FORGING **INNOVATION** AND **EXCELLENCE**

ANNUAL REPORT **2023**

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CORPORATE PROFILE

Established in 1974 and listed on the mainboard of the Singapore Stock Exchange in 2000, Federal International (2000) Limited ("**Federal**" and together with its subsidiaries, the "**Group**"), is an integrated service provider and procurement specialist in the oil and gas, and energy industries. The Group's main trading business contributes more than 80% of total turnover. The Group's strategy for sustainable growth of the trading business is through forming strategic partnerships. One such partnership is with PT Gunanusa Utama Fabricators ("**PTG**"). PTG is an established EPCIC contractor and its customers include oil majors such as TOTAL, Petronas, ONGC, Pertamina, Saka Sidayu, and PTTEP. The Group provides procurement services to PTG for the projects secured by PTG.

The Group also specializes in turnkey fire detection, control and suppression projects which includes the design, engineering, supply, installation and testing & commissioning, servicing and maintenance. Over the years, strategic partnerships with leading global fire detection and suppression manufacturers attest to the Group's professionalism and integrity as a reliable fire suppression solution provider.

In addition, the Group has a design and manufacturing facility located in Scotland, the United Kingdom. The facility is American Petroleum Institute (API) Q1, Spec 6D, ISO 9001:2015 and Pressure Equipment Directive 97/23/EC (PED) certified. Products manufactured also meet the Safety Integrity Level (SIL) Qualification independently certified by Exida. The Group also owns a floating, storage and offloading ("**FSO**") vessel through its 30% interest in an associate. The FSO is chartered to PT Pertamina Hulu Energi OSES. The Group has a 1,200 HP American built land drilling rig.

Over the years, Federal is proud to have been awarded ISO certification, an internationally recognised standard that ensures we meet the needs of our clients through an Integrated Management System.

OUR VISION

We aim to be a growth-driven company supporting the oil and gas, energy and marine industries globally.

OUR MISSION

To be the preferred business partner and one-stop solutions provider, delivering quality and innovative products and services to our customers.

OUR MOTTO

We are committed to providing quality products and reliable services to our customers at competitive prices.

We adopt new mindsets and innovative ideas.

We focus on continuous process improvements and the alignment of our strategies with our vision and mission so as to deliver value to our customers, shareholders and employees.

LETTER TO SHAREHOLDERS

"Oil and gas activities in the region are expected to stay resilent. Towards this, the Group will adopt a vigilant stance to monitor the operating environment closely, as we continue to work with strategic partners to enhance our business performance, including our newly acquired associated company PTG, to secure procurement scope for EPCIC of offshore platforms and structures in the oil and gas industry"

DEAR SHAREHOLDERS,

On behalf of the Board of Federal International (2000) Ltd ("**Federal**", or together with its subsidiaries, the "**Group**"), I am pleased to present our Annual Report 2023 for the financial year ended 31 December 2023 ("**FY2023**").

REVIEW OF FY2023

The Ministry of Trade and Industry (MTI) reported that Singapore's economy expanded by 1.1% for the whole of 2023, moderating from the 3.8% growth in 2022. MTI expects Singapore's GDP growth to improve gradually over 2024 and has maintained the GDP growth forecast for 2024 at 1.0% to 3.0%[1].

The economy remains fragile with the possibility of heightened risks arising from global events. Escalations in geopolitical uncertainties, such as the Russian-Ukraine war and more recently the Israel-Hamas war, continue to weigh on businesses' performance as a result of supply chain disruptions and trade sanctions that arise.

Consequently, upon completion of the project with PT Gunanusa Utama Fabricators ("**PTG**") in FY2022, the Group did not secure any similar major procurement project. This resulted in the decrease of the Group's revenue for FY2023 by 62.8% to S$50.3 million as compared to S$135.1 million in FY2022. The Group continued to secure projects in the region in particular from our Trading business in Thailand.

During the year, the Group settled the loan to Pak Azmil Rahman with shares in PT Superkrane Mitra Utama TBk. ("**SK**") and PTG shares, bringing the Group's equity interest in PTG to 30%. The movement in SK's share price and PTG share value resulted in the Group registering a loss on the loan settlement of S$1.7m. Eventually, the Group registered a loss before tax of S$677,000 for FY2023 against S$3.1 million recorded in FY2022.

During the year, we took steps to consolidate our position to better channel our resources for regional trading activities of our core flowline control products, fire detection and protection systems. As part of our consolidation plan, we disposed our China entities. The Group's Energy and Utilities segment and Trading business in China operating under Federal Environmental & Energy Pte Ltd ("**FEE**") and Federal International (Shanghai) Co, Ltd ("**FIS**") have been underperforming due mainly to low demand in the China marine and oil and gas sector.

Under such challenging environment, the Group's China entities suffered operating losses over the years due to low margins and increasingly high operating expenditure, resulting in a negative equity position. Furthermore, forward business prospects do not justify additional funding for these operations. As such, the Group disposed our China entities to focus on other more lucrative markets.

