383	79	438	468	-	4,456
Disposals/written off	-	(533)	(46)	(2)	(94)	(777)	(320)	(79)	-	(1,851)
Impairment loss	-	25	12	6	28	-	2	40	-	113
At 30 June 2024	13,396	26,287	3,410	780	5,976	4,309	3,855	2,688	-	60,701
Net carrying amount										
At 30 June 2024	21,717	3,756	897	167	494	146	453	855	-	28,485
At 30 June 2023	23,002	4,736	1,242	211	827	243	786	1,343	-	32,390

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2024

11. PROPERTY, PLANT AND EQUIPMENT (Continued)

	Computers \$'000	Motor vehicles \$'000	Total \$'000
Company			
Cost			
At 1 July 2022, 30 June 2023, 1 July 2023 and 30 June 2024	337	505	842
Accumulated depreciation			
At 1 July 2022	329	130	459
Depreciation charge for the year	7	87	94
At 30 June 2023 and 1 July 2023	336	217	553
Depreciation charge for the year	1	101	102
At 30 June 2024	337	318	655
Net carrying amount			
At 30 June 2024	-	187	187
At 30 June 2023	1	288	289

The cash outflow on acquisition of property, plant and equipment for the Group amounted to \$821,000 (2023: \$5,930,000).

Impairment of property, plant and equipment

During the financial year ended 30 June 2024, the subsidiary companies of the Group within the project and maintenance services segment, performed an impairment assessment and carried out a review of the recoverable amounts of its property, plant and equipment as these subsidiary companies were making losses. The recoverable amounts of \$2,187,000 were assessed based on their fair value less cost of disposal ("FVLCD"). The fair values determined are within Level 3 of the fair value hierarchy.

Pursuant to the impairment assessments, a net impairment loss of \$113,000 (Note 6) was recognised in "Other expenses" line item of profit or loss.

12. INVESTMENTS IN SUBSIDIARY COMPANIES

	Company	
	2024 \$'000	2023 \$'000
Unquoted equity shares, at cost	104,760	65,751
Capital contributions	-	24,029
Less: Impairment losses	(55,086)	(48,026)
	49,674	41,754

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2024

12. INVESTMENTS IN SUBSIDIARY COMPANIES (Continued)

Capital contributions are unsecured, interest-free loans provided to subsidiary companies. The loans were repayable at the sole discretion of the respective subsidiary companies.

During the financial year, a subsidiary company, Hai Leck Engineering & Construction Pte. Ltd. increased its issued and paid-up share capital from \$24,000,000 (2023: \$4,000,000) comprising 24,000,000 (2023: 4,000,000) ordinary shares to \$52,859,260 (2023: \$24,000,000) comprising 52,859,260 (2023: 24,000,000) ordinary shares via allotment of 28,859,260 (2023: 20,000,000) new ordinary shares for a consideration of \$28,859,260 (2023: \$20,000,000) which was satisfied via capitalisation of the loans to the subsidiary company of \$23,859,260 (2023: \$20,000,000) and cash amounting to \$5,000,000 (2023: Nil).

During the financial year, the Company wrote-off its loan to a subsidiary company, Hai Leck Overseas Investments Pte. Ltd. amounting to \$170,000 against its provision for impairment losses as the subsidiary company commenced voluntary winding up procedures.

On 27 May 2024, the Group carried out an internal restructuring exercise pursuant to which 2,425,333 ordinary shares representing 100% of the issued share capital of Tele-centre Services Pte Ltd was transferred from United Holding (1975) Pte. Ltd. to the Company for a cash consideration of \$10,150,000.

Impairment losses

The movement in impairment losses on investments in subsidiary companies are as follows:

	Company	
	2024	2023
	\$'000	\$'000
Movement in allowance account:		
At beginning of the financial year	48,026	48,026
Charge for the financial year	7,230	-
Written off	(170)	-
At end of the financial year	55,086	48,026

During the financial year ended 30 June 2024, the property, plant and equipment held by certain subsidiary companies in the project and maintenance services segment were subjected to impairment assessment (Note 11) as these subsidiary companies were making losses. Accordingly, management had estimated the recoverable amounts of \$7,354,000, using the adjusted net asset approach premised on the FVLCD of the subsidiary companies' assets and book values of other net assets that approximate fair value. The impairment assessment resulted in an additional impairment loss of \$7,230,000 in respect of the Company's investments in these subsidiary companies based on the FVLCD. The fair values determined are within Level 3 of the fair value hierarchy.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2024

12. INVESTMENTS IN SUBSIDIARY COMPANIES (Continued)

Details of subsidiary companies are as follows:

Name of company	Principal activities	Country of incorporation	Percentage of equity held by the Group	
			2024 %	2023 %
Held by the Company				
Hai Leck Engineering (Private) Limited*	Oil & gas and chemical industries related construction and maintenance services	Singapore	100	100
Hai Leck Engineering & Construction Pte. Ltd.*	Engineered solutions and mechanical works	Singapore	100	100
Hai Leck Industrial Services Pte. Ltd.*	Trading and contracting for thermal insulations, refractories and fire-protection for steel structures	Singapore	100	100
Hai Leck Overseas Investments Pte. Ltd.^	Investment holding	Singapore	100	100
United Holding (1975) Pte.Ltd.^	Mixed construction activities and investment holding	Singapore	100	100
Hai Leck Integrated Services Pte. Ltd.*	Provision of manpower supply, dormitory services and other dormitory related services	Singapore	100	100
Hai Leck Services Pte.Ltd.*	Provision of dormitory services and other dormitory related services	Singapore	100	100
Hai Leck Engineering (Thailand) Co., Ltd.#	Oil & gas and chemical industries related construction and maintenance services	Thailand	100	100
Tele-centre Services Pte Ltd*	Providing call centre services, telecommunications and information technology	Singapore	100	-
Held by subsidiary companies				
Tele-centre Services Pte Ltd*	Providing call centre services, telecommunications and information technology	Singapore	-	100
Hai Leck Corporation Sdn. Bhd.^	Oil & gas and chemical industries related construction and maintenance services	Malaysia	-	100

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2024

12. INVESTMENTS IN SUBSIDIARY COMPANIES (Continued)

Details of subsidiary companies are as follows (Continued):

* Audited by Baker Tilly TFW LLP, Singapore.

^ Not required to be audited. On 27 December 2023, the voluntary winding up procedures in respect of Hai Leck Corporation Sdn. Bhd. were completed.

^^ Not required to be audited. During the financial year, the Group commenced voluntary winding up procedures in respect of these subsidiary companies. As at 30 June 2024, the voluntary winding up procedures are still ongoing.

Not required to be audited. During the financial year, the Group commenced voluntary winding up procedures in respect of Hai Leck Engineering (Thailand) Co., Ltd. Subsequent to the end of the financial year, the voluntary winding up procedures were completed.

13. INVESTMENT IN JOINT VENTURE

	Group		Company	
	2024 \$'000	2023 \$'000	2024 \$'000	2023 \$'000
Investment in joint venture	8,549	9,506	817	817

The Group has a joint venture agreement with another party in Thailand that provides both parties with joint control over the financial and operating policies of Logthai – Hai Leck Engineering Co., Ltd (“Logthai”).

Details of the joint venture are as follows:

Name of company	Principal activities	Country of incorporation	Percentage of equity held by the Group	
			2024 %	2023 %
Held by the Company				
Logthai – Hai Leck Engineering Co., Ltd*	Oil & gas and chemical industries related construction and maintenance services	Thailand	44.66	44.66

* Audited by Audit Teams, Thailand.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2024

13. INVESTMENT IN JOINT VENTURE (Continued)

Summarised financial information in respect of Logthai is as follows:

	2024 \$'000	2023 \$'000
Summarised balance sheet		
Cash and cash equivalents	3,104	2,996
Other current assets	12,364	11,093
Current assets	15,468	14,089
Non-current assets	7,423	10,217
Total assets	22,891	24,306
Current liabilities	3,246	2,487
Non-current liabilities	501	533
Total liabilities	3,747	3,020
Net assets	19,144	21,286
Proportion of the Group's ownership	44.66%	44.66%
Group's share of net assets, representing carrying amount of the investment	8,549	9,506
Summarised statement of comprehensive income		
Revenue	23,267	28,451
Depreciation and amortisation	750	620
Tax (credit)/expense	(271)	1,384
(Loss)/profit for the financial year, representing total comprehensive income for the financial year	(1,390)	4,448

In the financial year ended 30 June 2023, Logthai issued 32,000 new ordinary shares with par value of THB100 to its managing director for a cash consideration of approximately \$0.2 million. Consequently, the Group's interest in Logthai reduced from 49% to 44.66%, resulting in loss on dilution of approximately \$27,000.

14. INTANGIBLE ASSETS

	Club memberships \$'000	Customer contracts \$'000	Intellectual property \$'000	Computer software \$'000	Total \$'000
Group Cost					
At 1 July 2022	199	271	190	1,897	2,557
Additions	-	-	-	315	315
At 30 June 2023 and 1 July 2023	199	271	190	2,212	2,872
Additions	-	-	-	69	69
At 30 June 2024	199	271	190	2,281	2,941
Accumulated amortisation					
At 1 July 2022	140	271	190	1,485	2,086
Amortisation for the financial year	11	-	-	399	410
At 30 June 2023 and 1 July 2023	151	271	190	1,884	2,496
Amortisation for the financial year	12	-	-	193	205
At 30 June 2024	163	271	190	2,077	2,701
Net carrying amount					
At 30 June 2024	36	-	-	204	240
At 30 June 2023	48	-	-	328	376

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2024

14. INTANGIBLE ASSETS (Continued)

	Computer software \$'000	Total \$'000
Company		
Cost		
At 1 July 2022	71	71
Additions	49	49
At 30 June 2023, 1 July 2023 and 30 June 2024	120	120
Accumulated amortisation		
At 1 July 2022	_*	_*
Amortisation for the financial year	28	28
At 30 June 2023 and 1 July 2023	28	28
Amortisation for the financial year	40	40
At 30 June 2024	68	68
Net carrying amount		
At 30 June 2024	52	52
At 30 June 2023	92	92

* Amount is less than \$1,000.

15. INVENTORIES

	Group	
	2024 \$'000	2023 \$'000
Raw materials, supplies and consumables	1,819	1,564

During the financial year, inventories recognised as an expense in the consolidated statement of comprehensive income under cost of sales amounted to \$3,202,000 (2023: \$4,296,000).

16. TRADE RECEIVABLES

	Group	
	2024 \$'000	2023 \$'000
Trade receivables – external	11,628	17,499
Less: Allowance for expected credit losses	(147)	(187)
	11,481	17,312
Less: GST receivable	(164)	(307)
Net trade receivables excluding GST receivable	11,317	17,005

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2024

16. TRADE RECEIVABLES (Continued)

Trade receivables

Trade receivables pertain to receivables from contracts with customers, are non-interest bearing and are generally on 30 to 90 days terms. They are recognised at their original invoice amounts which represents their fair values on initial recognition.

Expected credit losses ("ECL")

The movement in allowance for ECL computed based on lifetime ECL are as follows:

	Trade receivables \$'000	Customer retention monies \$'000	Contract assets \$'000	Total \$'000
Group				
At 1 July 2022	227	49	6	282
Charge for the financial year	-	-	9	9
Written-back	(40)	(48)	-	(88)
At 30 June 2023 and 1 July 2023	187	1	15	203
Written-back	(40)	-	(9)	(49)
At 30 June 2024	147	1	6	154

17. OTHER RECEIVABLES AND DEPOSITS

	Group		Company	
	2024 \$'000	2023 \$'000	2024 \$'000	2023 \$'000
Current:				
Other receivables	349	509	265	391
Deposits	464	371	-	-
Government grant receivables	-	5	-	-
Dividend receivable	-	-	-	2,500
	813	885	265	2,891
Non-current:				
Other receivables	-	60	-	-
Deposits	16	149	-	-
	16	209	-	-
Total	829	1,094	265	2,891

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2024

18. PREPAYMENTS AND ADVANCES TO SUPPLIERS

	Group		Company	
	2024 \$'000	2023 \$'000	2024 \$'000	2023 \$'000
Prepaid expenses	432	438	44	62
Advances to suppliers	266	396	-	-
	698	834	44	62

19. AMOUNT DUE FROM A SUBSIDIARY COMPANY (TRADE) AMOUNTS DUE TO SUBSIDIARY COMPANIES (TRADE) AMOUNT DUE TO A SUBSIDIARY COMPANY (NON-TRADE)

These amounts are unsecured, interest-free, repayable on demand and to be settled in cash.

20. CONTRACT ASSETS/LIABILITIES

Information about contract assets, contract liabilities and trade receivables from contracts with customers is as follows:

	Group		
	30.6.2024 \$'000	30.6.2023 \$'000	1.7.2022 \$'000
Contract assets	1,349	3,211	484
Contract liabilities	-	134	961
Trade receivables	11,317	17,005	19,951

Contract assets primarily relate to the Group's right to consideration for work completed but not yet billed at reporting date for projects. Contract assets are transferred to receivables when the rights become unconditional.

Contract liabilities primarily relate to the Group's obligation to transfer goods or services to customers for which the Group has received considerations from customers for projects. Contract liabilities are recognised as revenue as the Group performs under the contract.

(i) Significant changes in contract assets are explained as follows:

	Group	
	2024 \$'000	2023 \$'000
Contract assets reclassified to receivables	3,211	484

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2024

20. CONTRACT ASSETS/LIABILITIES (Continued)

(ii) Significant changes in contract liabilities are explained as follows:

	Group	
	2024 \$'000	2023 \$'000
Revenue recognised that was included in the contract liabilities balance at the beginning of the financial year	134	961

The Group applies the practical expedient not to disclose information about its remaining performance obligations as they form part of contracts that have an original expected duration for one year or less.

21. CASH AND CASH EQUIVALENTS

Fixed deposits are made for varying periods depending on the immediate cash requirements of the Group, and earn interest at the respective short-term deposit rates. Interest rates on fixed deposits range from 2.75% to 4.2% (2023: 3.0% to 4.2%) per annum.

	Group		Company	
	2024 \$'000	2023 \$'000	2024 \$'000	2023 \$'000
Cash and bank balances	19,287	18,745	1,534	1,449
Fixed deposits	48,641	44,847	38,454	40,315
Cash and cash equivalents presented in the consolidated statement of cash flows	67,928	63,592	39,988	41,764

22. TRADE AND OTHER PAYABLES

	Group		Company	
	2024 \$'000	2023 \$'000	2024 \$'000	2023 \$'000
Trade payables	876	2,228	-	-
Amount due to a joint venture (trade)	119	117	-	-
GST payable	680	650	2	8
Other payables	290	1,076	-	707
Accrued operating expenses	5,521	6,913	286	217
Deferred income	196	141	34	-
Supplier retention monies	140	140	-	-
	7,822	11,265	322	932

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2024

22. TRADE AND OTHER PAYABLES (Continued)

Trade payables

Trade payables are non-interest bearing and are normally settled on 30 to 90 days terms.

Other payables

Other payables are non-interest bearing and have an average term of 60 days.

23. PROVISIONS

	Group			Total \$'000
	Warranty \$'000	Reinstatement cost \$'000	Onerous contract \$'000	
At 1 July 2022	1,393	2,051	-	3,444
Utilisation during the financial year	(37)	(105)	-	(142)
Provided during the financial year	114	-	-	114
Written-back during the financial year	(824)	-	-	(824)
At 30 June 2023 and 1 July 2023	646	1,946	-	2,592
Provided during the financial year	153	-	102	255
Written-back during the financial year	(330)	(27)	-	(357)
At 30 June 2024	469	1,919	102	2,490

	Group	
	2024 \$'000	2023 \$'000
Current	571	646
Non-current	1,919	1,946
Total	2,490	2,592

Provision for warranty is recognised when service is provided. The Group typically provides a 5-year warranty to its customers for painting works. The amount of the provision for warranty is estimated based on past experience of operations management.