[1] Ministry of Trade and Industry (MTI) Press Release: MTI maintains 2024 GDP Growth Forecast at "1.0 to 3.0 Per Cent", 15 February 2024.

LETTER TO SHAREHOLDERS

As we consolidate our operations, we are also looking for growth ventures. The Group is seeking opportunities in India, which holds the world record as the most populous country in the world, surpassing China in 2023[2]. India is the world's largest source of energy demand growth in the Stated Policies Scenario (STEPS), which provides an outlook based on the latest policy settings, including energy, climate and related industrial policies, ahead of Southeast Asia and Africa[3]. It holds great potential for our business to expand into an emerging market with opportunities in both upstream and downstream which are related to our core flowline control material and services, as well as oil and gas segment.

INCREASE STAKEHOLDING IN PT GUNANUSA UTAMA FABRICATORS ("PTG")

Indonesia is a significant player in the energy market and remains a net energy exporter. Although it stands as the largest global coal exporter and the largest regional exporter of gas and liquid biofuels, oil is Indonesia's primary source of energy, making up about 36% of country's total primary energy supply (TPES)[4].

Indonesia's energy industry is so established that in 2022, the country allocated over US$3.0 billion in expansion and renovation of its energy transmission and distribution systems. This investment amount is expected to double to an average of US$7.0 billion per year in 2030-2035 in STEPS, primarily through development finance institutions (DFI) financing support and public finance[5].

Equipped with a long history of oil exploration and production, the country is a mature player in the global oil industry. Despite the considerable changes that the oil sector in Indonesia has undergone in recent decades, oil remains important for national energy supply and government revenue.

These has reinforced the Group's view of Indonesia being an important market and supports its increased strategic investment in PTG, an approved fabricating contractor of oil majors and national oil companies in the region, enabling us to focus on Engineering, Procurement, Fabrication and Construction, Installation and Commissioning ("**EPCIC**") tenders through PTG.

This increased ownership allows the Group to be involved in the strategic decisions and direction of PTG, as well as continue to act as the exclusive procurement agent of PTG. At the same time, with SK as PTG's parent, gaining access to working capital, improving its borrowing capacity, streamlining its asset sales will be enhanced thereby benefitting the Group as a shareholder.

OIL & GAS MARKET FUTURE OUTLOOK

With geopolitical conflicts, such as Russia-Ukraine war and instability in the Middle East, and economic uncertainty due to inflationary pressure and weakening global economy coming into focus, the energy market remains fragile. This is further compounded by the world's shift towards a more sustainable clean energy system.

According to the International Energy Agency (IEA), fossil fuel prices are down from their 2022 peaks, but markets remain tense and volatile alongside downbeat macroeconomic sentiments[6]. At the same time, investment in clean energy has risen by 40% since 2020 due to a strong economic push for mature clean energy technologies, desire for energy security and industrial aspiration to create clean energy vocations.

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2 https://www.un.org/development/desa/dpad/publication/un-desa-policy-brief-no-153-india-overtakes-china-as-the-worlds-most-populous-country/
3 International Energy Agency (IEA): World Energy Outlook, October 2023.
4 International Energy Agency (IEA): Indonesia 2015, January 2015.
5 https://www.iea.org/reports/indonesia-case-study/grids-in-indonesia-developing-a-revenue-model-aligned-with-future-investment-needs
6 International Energy Agency (IEA): World Energy Outlook, October 2023.

LETTER TO SHAREHOLDERS

Despite strong demand for fossil fuels in recent years, the rate at which new assets that use fossil fuels are being added to the energy system has slowed, displaying signs of a gradual paradigm shift away from the reliance on fossil fuels. Even China, which plays a crucial role in shaping global energy trends, is experiencing slowing growth with GDP growth that averages just under 4% per year to 2030. This gives rise to greater downside potential for fossil fuel demand.

Nevertheless, the transitional trend towards clean energy does not mark an end to fossil fuel investment but merely a freeze in budget as an attempt by the world to mitigate risks in fossil fuel price volatilities brought about by unexpected global events.

BUSINESS OUTLOOK

Against the external outlook prospects, the Singapore economy is expected to be muted in the near term but is poised to improve gradually in the second half of 2024 along with an anticipated uptick in Singapore's GDP. Meanwhile, core inflation is projected broadly decline in 2024 with Consumer Price Index (CPI)-All Items inflation averaging between 3.0 to 4.0%, though both upside and downside risks to inflation remains in view of possible shocks to global food and energy prices due to aggravating climate change conditions, escalating domestic labour costs, as well as a sharper-than-expected downturn in the global economy.

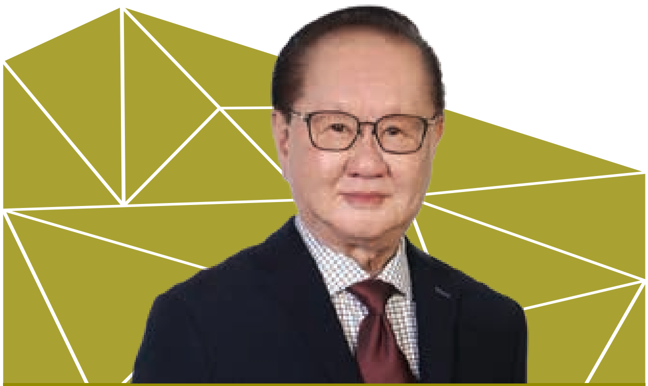
In spite of this, oil and gas activities in the region are expected to stay resilient. Towards this, the Group will adopt a vigilant stance to monitor the operating environment closely, as we continue to work with strategic partners to enhance our business performance, including our newly acquired associated company PTG, to secure procurement scope for EPCIC of offshore platforms and structures in the oil and gas industry.

ACKNOWLEDGEMENTS

On behalf of the Board, I would like to extend my gratitude to our customers, banking associates and business partners for their firm trust in us and always being there to help bolster our business efforts despite a challenging year. I would also like to express my appreciation for all my fellow Board members, management, and staff for being committed and steadfast to the Group overcoming all odds in our way.

Finally, I would like to render thanks to our shareholders who have been very encouraging to lend their unwavering support for the Group in this difficult period. We will continue to strive to deliver greater value for all our stakeholders in the journey ahead.

BOARD OF DIRECTORS



MR KOH KIAN KIONG
Executive Chairman and Chief Executive Officer, Federal International (2000) Ltd.

Mr Koh is one of the founders of the Group and has more than 48 years of experience in the oil and gas industry. He was appointed to the Board since 13 November 1999. Mr Koh oversees the formulation of the Group's corporate strategies and business expansion plans. He continues to be instrumental to the Group's continued success and growth.

Date of first appointment as a director:
13 November 1999

Date of last re-election as a director:
28 April 2022

Length of service as a director (as at 31 December 2023):
24 years

Board of Committee(s) served on:
Executive Committee (Member)
Nominating Committee (Member)

Academic & Professional Qualification(s):
–

Present Directorships (as at March 2024):
Listed companies
Federal International (2000) Ltd

Other principal directorships:
Subsidiaries and associated companies of the Federal Group
Gunanusa Utama Pte Ltd

Major Appointments (other than directorships):
Nil

Past Directorships in listed companies held over the preceding five years (from March 2019 to March 2024):
Nil

Other Principal Commitments:
Nil

MS MAGGIE KOH
Executive Director

Ms Maggie Koh is our Executive Director and was appointed as a member of the Board since 19 June 2000. As an Executive Director, she assists the Board in business and strategic planning including managing the Group's overall business development and expansion. As part of her corporate role, Ms Koh oversees the trading business of the Group and leads with a strategic role in operations, including Quality Control management, Research & Development management and management of the Group's subsidiaries. Ms Koh has over 28 years of experience in the oil and gas industries.

Date of first appointment as a director:
19 June 2000

Date of last re-election as a director:
28 April 2023

Length of service as a director (as at 31 December 2023):
24 years

Board of Committee(s) served on:
Executive Committee (Member)

Academic & Professional Qualification(s):
Master in Business Administration

Present Directorships (as at March 2024):
Listed companies
Federal International (2000) Ltd

Other principal directorships:
Subsidiaries and associated companies of the Federal Group

Major Appointments (other than directorships):
Nil

Past Directorships in listed companies held over the preceding five years (from March 2019 to March 2024):
Nil

Other Principal Commitments:
Nil

BOARD OF DIRECTORS

MR HOON TAI MENG
Non-Executive and Lead Independent Director

Mr Hoon is presently a senior consultant at RHTLaw Asia LLP ("RHT"). Prior to joining RHT, he was an executive director of Chip Eng Seng Corporation Ltd for 7 years and was a director of Chip Eng Seng Corporation Ltd for a total of 19 years. He practised law in T M Hoon & Co and KhattarWong for 15 years covering the areas of civil litigation, real estate, construction law, insolvency, corporate and capital markets.

Date of first appointment as a director:
13 August 2020

Date of last re-election as a director:
28 April 2023

Length of service as a director (as at 31 December 2023):
3.5 years

Board of Committee(s) served on:
Audit Committee (Member);
Nominating Committee (Chairman); and
Remuneration Committee (Member)

Academic & Professional Qualification(s):
Bachelor of Commerce degree in Accountancy;
Bachelor of Laws (Hons);
Fellow of the Institute of Chartered Accountants of Singapore;
Fellow of the Chartered Institute of Management Accountants (UK);
Fellow of the Association of Chartered Certified Accountants (UK); and
Barrister-at-law (Middle Temple).

Present Directorships (as at March 2024):
Listed companies
Hock Lian Seng Holdings Limited
Spindex Industries Limited
COSCO Shipping International (Singapore) Co. Ltd.