The provision for reinstatement costs pertain to costs to be incurred for the restoration of the Group's property, plant and equipment.

If the Group has a contract that is onerous, in which the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received under it, the present obligation under the contract is recognised and measured as a provision. The estimation basis for the provisions is reviewed on an ongoing basis and revised where appropriate.

24. LEASES – AS LESSEE

The Group has lease contracts for various items of land, office premises and office equipment used in its operations. The Group also has lease contract for apartment to house its workers. The Group's obligations under its leases are secured by the lessors' title to the leased assets.

The Group also has leases of office equipment with low value and dormitory premises with terms not more than 12 months. The Group applies the "lease of low-value assets" and "short-term lease" recognition exemption for these leases.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2024

24. LEASES – AS LESSEE (Continued)

Set out below are the carrying amounts of right-of-use assets recognised and the movements during the year:

	Leasehold land \$'000	Office premises \$'000	Office equipment \$'000	Staff accommodation \$'000	Total \$'000
Group					
At 1 July 2022	2,498	1,861	39	24	4,422
Lease modification	77	(61)	-	(2)	14
Depreciation charge for the financial year	(99)	(693)	(12)	(22)	(826)
At 30 June 2023 and 1 July 2023	2,476	1,107	27	-	3,610
Additions	-	-	168	93	261
Lease modification	-	(120)	(11)	-	(131)
Depreciation charge for the financial year	(103)	(585)	(21)	(27)	(736)
At 30 June 2024	2,373	402	163	66	3,004

The following are the amounts recognised in profit or loss:

	Group	
	2024 \$'000	2023 \$'000
Depreciation expense of right-of-use assets	736	826
Interest expense on lease liabilities	157	148
Expense relating to leases of low-value assets (included in administrative expenses)	14	33
Expense relating to short term-lease (included in administrative expenses)	1,161	738
Total amount recognised in profit and loss	2,068	1,745

The Group's total cash outflows relating to leases amounted to \$2,277,000 (2023: \$1,875,000).

A reconciliation of liabilities arising from financing activities is as follows:

	Group Non-cash changes						
	1 July 2023 \$'000	Cash flows \$'000	Addition \$'000	Lease modification \$'000	Accretion of interest \$'000	Other \$'000	30 June 2024 \$'000
Lease liabilities							
- Current	652	(1,102)	80	-	157	729	516
- Non-current	3,401	-	181	(48)	-	(729)	2,805
Total	4,053	(1,102)	261	(48)	157	-	3,321

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2024

24. LEASES – AS LESSEE (Continued)

A reconciliation of liabilities arising from financing activities is as follows (Continued):

	1 July 2022 \$'000	Cash flows \$'000	Group Non-cash changes			30 June 2023 \$'000	
			Addition \$'000	Lease modification \$'000	Accretion of interest \$'000		Other \$'000
Lease liabilities							
- Current	888	(1,104)	-	-	148	720	652
- Non-current	4,107	-	-	14	-	(720)	3,401
Total	4,995	(1,104)	-	14	148	-	4,053

The 'other' column relates to reclassification of non-current portion of obligations due to passage of time and adjustments to lease liabilities pursuant to changes in expected future cash flows.

During the financial year, payments of \$1,102,000 (2023: \$1,104,000) included principal repayments of \$945,000 (2023: \$956,000). The maturity analysis of lease liabilities is disclosed in Note 32.

25. DEFERRED TAXATION

Deferred tax relates to the following:

	Group				Company	
	Consolidated balance sheet		Consolidated statement of comprehensive income		Balance sheet	
	2024 \$'000	2023 \$'000	2024 \$'000	2023 \$'000	2024 \$'000	2023 \$'000
Deferred tax liabilities						
Differences in depreciation for tax purposes	666	420	246	222	23	16
Right-of-use assets	472	588	(116)	(189)	-	-
Undistributed earnings of joint venture	115	123	(8)	15	115	123
Deferred tax assets						
Provisions	(274)	(54)	(220)	(279)	(30)	-
Lease liabilities	(525)	(671)	146	156	-	-
Net deferred tax liabilities	454	406			108	139
Deferred income tax expenses/ (credit)			48	(75)		
Presented as:						
Deferred tax assets	(168)	(250)			-	-
Deferred tax liabilities	622	656			108	139
Net deferred liabilities	454	406			108	139

Unrecognised temporary differences relating to investment in joint venture

Deferred tax liabilities are not recognised for taxable temporary differences where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2024

25. DEFERRED TAXATION (Continued)

Unrecognised temporary differences relating to investment in joint venture (Continued)

The joint venture cannot distribute its earnings until it obtains the consent of the joint venture partners. As at the end of the reporting period, the Group has recognised deferred tax liability on 15% of the undistributed earnings of the joint venture that has been determined to be distributable in the foreseeable future.

The temporary difference arising from the Group's share of remaining undistributed earnings for which no deferred tax liability has been recognised amounted to \$6,193,000 (2023: \$6,966,000). The deferred tax liability is estimated to be approximately \$619,000 (2023: \$697,000).

Tax consequence of proposed dividends

There are no income tax consequences (2023: Nil) attached to the dividends to the shareholders proposed by the Company but not recognised as a liability in the financial statements (Note 28).

26. SHARE CAPITAL AND TREASURY SHARES

a) Share capital

	Group and Company			
	2024		2023	
	No. of shares ('000)	\$'000	No. of shares ('000)	\$'000
At beginning and end of the financial year	<u>226,593</u>	<u>65,403</u>	<u>226,593</u>	<u>65,403</u>

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

b) Treasury shares

	Group and Company			
	2024		2023	
	No. of shares ('000)	\$'000	No. of shares ('000)	\$'000
At beginning and end of the financial year	<u>352</u>	<u>160</u>	<u>352</u>	<u>160</u>

Treasury shares relate to ordinary shares of the Company that are held by the Company.

27. FOREIGN CURRENCY TRANSLATION RESERVE

The foreign currency translation reserve is used to record 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.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2024

28. DIVIDEND

	Group and Company	
	2024	2023
	\$'000	\$'000
Declared and paid during the financial year:		
<i>Dividends on ordinary shares:</i>		
- Final tax-exempt (one-tier) dividend for 2023: \$0.02 (2022: \$0.02) per ordinary share	4,525	4,525
Proposed but not recognised as a liability as at 30 June		
<i>Dividends on ordinary shares, subject to shareholder's approval at the Annual General Meeting:</i>		
- Final tax-exempt (one-tier) dividend for 2024: \$Nil (2023: \$0.02) per ordinary share	-	4,525

29. RELATED PARTY TRANSACTIONS

a) Sales and purchases of services

In addition to those related party information disclosed elsewhere in the financial statements, the following significant transactions between the Group and related parties who are not members of the Group took place during the financial year on terms agreed between the parties:

	Group	
	2024	2023
	\$'000	\$'000
Sale of property, plant and equipment to joint venture	-	35
Rental paid to a director of the Company	47	-

b) Compensation of key management personnel

	Group	
	2024	2023
	\$'000	\$'000
Central Provident Fund contributions	109	111
Short-term employee benefits	1,868	1,968
Total compensation paid to key management personnel	1,977	2,079
Comprise amounts paid to:		
- Directors of the Company	1,505	1,605
- Other key management personnel	472	474
	1,977	2,079

The remuneration of key management personnel is determined by the Remuneration Committee having regard to the performance of individuals and market trends.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2024

30. CAPITAL COMMITMENTS

Capital expenditure contracted for as at the end of the reporting period but not recognised in the financial statements are as follows:

	Group	
	2024	2023
	\$'000	\$'000
Capital commitment in respect of intangible assets	13	122
Capital commitment in respect of property, plant and equipment	4	9
	17	131

31. CONTINGENT LIABILITIES

The Company has provided corporate guarantees amounting to approximately \$44,700,000 (2023: \$45,200,000) in favour of certain financial institutions for banking facilities granted to subsidiary companies.

32. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group and the Company are exposed to financial risks arising from their operations and the use of financial instruments.

The Group's principal financial instruments comprise cash and short-term deposits. The main purpose of these financial instruments is to raise finance for the Group's operations. The Group has various other financial assets and liabilities such as trade receivables and trade payables, which arise directly from its operations.

It is, and has been throughout the current and previous financial year, the Group's policy that no trading in derivative financial instruments shall be undertaken.

The main risks arising from the Group's financial instruments are liquidity risk and credit risk. The Board reviews and agrees policies for managing these risks.

There has been no change to the Group's exposure to these financial risks or the manner in which the Group manages and measures the risks.

a) Liquidity risk

Liquidity risk is the risk that the Group or the Company will encounter difficulty in meeting financial obligations due to shortage of funds. The Group's and the Company's exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and liabilities. The Group's and the Company's objective is to maintain a balance between continuity of funding and flexibility through the use of stand-by credit facilities.

To manage liquidity risk, the Group and the Company monitor their net operating cash flow and maintains an adequate level of cash and cash equivalents and secured committed funding facilities from financial institutions. In assessing the adequacy of these funding facilities, management reviews its working capital requirements regularly.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2024

32. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

a) Liquidity risk (Continued)

Analysis of financial instruments by remaining contractual maturities

The table below summarises the maturity profile of the Group's financial assets and liabilities at the end of the reporting period based on the contractual undiscounted repayment obligations.

	2024				2023			
	Within 1 year \$'000	1 to 5 years \$'000	After 5 years \$'000	Total \$'000	Within 1 year \$'000	1 to 5 years \$'000	After 5 years \$'000	Total \$'000
Group								
Financial assets:								
Customer retention monies	24	-	-	24	168	-	-	168
Trade and other receivables and deposits (excluding GST receivable and government grant receivable)	12,130	16	-	12,146	17,885	209	-	18,094
Cash and cash equivalents	67,928	-	-	67,928	63,592	-	-	63,592
Total undiscounted financial assets	80,082	16	-	80,098	81,645	209	-	81,854
Financial liabilities:								
Trade and other payables (excluding GST payable and deferred income)	6,946	-	-	6,946	10,474	-	-	10,474
Lease liabilities	623	879	3,209	4,711	817	1,406	3,396	5,619
Total undiscounted financial liabilities	7,569	879	3,209	11,657	11,291	1,406	3,396	16,093
Total net undiscounted financial assets/ (liabilities)	72,513	(863)	(3,209)	68,441	70,354	(1,197)	(3,396)	65,761

As at the balance sheet date, the Company's total financial assets and liabilities have a maturity profile of less than a year.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2024

32. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

b) Credit risk

Credit risk is the risk of loss that may arise on outstanding financial instruments should a counterparty default on its obligations. The Group's and the Company's exposure to credit risk arises primarily from trade and other receivables. For other financial assets, the Group and the Company minimise credit risk by dealing exclusively with high credit rating counterparties.

The Group's objective is to seek continual revenue growth while minimising losses incurred due to increased credit risk exposure. The Group trades only with recognised and creditworthy third parties. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis. For transactions that do not occur in the country of the relevant operating unit, the Group does not offer credit terms without the approval of the credit control team.

The Group considers the probability of default upon initial recognition of asset and whether there has been a significant increase in credit risk on an ongoing basis throughout each reporting period.

The Group has determined the default event on a financial asset to be when the counterparty fails to make contractual payments, within 180 days when they fall due, which is derived based on the Group's historical information.

To assess whether there is a significant increase in credit risk, the Group compares the risk of a default occurring on the asset as at reporting date with the risk of default as at the date of initial recognition. The Group considers available reasonable and supportive forwarding-looking information which includes the following indicators:

- Actual or expected significant adverse changes in business, financial or economic conditions that are expected to cause a significant change to the counterparty's ability to meet its obligations;
- Actual or expected significant changes in the operating results of the counterparty;
- Significant changes in the expected performance and behaviour of the counterparty, including changes in the payment status of counterparties in the Group.

Regardless of the analysis above, a significant increase in credit risk is presumed if a debtor is more than 180 days past due in making contractual payment, instead of the theoretical presumption of more than 30 days past due, in view of historical payment trends by debtors.

The Group determined that its financial assets are credit-impaired when:

- There is significant difficulty of the issuer or the counterparty;
- A breach of contract, such as a default or past due event;
- It is becoming probable that the counterparty will enter bankruptcy or other financial reorganisation.

The Group categorises a loan or receivable for potential write-off when a debtor fails to make contractual payments more than 365 days past due. Financial assets are written off when there is no reasonable expectation of recovery, such as a debtor failing to engage in repayment plan with the Group. Where loans and receivables have been written off, the Group continues to engage enforcement activity to attempt to recover the receivable due. Where recoveries are made, these are recognised in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2024

32. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

b) Credit risk (Continued)

The following are credit risk management practices and qualitative information about amount arising from expected credit losses for each class of financial assets.

Trade receivables, customer retention monies and contract assets

The Group provides for lifetime expected credit losses for all trade receivables, customer retention monies and contract assets using a provision matrix. The provision rates are determined based on the Group's historical observed default rates analysed in accordance to days past due by grouping of customers based on business segment. The loss allowance provision as at year-end is determined as follows. The expected credit losses below also incorporate forward-looking information such as forecast of economic conditions.

Summarised below is the information about the credit risk exposure with respect to the Group's trade receivables, customer retention monies and contract assets using provision matrix, grouped by operating segments:

Project and maintenance services

30 June 2024	Contract assets \$'000	Customer retention monies \$'000	Trade receivables (Days past due)					Total \$'000
			Current \$'000	1 to 30 \$'000	31 to 60 \$'000	61 to 90 \$'000	More than 90 \$'000	
Gross carrying amount	1,355	25	7,466	1,174	235	68	120	9,063
Loss allowance provision	6	1	23	3	1	-	98	125

30 June 2023	Contract assets \$'000	Customer retention monies \$'000	Trade receivables (Days past due)					Total \$'000
			Current \$'000	1 to 30 \$'000	31 to 60 \$'000	61 to 90 \$'000	More than 90 \$'000	
Gross carrying amount	3,226	169	9,342	1,413	82	140	113	11,090
Loss allowance provision	15	1	34	7	4	1	110	156

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2024

32. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

b) Credit risk (Continued)

Summarised below is the information about the credit risk exposure with respect to the Group's trade receivables, customer retention monies and contract assets using provision matrix, grouped by operating segments (Continued):

Contact centre services

30 June 2024	Trade receivables (Days past due)					Total \$'000
	Current \$'000	1 to 30 \$'000	31 to 60 \$'000	61 to 90 \$'000	More than 90 \$'000	
Gross carrying amount	2,190	338	25	9	3	2,565
Loss allowance provision	20	2	-	-	-	22

30 June 2023	Trade receivables (Days past due)					Total \$'000
	Current \$'000	1 to 30 \$'000	31 to 60 \$'000	61 to 90 \$'000	More than 90 \$'000	
Gross carrying amount	2,645	1,095	816	473	1,380	6,409
Loss allowance provision	-	-	-	-	31	31

Information regarding loss allowance movement for trade receivables, customer retention monies and contract assets are disclosed in Note 16.

The credit risk exposure for cash and cash equivalents and other receivables and deposits are immaterial as at 30 June 2024 and 30 June 2023.