Other principal directorships:
Nil

Major Appointments (other than directorships):
Nil

Past Directorships in listed companies held over the preceding 5 years (from March 2019 to March 2024):
Pavilion Holdings Ltd
Sin Ghee Huat Corporation Ltd
Koufu Group Limited
Aedge Group Limited

Other Principal Commitments:
Senior Consultant, RHTLaw Asia LLP

BOARD OF DIRECTORS

MR MURALI KRISHNA RAMACHANDRA
Non-Executive and Independent Director

Mr Krishna Ramachandra is the Founder and Non-Executive Chairman of Digital Insights Group and the past Chairman of Duane Morris & Selvam LLP ("DMS"). His domain expertise extends to a broad and deep understanding of virtual assets from a global legal, regulatory and compliance perspective. He is also the Founder of Legal Insights LLC, a law firm that is specialises in disputes resolution, commercial, regulatory and compliance aspects in this domain. He also had a broad-based international legal career, having practiced in top law firms for over 24 years in mergers and acquisitions, private equity. He was also the head of technology media and telecoms and the global head of blockchain, digital assets and fintech at DMS and has set up legal offices in Singapore, China and Myanmar.

Date of first appointment as a director:
1 July 2021

Date of last re-election as a director:
28 April 2022

Length of service as a director (as at 31 December 2023):
2.5 years

Board of Committee(s) served on:
Audit Committee (Member);
Nominating Committee (Member); and
Remuneration Committee (Chairman)

Academic & Professional Qualification(s):
Master of Laws (LL.M.)

Present Directorships (as at March 2024):
Listed companies
Federal International (2000) Ltd

Other principal directorships:
Digital Insights Ventures
Digital Insights Sustainability
Christ's College, Cambridge Fund (Singapore) Limited
Legal Insights LLC

Major Appointments (other than directorships):
Nil

Past Directorships in listed companies held over the preceding 5 years (from March 2019 to March 2024):
NIL

Other Principal Commitment:
Non-Executive Chairman, Digital Insights Venture
Non-Executive Chairman, Digital Insights Sustainability
Trustee and Vice Chairman of Christ College,
Cambridge Fund (Singapore) Limited
Chairman Legal Insights LLC

BOARD OF DIRECTORS

MR HENG YEOW TECK, MALCOLM
Non-Executive and Independent Director

Mr Heng is currently a partner of Heng Lee Seng LLP ("HLS"). He has been in practice for over 16 years covering areas of audit & assurance, tax and corporate secretarial. Prior to joining HLS, he was working in one of the Big 4 accounting firm in the US GAAP services for a number of years.

Mr Heng is a member of the Public Practice Committee in CPA Australia. He is a member of ACRA Complaints and Disciplinary Panel.

Date of first appointment as director:
17 May 2022

Date of last re-election as a director:
28 April 2023

Length of service as a director (as at 31 December 2023):
1.75 year

Board of Committee(s) served on:
Audit Committee (Chairman); and
Remuneration Committee (Member)

Academic & Professional Qualification(s):
Master of Business Administration
Bachelor of Commerce
Institute of Singapore Chartered Accountants (Singapore)
CPA Australia
Chartered Institute of Management Accountants (UK)
Institute of Internal Auditors
Singapore Institute of Directors
Singapore Chartered Tax Professionals

Present Directorships (as at March 2024)
Listed Companies
Federal International (2000) Ltd.

Other principal directorships:
Director, HLS Corporate Services Pte. Ltd.
Director, HLS Tax Advisory Services Pte. Ltd.
Director, HLS Risk Advisory Services Pte. Ltd.

Major Appointments (other than directorships):
NIL

Past Directorships in listed companies held over the preceding 5 years from (March 2019 to March 2024):
NIL

Other Principal Commitment:
Partner, Heng Lee Seng LLP

KEY EXECUTIVES AND MANAGEMENT

MR KOH BENG GUAN, DON

DEPUTY GROUP CHIEF EXECUTIVE OFFICER, FEDERAL INTERNATIONAL (2000) LTD.

MR KOH BENG GUAN, DON, joined the Group in 1999. He was appointed to the Board of Directors as Executive Director from 1 January 2017 to 30 December 2021. Mr Don Koh was re-designated as Deputy Group Chief Executive Officer of the Group from 1 January 2022.

He assists the Executive Chairman and CEO in the formation of the Group's corporate strategies, day-to-day operations, and business expansion plans. He heads the EPCI (Engineering, Procurement, Construction, and Installation) Division. Mr Don Koh has more than 24 years of experience in the oil and gas industries. He graduated with a Bachelor in Business Administration from the Southern Cross University, Australia.

MR RICHARD DOCHERTY

MANAGING DIRECTOR, KVC (UK) LTD

MR DOCHERTY joined the Group in 2004 and is the Managing Director of KVC (UK) Ltd. Mr. Docherty is responsible for the operations and business development of KVC (UK) Ltd, the manufacturing arm of the group for Pipeline Ball Valves. His career in the Valve Industry spans over 49 years which has seen him being extensively involved in the supply of valves to the UK and Norwegian Sector Offshore Industry. In more recent times, Mr Docherty and his Scottish Manufacturing Team have projected the KVC (UK) Ltd Pipeline Ball Valve on a global scale with numerous appointed agents and distributors worldwide. The KVC (UK) Ltd Pipeline Ball Valve is now a widely used and specified product in the global oil and gas industries.

MR SAM KWAI HOONG

GROUP CHIEF FINANCIAL OFFICER AND COMPANY SECRETARY, FEDERAL INTERNATIONAL (2000) LTD

MR SAM joined the Group as the Group Chief Financial Officer since November 2018. He is responsible for the management of the Group's financial, treasury, taxation and IT matters. He has also been appointed as the Company Secretary. Prior to his appointment, Mr Sam had held various senior finance positions in listed companies in the oil and gas industries. He has extensive experiences in accounting, finance, and general management. Mr Sam holds a Degree of Bachelor of Accountancy with National University of Singapore and is a Chartered Accountant with the Institute of Singapore Chartered Accountants.

MR QUEK CHENG HOCK

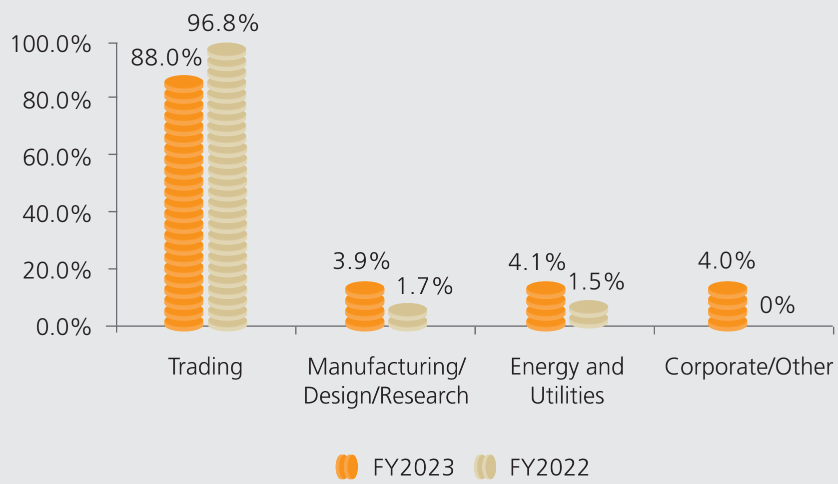
MANAGING DIRECTOR, FEDERAL FIRE ENGINEERING PTE LTD

MR QUEK joined the Group in November 2013 and is the Managing Director of Federal Fire Engineering Pte Ltd, a wholly-owned subsidiary of the Company. He has been in the fire protection industry since 1990, with experience in fire suppression products, its engineering and applications. His fire protection experience covers industries such as telecommunications, pharmaceutical, petroleum, oil and gas, power generation and other high value facilities in Singapore and in the Asia Pacific. He holds a First Class Honors degree in Manufacturing and Mechanical Engineering.

BUSINESS AND FINANCIAL REVIEW

The Group's Trading segment continues to be the main contributor to the Group's performance for FY2023. It includes the distribution of flowline control products for the oil and gas, petrochemical and pharmaceutical industries as well as provision of complete fire protection and detection systems. Revenues from the Manufacturing/Design/Research and the Energy and Utilities in FY2023 were comparable to that of FY2022. The Other segment which comprise the land drilling rig saw an improvement with the rig being chartered out for the full of FY2023. This rig is earmarked for sale in FY2024 after completion of its charter contract in FY2023.

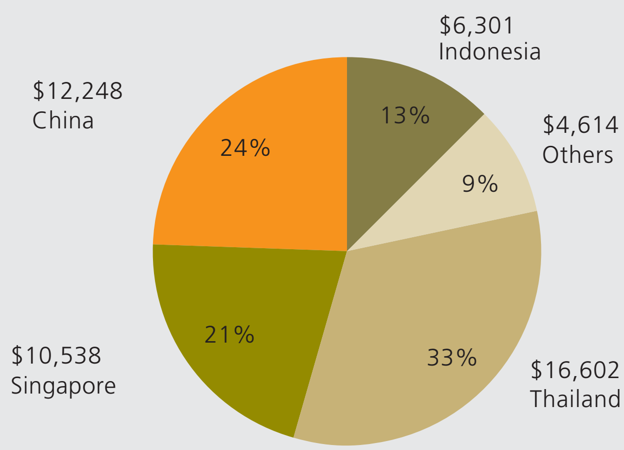
REVENUE BY BUSINESS SEGMENTS



REVENUE

After the completion of the Group's project with PT Gunanusa Utama Fabricators ("**PTG**") in FY2022, the Group did not secure any similar size procurement project in FY2023. This lead to a decrease in revenue to S$50.3 million from S$135.1 million recorded in the previous year. The Group continues to be active in Thailand where repeat customers in the oil and gas sector awarded several contracts.

REVENUE BY GEOGRAPHICAL SEGMENTS (S$'000)



BUSINESS AND FINANCIAL REVIEW

GROSS PROFIT

In line with the lower sales recorded in FY2023, the Group registered S$13.3 million gross profit, which was 35.7% lower than that for FY2022. In spite of this, gross profit margin was higher at 26.4% against 15.3% for FY2022, and FY2022 reported lower margin due to the project with PTG.

OTHER INCOME

Other income dipped 60.9% during the year to S$1.6 million due to absence of net fair value gain of investment properties of S$2.9 million, and absence of rental income of S$415,000 as a result of disposal of investment properties. These were partially offset by gain on disposal of a subsidiary, PT Alton International Resources, of S$430,000, as well as higher interest income of S$135,000 and management fee income from an associate of S$175,000.