Exposure to credit risk

At the end of the reporting period, the Group's and the Company's maximum exposure to credit risk is represented by the carrying amounts of trade and other receivables, customer retention monies, contract assets, fixed deposits pledged and cash and cash equivalents. Fixed deposits pledged and cash and cash equivalents are placed with banks of good standing. The Group performs ongoing credit evaluation of its customers' financial conditions and maintains an allowance for expected credit losses based upon expected collectability of all trade debts.

Credit risk concentration profile

At the end of the reporting period, approximately 60% (2023: 76%) of the Group's trade receivables are due from 3 (2023: 4) major customers who are multi-national corporations located in Singapore or Singapore government agencies.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2024

33. FAIR VALUE OF ASSETS AND LIABILITIES

a) Fair value hierarchy

The Group categorises fair value measurements using a fair value hierarchy that is dependent on the valuation inputs used as follows:

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

Fair value measurements that use inputs of different hierarchy levels are categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

b) Fair value of financial instruments by classes that are not carried at fair value and whose carrying amounts are reasonable approximation of fair values

Trade receivables, other receivables and deposits, customer retention monies, trade and other payables and amounts due from/(to) subsidiary companies

The carrying amounts of these financial assets and liabilities are reasonable approximation of their fair values mainly due to their short-term nature.

c) Categories of financial instruments

Set out below is the carrying amount of each of the category of the Group's and the Company's financial instruments that are carried in the financial statements:

	2024 \$'000	2023 \$'000
Group		
Financial assets measured at amortised cost		
Customer retention monies	24	168
Trade receivables (excluding GST receivable)	11,317	17,005
Other receivables and deposits (excluding government grant receivables)	829	1,089
Cash and cash equivalents	67,928	63,592
Total financial assets measured at amortised cost	<u>80,098</u>	<u>81,854</u>
Financial liabilities measured at amortised cost		
Trade and other payables (excluding GST payable and deferred income)	6,946	10,474
Lease liabilities	3,321	4,053
Total financial liabilities measured at amortised cost	<u>10,267</u>	<u>14,527</u>

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2024

33. FAIR VALUE OF ASSETS AND LIABILITIES (Continued)

c) Categories of financial instruments (Continued)

	2024 \$'000	2023 \$'000
Company		
Financial assets measured at amortised cost		
Other receivables and deposits	265	2,891
Amount due from a subsidiary company (trade)	222	433
Cash and cash equivalents	<u>39,988</u>	<u>41,764</u>
Total financial assets measured at amortised cost	<u>40,475</u>	<u>45,088</u>
Financial liabilities measured at amortised cost		
Trade and other payables (excluding GST payable and deferred income)	286	924
Amounts due to subsidiary companies (trade)	-	43
Amount due to a subsidiary company (non-trade)	<u>11,961</u>	<u>12,706</u>
Total financial liabilities measured at amortised cost	<u>12,247</u>	<u>13,673</u>

34. CAPITAL MANAGEMENT

Capital includes debt and equity items.

The primary objective of the Group's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximise shareholder value.

The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may issue new shares. No changes were made in the objectives, policies or processes during the financial years ended 30 June 2024 and 30 June 2023. The Group is not subjected to any externally imposed capital requirements.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2024

35. SEGMENT INFORMATION

For management purposes, the Group is organised into business units based on their products and services, and has two reportable operating segments as follows:

a) **Project and maintenance services**

Project and maintenance services comprise scaffolding erection services, corrosion protection services, thermal insulation services, refractory and mechanical engineering services.

Maintenance services pertain to routine and/or turnaround maintenance service for the abovementioned specialist engineering services. Routine maintenance is carried out on a daily basis without shutting down the operations of the facilities. Turnaround maintenance is carried out periodically and requires the facilities to temporarily shut-down for major clean-up works, replacements and/or additions of pipings and equipment.

Scaffolding erection services pertain to erection of scaffolds which are temporary frameworks used to support workmen in the construction or repair of buildings and other large structures.

Corrosion protection services involves using high pressure blasting equipment and cleaning processes to remove surface contaminants before the application of a coat of paint onto clean surfaces of metal structures.

Thermal insulation services and refractory refers to methods and processes used to reduce heat transfer and involves either (i) hot insulation, which is the prevention of heat loss from pipes, vessels and other process equipment, or (ii) cold insulation, which is the prevention of pipes, vessels and other process equipment from rising in temperature by maintaining the temperature of the cold fluids in these pipes, vessels and other process equipment.

Mechanical engineering services refer to engineered solutions in structural steel and piping fabrication and installation, plant and equipment installation, maintenance, modifications and repairs to oil refinery, petrochemical, chemical and power plants.

b) **Contact centre services**

Contact centre services pertain to outsource services with professional and integrated solutions, including customer service support, technical helpdesk, virtual receptionist services, lead generation, live web chat as well as email management.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2024

35. SEGMENT INFORMATION (Continued)

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 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. Group income taxes are managed on a group basis and are not allocated to operating segments.

	Project and maintenance services		Contact centre services		Adjustments and eliminations		Notes	Consolidated financial statements	
	2024 \$'000	2023 \$'000	2024 \$'000	2023 \$'000	2024 \$'000	2023 \$'000		2024 \$'000	2023 \$'000
Revenue:									
External customers	40,310	48,941	14,038	19,676	-	-		54,348	68,617
Results:									
Interest income	1,275	942	170	60	-	-		1,445	1,002
Interest expense	122	109	35	39	-	-		157	148
Depreciation and amortisation	4,043	3,773	1,354	1,645	-	-		5,397	5,418
Impairment loss on property, plant and equipment	113	-	-	-	-	-		113	-
Share of results of joint venture	(621)	2,035	-	-	-	-		(621)	2,035
Segment (loss)/profit before tax	(3,070)	701	3,344	3,398	-	-		274	4,099
Assets:									
Additions to non-current assets	973	5,335	178	910	-	-	A	1,151	6,245
Segment assets	110,099	118,062	14,753	18,777	(278)	(2,932)	B	124,574	133,907
Segment liabilities	11,269	13,608	2,810	7,618	388	(2,417)	C	14,467	18,809

Notes Nature of adjustments and eliminations to arrive at amounts reported in the consolidated financial statements

- A. Additions to non-current assets consist of additions to property, plant and equipment, right-of-use assets and intangible assets.
- B. The following items are (deducted from)/added to segment assets to arrive at total assets reported in the consolidated balance sheet:

	Group	
	2024 \$'000	2023 \$'000
Inter-segment assets	(446)	(3,182)
Deferred tax assets	168	250
	(278)	(2,932)

- C. The following items are added to/(deducted from) segment liabilities to arrive at total liabilities reported in the consolidated balance sheet:

	Group	
	2024 \$'000	2023 \$'000
Inter-segment liabilities	(446)	(3,182)
Income tax payable	212	109
Deferred tax liabilities	622	656
	388	(2,417)

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2024

35. SEGMENT INFORMATION (Continued)

Geographical segments

Revenue and non-current assets information based on the geographical location of customers and assets respectively are as follows:

	Group			
	Revenue		Non-current assets	
	2024	2023	2024	2023
	\$'000	\$'000	\$'000	\$'000
Singapore	54,348	68,617	31,729	36,376
Others	-	-	-	-
Total	54,348	68,617	31,729	36,376

Non-current assets information presented above consist of property, plant and equipment, right-of-use assets and intangible assets as presented in the consolidated balance sheet.

Information about major customers

The Group derives revenue from three (2023: three) major customers arising from the project and maintenance services segment and nil (2023: one) major customer arising from the contact centre services segment as follows:

	Project and maintenance services		Contact centre services	
	2024	2023	2024	2023
	\$'000	\$'000	\$'000	\$'000
Customer A	15,600	19,692	-	-
Customer B	12,092	7,841	-	-
Customer C	5,533	2,681*	-	-
Customer D	2,933*	17,423	-	-
Customer E	-	-	3,624*	6,996

* This figure has been shown for comparative purposes.