SELLING AND DISTRIBUTION COSTS

Selling and distribution costs stood at S$5.4 million in the reporting year, which was relatively comparable to costs of S$5.7 million incurred in the previous year as the higher revenue generated by the project with PTG did not increase the selling and distribution costs significantly in FY2022.

ADMINISTRATIVE AND GENERAL COSTS

Administrative and general costs fell by 21.2% to S$7.5 million mainly attributed to:–

a) lower depreciation charges for the Group's land drilling rig, which was recognised as cost of sales during the chartering period;

b) lower bank charges incurred for project financing;

c) lower professional fee mainly relating to disposal of investment properties;

d) lower property tax and staff cost.

OTHER OPERATING EXPENSES

Other operating expenses recorded a decrease of 40.7% to S$2.1 million in FY2023 as a result of:–

a) lower foreign currency exchange loss by S$1.4 million;

b) absence of loss on disposal of subsidiary of S$727,000;

c) lower other expenses which mainly comprised of vessel related expenses;

d) writeback of allowance for slow moving inventories of S$40,000 as compared to an allowance of S$368,000 in FY2022.

The above decrease was partially offset by loss on settlement of loan to Azmil of S$1.7 million.

NET (IMPAIRMENT LOSS)/WRITEBACK OF IMPAIRMENT LOSS ON FINANCIAL ASSETS

The Group's net impairment loss on financial assets in FY2023 was S$79,000 as compared to net writeback of impairment loss of S$3.3 million in the year before which mainly comprised of net writeback relating to trade debtors in the Group's Indonesia Trading business of S$1.3 million and writeback of impairment loss on loan to a shareholder of PTG of S$2 million.

FINANCE COSTS

The Group reported a 52.2% decrease in finance costs to S$769,000 for the reporting year attributable to lower interest expenses on trust receipts, term loans and bank overdrafts.

SHARE OF RESULTS OF ASSOCIATES

Share of associates' losses of S$638,000 in FY2023 against profits of S$815,000 in FY2022 were mainly arising from share of PT Eastern Jason's ("**PTEJ**") loss.

INCOME TAX EXPENSE

The Group's income tax expense was at 14.9% lower at S$658,000 in FY2023 mainly relating to a reversal of deferred tax assets of S$803,000 largely attributable to temporary difference in depreciation for tax purposes of a subsidiary in Indonesia, PT Federal International.

LOSS NET OF TAX ATTRIBUTABLE TO OWNERS OF THE COMPANY

The Group waived certain long outstanding intercompany debts amounting to S$51.2 million due from certain subsidiaries, which were not recoverable and impaired in prior years. While these waivers do not have impact on the Group's loss net of tax, they resulted in profits for the respective subsidiaries and non-controlling interest share of gain of S$16.3 million. As a result, the Group registered a S$18 million loss net of tax attributable to owners of the Company.

BUSINESS AND FINANCIAL REVIEW

STATEMENT OF FINANCIAL POSITION

NET ASSETS ATTRIBUTABLE TO OWNERS OF THE COMPANY

As at 31 December 2023, equity attributable to owners of the Company totalled S$66.5 million, which is equivalent to a net asset value per ordinary share of 47.29 Singapore cents.

NON-CURRENT ASSETS

Non-current assets reduced by S$4.1 million to S$29.1 million mainly due to:–

a) decline in other receivables of S$13.1 million as a result of settlement of loan to Azmil;

b) dip in property, plant and equipment of S$1.1 million due to depreciation charge of S$1.6 million, partially offset by revaluation surplus of S$433,000; and

c) contraction in deferred tax assets of S$854,000 and intangible assets of S$137,000;

The above decrease was partially offset by:

a) increase in financial assets at FVOCI of S$8.3 million mainly relating to investment in PT Superkrane Mitra Utama Tbk. shares of $$8.8 million, partially offset by fair value loss of S$195,000 and transfer of investment in PTG shares to "Investment in associates" of S$242,000;

b) hike in investment in associates of S$2.9 million as a result of investment in PTG of S$2.8 million and writeback of impairment loss on investment in PTEJ of S$1.0 million, partially offset by share of associates' losses of S$638,000 during the period.

CURRENT ASSETS

Current assets decreased by S$20.4 million to S$64.6 million (31 December 2022: S$85.0 million) mainly due to:–

a) lower trade receivables of S$21.5 million mainly due to reclassification of trade receivables from PTG to "Amounts due from associates" and trade receivables of disposal group to "Assets of disposal group held for sale" of S$1.8 million;

b) lower assets classified as held for sale of S$16.5 million. Higher amount as at 31 December 2022 related to investment properties classified as held for sale;

c) decrease in other receivables of S$3.0 million mainly due to reclassification of other receivables from PTG to "Amounts due from associates" and receipt of deposits held by lawyers in relation to the disposal of investment properties held for sale;

BUSINESS AND FINANCIAL REVIEW

CURRENT ASSETS (cont'd)

d) lower advance payment to suppliers in relation to on-going projects of S$1.7 million; and

e) lower inventories of S$1.5 million due to deliveries of goods to customers.

The above decrease was partially offset by:–

a) higher amounts due from associates of S$15.4 million relating to amounts due from PTG, partially offset by repayments of loans from an associate of S$2.5 million;

b) increase in fixed and bank deposits of S$7.0 million relating to bank deposits pledged for the Group's banking facilities; and

c) higher cash and bank balances of S$1.4 million.

CURRENT LIABILITIES

Current liabilities decreased by S$21.4 million to S$25.9 million (31 December 2022: S$47.3 million) mainly due to:–

a) decrease in amounts due to banks of S$12.2 million and term loans of S$5.4 million as a result of net repayments of trust receipts, bank overdrafts and term loans;

b) lower other payables of S$5.6 million mainly due to reclassification of other payables of disposal group to "Liabilities directly associated with disposal group held for sale" of S$1.5 million, settlement of deposits received for disposal of investment properties held of sale of S$1.0 million and lower accruals of expenses;

c) lower contract liabilities (advance consideration received from customers) of S$2.3 million with the substantial completion of on-going projects;

d) decrease in amounts due to related parties of S$1.7 million as a result of reclassification to "Liabilities directly associated with disposal group held for sale"; and

e) lower provision for taxation of S$403,000 due to payment of current income tax.

The above decrease was partially offset by higher "Liabilities directly associated with disposal group held for sale" of S$6.2 million.

NON-CURRENT LIABILITIES

Non-current liabilities decreased by S$1.6 million to S$4.1 million (31 December 2022: S$5.7 million) mainly due to repayment of term loans.

CASHFLOW REVIEW FY2023

As at 31 December 2023, the Group recorded cash and cash equivalents of S$9.9 million, increasing by S$2.5 million against the year before.

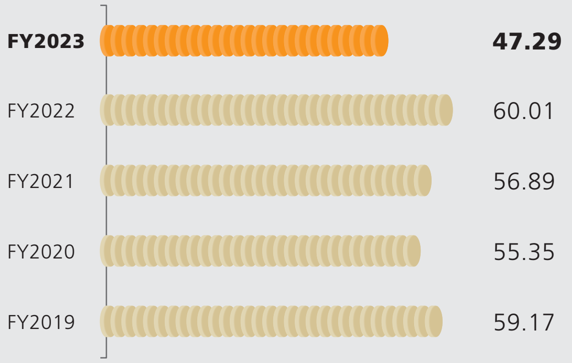
The net cash of S$4.0 million generated from operating activities was contributed by a positive operating cash flow of S$2.6 million and positive changes in working capital of S$1.5 million, mainly attributable to decrease in inventories, trade and other receivables and advance payment to suppliers. These were partially offset by increase in amounts due from associates, decrease in trade and other payables and contract liabilities.

The net cash of S$23.5 million generated from investing activities arose from proceeds of S$20.8 million from disposal of assets classified as held for sale and S$2.5 million repayment of loan received from an associate.

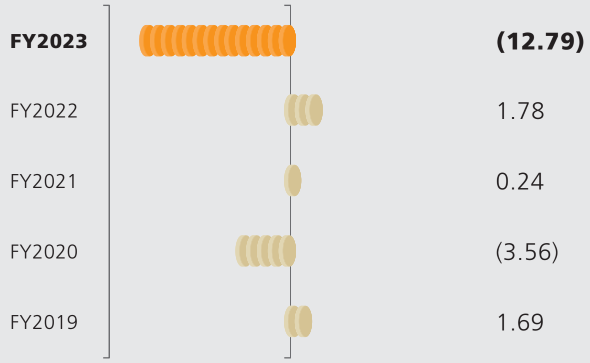
Separately, the net cash of S$25.0 million used in financing activities was a result of net repayment of trust receipts of S$9.0 million, term loans of S$6.0 million, bank overdrafts of S$3.1 million and increase in pledged deposits of S$7.1 million.

FINANCIAL HIGHLIGHTS

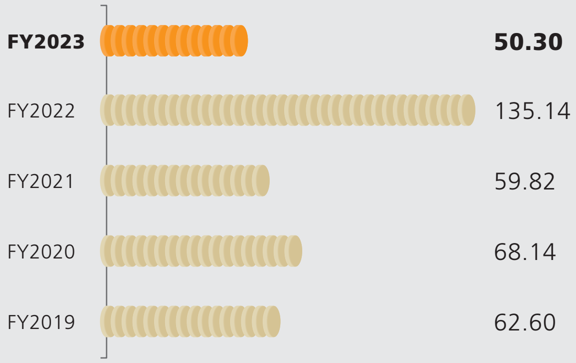
NET ASSETS VALUE PER SHARE (CENTS)