36. AUTHORISATION OF FINANCIAL STATEMENTS

The financial statements for the financial year ended 30 June 2024 were authorised for issue in accordance with a resolution of the directors on 20 September 2024.

STATISTICS OF SHAREHOLDINGS

As at 18 September 2024

SHAREHOLDERS' INFORMATION

Total number of shares excluding treasury shares	: 226,241,195
Class of shares	: Ordinary shares
Voting rights	: One vote per ordinary share (excluding treasury shares)

TREASURY SHARES

Total number of shares held as treasury shares	: 352,000
Voting rights	: None
Percentage of holding against the total number of issued shares excluding treasury shares	: 0.16%

DISTRIBUTION OF SHAREHOLDINGS

SIZE OF SHAREHOLDINGS	NO. OF SHAREHOLDERS	%	NO. OF SHARES	%
1 – 99	369	31.27	2,946	0.00
100 – 1,000	250	21.19	133,098	0.06
1,001 – 10,000	241	20.42	1,128,036	0.50
10,001 – 1,000,000	316	26.78	16,339,384	7.22
1,000,001 AND ABOVE	4	0.34	208,637,731	92.22
TOTAL	1,180	100.00	226,241,195	100.00

TWENTY LARGEST SHAREHOLDERS

NO.	NAME	NO. OF SHARES	%
1	CHENG BUCK POH @ CHNG BOK POH	115,425,610	51.02
2	CHENG CAPITAL HOLDINGS PTE LTD	85,800,000	37.92
3	CITIBANK NOMINEES SINGAPORE PTE LTD	4,458,060	1.97
4	DBS NOMINEES (PRIVATE) LIMITED	2,954,061	1.31
5	CHENG HWEE PEOW @ CHONG HUI PING	770,000	0.34
6	PHILLIP SECURITIES PTE LTD	657,468	0.29
7	THOMAS DENNIS WILLIAM	567,050	0.25
8	UNITED OVERSEAS BANK NOMINEES (PRIVATE) LIMITED	461,863	0.20
9	TEO SOON SENG	357,500	0.16
10	OCBC NOMINEES SINGAPORE PRIVATE LIMITED	317,367	0.14
11	KOH SOON CHUANG	285,950	0.13
12	LOW SEOW CHAY	278,850	0.12
13	UOB KAY HIAN PRIVATE LIMITED	271,800	0.12
14	RAFFLES NOMINEES (PTE.) LIMITED	262,555	0.12
15	CHRISTINA CHOW POH LIN	237,360	0.10
16	LIM TONG KWANG (LIN ZHONGGUANG)	236,225	0.10
17	CHONG KIM LIAN	198,550	0.09
18	ANG BOON SIANG	195,250	0.09
19	LEOW KIM SIANG	165,000	0.07
20	TAY CHOON WAH	163,300	0.07
		214,063,819	94.61

STATISTICS OF SHAREHOLDINGS

As at 18 September 2024

SUBSTANTIAL SHAREHOLDERS

(As recorded in the Register of Substantial Shareholders)

	<u>Direct Interest</u>	<u>%</u>	<u>Deemed Interest</u>	<u>%</u>
Cheng Capital Holdings Pte Ltd	85,800,000	37.92	-	-
Cheng Buck Poh @ Chng Bok Poh	115,425,610	51.02	85,800,000	37.92
Goo Guik Bing @ Goh Guik Bing	-	-	201,225,610	88.94

The percentage of shareholding above is computed based on the total issued shares of 226,241,195 excluding treasury shares.

Notes:

- Cheng Capital Holdings Pte Ltd ("Cheng Capital Holdings") is held by Messrs Cheng Buck Poh @ Chng Bok Poh (32 shares (31.68%)), Goo Guik Bing @ Goh Guik Bing (10 shares (9.90%)), Cheng Li Peng (7 shares (6.93%)), Cheng Li Chen (15 shares (14.85%)), Cheng Li Hui (7 shares (6.93%)), Cheng Wee Ling (15 shares (14.85%)) and Cheng Yao Tong (15 shares (14.85%)). Mr Cheng Buck Poh @ Chng Bok Poh and Mdm Goo Guik Bing @ Goh Guik Bing are husband and wife and our Executive Director, Ms Cheng Wee Ling, as well as Ms Cheng Li Peng, Ms Cheng Li Chen, Ms Cheng Li Hui and Mr Cheng Yao Tong are their children.
- Mr Cheng Buck Poh @ Chng Bok Poh is deemed to be interested in the 85,800,000 shares held by Cheng Capital Holdings by virtue of his 31.68% shareholdings in Cheng Capital Holdings.
- Mdm Goo Guik Bing @ Goh Guik Bing is deemed to be interested in the 85,800,000 shares held by Cheng Capital Holdings by virtue of her husband's 31.68% shareholdings in Cheng Capital Holdings and 115,425,610 shares held by her husband.

PERCENTAGE OF SHAREHOLDING IN PUBLIC'S HANDS

10.60% of the Company's shares are held in the hands of public. Accordingly, the Company has complied with Rule 723 of the Listing Manual of the SGX-ST.

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Annual General Meeting (“**AGM**” or “**Meeting**”) of Hai Leck Holdings Limited (the “**Company**”) will be held at 47 Tuas View Circuit, Singapore 637357 on Monday, 28 October 2024 at 10.00 a.m. (Singapore time) for the following purposes:

AS ORDINARY BUSINESS

1. To receive and adopt the Directors’ Statement and the Audited Financial Statements of the Company and the Group for the financial year ended 30 June 2024 together with the Auditor’s Report thereon. **(Resolution 1)**
2. To re-elect the following Directors who will be retiring pursuant to Regulations 93 of the Constitution of the Company and who being eligible, offer themselves for re-election as Directors of the Company:
 - (i) Mr Chua Keng Woon – **Regulation 93** **(Resolution 2)**
[See Explanatory Note (i)]
 - (ii) Ms Cheng Wee Ling – **Regulation 93** **(Resolution 3)**
[See Explanatory Note (ii)]
3. To approve the payment of Directors’ fees amounting to S\$110,000 for the financial year ending 30 June 2025 to be paid quarterly in arrears (FY2024: S\$121,680). **(Resolution 4)**
4. To re-appoint Messrs Baker Tilly TFW LLP, as the Auditors of the Company and to hold office until the conclusion of the next AGM of the Company, and that the Directors be authorised to fix their remuneration. **(Resolution 5)**
5. To transact any other ordinary business which may properly be transacted at the AGM.

AS SPECIAL BUSINESS

To consider and if thought fit, to pass the following resolution as ordinary resolution, with or without modifications:

6. **Authority to Issue Shares**

That pursuant to Section 161 of the Companies Act 1967 and Rule 806 of the Listing Manual of the Singapore Exchange Securities Trading Limited (“**SGX-ST**”), the Directors of the Company be authorised and empowered to:

- (a) (i) issue shares in the Company whether by way of rights, bonus or otherwise; and/or
- (ii) make or grant offers, agreements or options (collectively, “**Instruments**”) that might or would require shares to be issued, including but not limited to the creation and issue of (as well as adjustments to) options, warrants, debentures or other instruments convertible into shares,

at any time and upon such terms and conditions and for such purposes and to such persons as the Directors of the Company may in their absolute discretion deem fit; and

- (b) (notwithstanding the authority conferred by this Resolution may have ceased to be in force) issue shares pursuant to any Instruments made or granted by the Directors of the Company while this Resolution was in force,

(the “**Share Issue Mandate**”)

NOTICE OF ANNUAL GENERAL MEETING

provided that:

- (1) the aggregate number of shares (including shares to be issued pursuant to the Instruments, made or granted pursuant to this Resolution) and Instruments to be issued pursuant to this Resolution shall not exceed 50% of the total number of issued shares (excluding treasury shares and subsidiary holdings) in the capital of the Company (as calculated in accordance with sub-paragraph (2) below), of which the aggregate number of shares and Instruments to be issued other than on a pro-rata basis to existing shareholders of the Company shall not exceed 20% of the total number of issued shares (excluding treasury shares and subsidiary holdings) in the capital of the Company (as calculated in accordance with sub-paragraph (2) below);
- (2) (subject to such calculation as may be prescribed by the SGX-ST) for the purpose of determining the aggregate number of shares and Instruments that may be issued under sub-paragraph (1) above, the total number of issued shares and Instruments shall be based on the total number of issued shares (excluding treasury shares and subsidiary holdings) in the capital of the Company at the time of the passing of this Resolution, after adjusting for:
 - (a) new shares arising from the conversion or exercise of the Instruments or any convertible securities;
 - (b) new shares arising from exercising share options or vesting of share awards which are outstanding or subsisting at the time of the passing of this Resolution, provided the options or awards were granted in compliance with Part VIII of Chapter 8 of the Listing Manual of the SGX-ST; and
 - (c) any subsequent bonus issue, consolidation or subdivision of shares.

Adjustment in accordance with sub-paragraphs (2)(a) or (2)(b) above are only to be made in respect of new shares arising from convertible securities, share options or share awards which were issued and outstanding or subsisting at the time of passing of the Share Issue Mandate.

- (3) in exercising the Share Issue Mandate conferred by this Resolution, the Company shall comply with the provisions of the Listing Manual of the SGX-ST for the time being in force (unless such compliance has been waived by the SGX-ST) and the Constitution of the Company; and
- (4) unless revoked or varied by the Company in a General Meeting, the Share Issue Mandate shall continue in force (i) 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 or (ii) in the case of shares to be issued in pursuance of the Instruments, made or granted pursuant to this Resolution, until the issuance of such shares in accordance with the terms of the Instruments.

(Resolution 6)

[See Explanatory Note (iii)]

By Order of the Board

Teo Khoon Teng
Company Secretary

Singapore
11 October 2024

NOTICE OF ANNUAL GENERAL MEETING

Explanatory Notes:

- (i) Mr Chua Keng Woon will, upon re-election as a Director, remain as a Non-Executive and Lead Independent Director of the Company, Chairman of the Audit Committee and a member of the Remuneration Committee and Nominating Committee. The Board considers Mr Chua Keng Woon to be independent for the purpose of Rule 704(8) of the Listing Manual of the SGX-ST. Please refer to Table A of the Corporate Governance Report from page 40 to page 41 of the Annual Report 2024 for the detailed information required pursuant to Rule 720(6) of the Listing Manual of the SGX-ST.
- (ii) Ms Cheng Wee Ling will, upon re-election as a Director, remain as Executive Director of the Company. Please refer to Table A of the Corporate Governance Report from page 40 to page 41 of the Annual Report 2024 for the detailed information required pursuant to Rule 720(6) of the Listing Manual of the SGX-ST.
- (iii) Ordinary Resolution 6 in item 6 above, if passed, will empower 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 issue shares, make or grant Instruments convertible into shares and to issue shares pursuant to such Instruments, up to a number not exceeding, in total, 50% of the total number of issued shares (excluding treasury shares and subsidiary holdings) in the capital of the Company, of which up to 20% may be issued other than on a pro-rata basis to existing shareholders of the Company.

For determining the aggregate number of shares that may be issued, the percentage of issued shares in the capital of the Company will be calculated based on the total number of issued shares (excluding treasury shares and subsidiary holdings) in the capital of the Company at the time this Ordinary Resolution is passed after adjusting for new shares arising from the conversion or exercise of the Instruments or any convertible securities or share options or vesting of share awards which are outstanding or subsisting at the time when this Ordinary Resolution is passed and any subsequent bonus issue, consolidation or subdivision of shares.

Notes:

1. A member of the Company (other than a Relevant Intermediary as defined in Section 181 of the Companies Act 1967*), entitled to attend and vote at the AGM is entitled to appoint not more than two proxies to attend and vote in his/her stead. A member shall specify the proportion of his/her/its shareholding to be represented by each proxy in the instrument appointing the proxies, failing which the nomination shall be deemed to be alternative. A proxy need not be a member of the Company.
2. A Relevant Intermediary may appoint more than two proxies, but each proxy must be appointed to exercise the rights attached to a different share or shares held by him/her (which number and class of shares shall be specified).
3. The instrument appointing a proxy or proxies must be submitted through any one of the following manners:
 - a) By depositing at the Registered Office of the Company at 47 Tuas View Circuit, Singapore 637357; or
 - b) By sending a scanned PDF copy via email to agm@haileck.com
 in each case, not less than seventy-two hours before the time appointed for the AGM, failing which, the Proxy Form will not be treated as valid.
4. The instrument appointing a proxy or proxies must be under the hand of the appointor or of his/her attorney duly authorised in writing. Where the instrument appointing a proxy or proxies is executed by a corporation, it must be executed either under its seal or under the hand of an officer or attorney duly authorised. Where the instrument appointing a proxy or proxies is executed by an attorney on behalf of the appointor, the letter or power of attorney or a duly certified copy thereof must be lodged with the instrument, failing which the instrument may be treated as invalid.
5. An investor who holds shares under the Central Provident Fund Investment Scheme (“**CPF Investor**”) and/or the Supplementary Retirement Scheme (“**SRS Investor**”) (as may be applicable) may attend and cast his/her vote(s) at the Meeting in person. CPF and SRS Investors who are unable to attend the Meeting but would like to vote, may inform their CPF Agent Banks and/or SRS Operators to appoint the Chairman of the Meeting to act as their proxy, in which case, the CPF and SRS Investors shall be precluded from attending the Meeting.

Submission of Questions Prior to the AGM

6. Shareholders may submit questions related to the resolutions to be tabled at the AGM no later than 10.00 a.m. on 18 October 2024 via email to agm@haileck.com or by post to 47 Tuas View Circuit, Singapore 637357. The responses will be published on SGXNet and the Company’s website on 22 October 2024.
7. For verification purposes, when submitting any questions, members must provide the Company with their particulars (comprising full name (for individuals)/company name (for corporations), email address, contact number, NRIC/passport number/company registration number, shareholding type and number of shares held), failing which the submission will be treated as invalid.
8. Any relevant and subsequent queries received after 10.00 a.m. on 18 October 2024 will be addressed at the AGM through the publication of the minutes of the AGM on SGXNet and the Company’s website within one month from the conclusion of the AGM.

*A Relevant Intermediary is:

- (a) a banking corporation licensed under the Banking Act 1970 of Singapore or a wholly-owned subsidiary of such a banking corporation, whose business includes the provision of nominee services and who holds shares in that capacity; or
- (b) a person holding a capital markets services licence to provide custodial services for securities under the Securities and Futures Act 2001 of Singapore and who holds shares in that capacity; or
- (c) the Central Provident Fund Board established by the Central Provident Fund Act 1953 of Singapore, in respect of shares purchased under the subsidiary legislation made under that Act providing for the making of investments from the contributions and interest standing to the credit of members of the Central Provident Fund, if the Board holds those shares in the capacity of an intermediary pursuant to or in accordance with that subsidiary legislation.

NOTICE OF ANNUAL GENERAL MEETING

Personal data privacy:

By submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the AGM and/or any adjournment thereof, a member of the Company (i) consents to the collection, use and disclosure of the member's personal data by the Company (or its agents or service providers) for the purpose of the processing and administration by the Company (or its agents or service providers) of proxy(ies) and representative(s) appointed for the AGM (including any adjournment thereof) and the preparation and compilation of the attendance list, proxy lists, minutes and other documents relating to the AGM (including any adjournment thereof), and in order for the Company (or its agents or service providers) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the "Purposes"), (ii) warrants that where the member discloses the personal data of the member's proxy(ies) and/or representative(s) to the Company (or its agents or service providers), the member has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Company (or its agents or service providers) of the personal data of such proxy(ies) and/or representative(s) for the Purposes, and (iii) agrees that the member will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the member's breach of warranty.

Please note that transportation to the AGM is available at Boon Lay MRT at 9.00 a.m. Pick-up point is near the UOB taxi stand. Please call (65) 6862 2211 for any enquiries or further details.

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HAI LECK HOLDINGS LIMITED

(Company Registration No. 199804461D)
(Incorporated in the Republic of Singapore)

IMPORTANT:

1. An investor who holds shares under the Central Provident Fund Investment Scheme (“**CPF Investor**”) and/or the Supplementary Retirement Scheme (“**SRS Investor**”) (as may be applicable) may attend and cast his/her vote(s) at the Meeting in person. CPF and SRS Investors who are unable to attend the Meeting but would like to vote, may inform their CPF Agent Banks and/or SRS Operators to appoint the Chairman of the Meeting to act as their proxy, in which case, the CPF and SRS Investors shall be precluded from attending the Meeting.
2. This Proxy Form is not valid for use by CPF and SRS Investors and shall be ineffective for all intents and purposes if used or purported to be used by them.
3. Relevant intermediaries as defined in Section 181 of the Companies Act 1967 may appoint more than two proxies to attend, speak and vote at the Meeting.

PROXY FORM

(Please see notes overleaf before completing this Form)

I/We, (Name) _____ (NRIC/Passport No.) _____

of (Address) _____

being a member/members* of **HAI LECK HOLDINGS LIMITED** (the “**Company**”), hereby appoint:

Name	Address	NRIC/Passport Number	Proportion of Shareholdings	
			No. of Shares	%

and/or* (delete as appropriate)

Name	Address	NRIC/Passport Number	Proportion of Shareholdings	
			No. of Shares	%

or failing him/her*, the Chairman of the Annual General Meeting (the “**Meeting**”) as my/our* proxy/proxies* to attend and vote for me/us* on my/our* behalf at the Meeting of the Company to be held at 47 Tuas View Circuit, Singapore 637357 on Monday, 28 October 2024 at 10.00 a.m. and at any adjournment thereof. I/We* direct my/our* proxy/proxies* to vote for, against or to abstain from voting the Resolutions proposed at the Meeting as indicated hereunder. If no specific direction as to voting is given or in the event of any other matter arising at the Meeting and at any adjournment thereof, the proxy/proxies* will vote or abstain from voting at his/her* discretion.

No.	Resolutions relating to	No. of Votes For**	No. of Votes Against**	No. of Votes Abstain**
Ordinary Business				
1	Directors’ Statement and Audited Financial Statements for the financial year ended 30 June 2024			
2	Re-election of Mr Chua Keng Woon as Director			
3	Re-election of Ms Cheng Wee Ling as Director			
4	Approval of Directors’ fees amounting to S\$110,000 for the financial year ending 30 June 2025, to be paid quarterly in arrears			
5	Re-appointment of Messrs Baker Tilly TFW LLP as the Auditors of the Company			
Special Business				
6	Authority to allot and issue new shares			

***If you wish your proxy/proxies* to exercise all your votes ‘For’, ‘Against’ or to ‘Abstain’ from voting, please tick (✓) within the box provided. Alternatively, please indicate the number of votes as appropriate. If you mark the abstain box for a particular resolution, you are directing your proxy/proxies* not to vote on that resolution on a poll and your votes will not be counted in computing the required majority on a poll.*

Dated this _____ day of _____ 2024

Total number of shares held

Signature of Member and/or,
Common Seal of Corporate Shareholder

* Delete where inapplicable

IMPORTANT: PLEASE READ NOTES OVERLEAF



Notes:

1. Please insert the total number of shares held by you. If you have shares entered against your name in the Depository Register (as defined in Section 81SF of the Securities and Futures Act 2001 of Singapore), you should insert that number of shares. If you have shares registered in your name in the Register of Members, 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. A member of the Company (other than a Relevant Intermediary as defined in Section 181 of the Companies Act 1967*), entitled to attend and vote at the Meeting is entitled to appoint not more than two proxies to attend and vote in his/her stead. A member shall specify the proportion of his/her/its shareholding to be represented by each proxy in the instrument appointing the proxies, failing which the nomination shall be deemed to be alternative. A proxy need not be a member of the Company.
3. A Relevant Intermediary may appoint more than two proxies, but each proxy must be appointed to exercise the rights attached to a different share or shares held by him/her (which number and class of shares shall be specified).
4. Subject to note 8, completion and return of this instrument appointing a proxy or proxies shall not preclude a member from attending and voting at the Meeting. Any appointment of a proxy or proxies shall be deemed to be revoked if a member attends the Meeting in person, and in such event, the Company reserves the right to refuse to admit any person or persons appointed under the instrument of proxy to the Meeting.
5. The instrument appointing a proxy or proxies must be submitted through any one of the following manners:
 - a) By depositing at the Registered Office of the Company at 47 Tuas View Circuit, Singapore 637357; or
 - b) By sending a scanned PDF copy via email to agm@haileck.comin each case, not less than seventy-two hours before the time appointed for the Meeting, failing which, the Proxy Form will not be treated as valid.
6. The instrument appointing a proxy or proxies must be under the hand of the appointor or of his/her attorney duly authorised in writing. Where the instrument appointing a proxy or proxies is executed by a corporation, it must be executed either under its seal or under the hand of an officer or attorney duly authorised. Where the instrument appointing a proxy or proxies is executed by an attorney on behalf of the appointor, the letter or power of attorney or a duly certified copy thereof must be lodged with the instrument, failing which the instrument may be treated as invalid.
7. A corporation which is a member may authorise by resolution of its Directors or other governing body such person as it thinks fit to act as its representative at the Meeting, in accordance with Section 179 of the Companies Act 1967, and the person so authorised shall upon production of a copy of such resolution certified by the Director(s) 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.
8. An investor who holds shares under the Central Provident Fund Investment Scheme (“**CPF Investor**”) and/or the Supplementary Retirement Scheme (“**SRS Investor**”) (as may be applicable) may attend and cast his/her vote(s) at the Meeting in person. CPF and SRS Investors who are unable to attend the Meeting but would like to vote, may inform their CPF Agent Banks and/or SRS Operators to appoint the Chairman of the Meeting to act as their proxy, in which case, the CPF and SRS Investors shall be precluded from attending the Meeting.

* A Relevant Intermediary is:

- (a) a banking corporation licensed under the Banking Act 1970 of Singapore or a wholly-owned subsidiary of such a banking corporation, whose business includes the provision of nominee services and who holds shares in that capacity; or
- (b) a person holding a capital markets services licence to provide custodial services for securities under the Securities and Futures Act 2001 of Singapore and who holds shares in that capacity; or
- (c) the Central Provident Fund Board established by the Central Provident Fund Act 1953 of Singapore, in respect of shares purchased under the subsidiary legislation made under that Act providing for the making of investments from the contributions and interest standing to the credit of members of the Central Provident Fund, if the Board holds those shares in the capacity of an intermediary pursuant to or in accordance with that subsidiary legislation.

Personal Data Privacy:

By submitting an instrument appointing a proxy(ies) and/or representative(s), the member accepts and agrees to the personal data privacy terms set out in the Notice of Annual General Meeting dated 11 October 2024.

General:

The Company shall be entitled to reject the instrument appointing a proxy or proxies if it is incomplete, improperly completed or illegible, or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified in the instrument appointing a proxy or proxies. In addition, in the case of shares entered in the Depository Register, the Company may reject any instrument appointing a proxy or proxies lodged if the member, being the appointor, is not shown to have shares entered against his name in the Depository Register as at seventy-two hours before the time appointed for holding the Meeting, as certified by The Central Depository (Pte) Limited to the Company.



HAI LECK

(Company Registration Number 199804461D)
47 Tuas View Circuit,
Singapore 637357
www.haileck.com