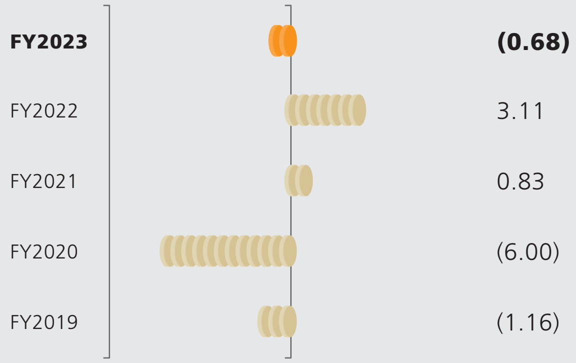
EARNINGS/(LOSS) PER SHARE (CENTS)



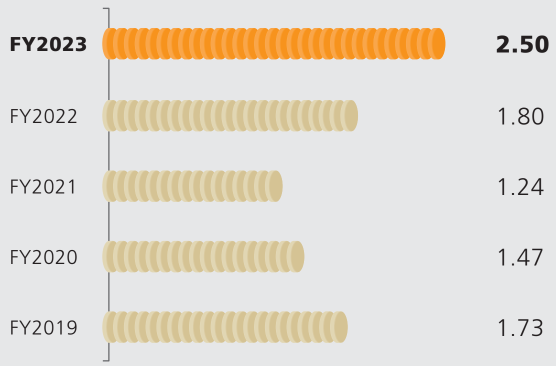
TURNOVER ($MIL)



PROFIT/(LOSS) BEFORE TAX ($MIL)



CURRENT RATIO



SUSTAINABILITY REPORT

BOARD STATEMENT

Dear Stakeholders,

As part of our regular business review, we have initiated efforts to divest non-core assets and businesses that are expected to enhance our focus on our core competency and expertise as a procurement specialist for the oil and gas projects.

The Group recognises risks associated with these activities and adopts a comprehensive approach covering a range of ESG factors in developing the Group's sustainability strategy.

Our sustainability strategy aims to create long term value for all our stakeholders as well as actively contribute in enhancing our society while we continue to grow. As part of our continuing management, all board members had attended workshops or courses on **Taskforce on Climate-related Financial Disclosure (TCFD)**.

On that note, we are pleased to present our sustainability report, a testament of our commitment to good governance. Together with the Sustainability Committee, the Board has reviewed the key ESG factors, the Group's targets and related performances. This sustainability report is also reviewed by our internal auditors, RSM Risk Advisory Pte Ltd and serves as a platform for us to share our sustainability progress and milestones that we have achieved. We will continue to innovate and implement our strategies to ensure that we attain our sustainability objectives and create greater value for all our stakeholders.

This report has been prepared in reference to the GRI Standards. The Global Reporting Initiative ("GRI") is an independent, international organization that helps businesses and other organizations take responsibility for their impacts by providing them with a global common language to communicate the Group adopts the GRI Standards for sustainability reporting as GRI provides most widely used standards for greater ease of understanding. Group adopts the GRI Standards for sustainability reporting as GRI provides most widely used standards for greater ease of understanding.

For and on behalf of the Board of Directors

KOH KIAN KIONG
Executive Chairman and CEO
Federal International (2000) Ltd

SUSTAINABILITY REPORT

OUR APPROACH TO SUSTAINABILITY

Our Board has overall oversight of the sustainability management supported by a Sustainability Committee (SC) which is headed by our Executive Director, Ms. Maggie Koh. The Committee consists of Department Heads and representatives from Human Resources, Customer Service, Quality Assurance (QA)/Quality Control (QC) and Logistics departments.

The responsibilities of the SC are as follow:

i. oversee and provide inputs to management on the Company's policies, strategies and programmes related to matters of sustainability and Corporate Social Responsibility including but not limited to matters related to environment, local community, human rights, supply chains, customer feedbacks and philanthropy.

ii. set and review the goals established for its performance with respect to matters of sustainability and corporate social responsibility and monitor the Company's progress against those goals.

iii. receive and act on periodic feedbacks from the Company's management regarding relationships with key external and internal stakeholders that may have a significant impact on the Company's business activities and performance.

iv. works with the ERM officer on the management of enterprise risks.

v. ensure timely disclosure of the sustainability report together with the audited consolidated financial statement for its financial year.

vi. Reports to the EC and Board annually on material ESG factors as well as targets set and achievement.

In performing its responsibilities, the SC has considered the followings: –

- the scope of this reporting covers material impacts of the Group's key trading segments that contribute 88% to the Group's revenues;
- the report excludes the other segments which have low activities and have been identified as immaterial. For these entities, the respective head of operations are consulted to review and examine the impact and potential impact.

For questions about the report or reported information, please contact Ms Maggie Koh at maggie.koh@federal-int.com.sg or Mr Sam Kwai Hoong at kwaihoong.sam@federal-int.com.sg

SUSTAINABILITY REPORT

STAKEHOLDER ENGAGEMENT

Engagements with our stakeholders are important as they guide our decision-making process and assist us in achieving our sustainability commitments. The following table summarises the concerns of our stakeholders which we incorporate into our sustainability approach: –

STAKEHOLDERS KEY CONCERNS FEEDBACK PLATFORMS

STAKEHOLDER GROUP	KEY CONCERNS	OUR RESPONSE
Employees	■ Staff training and development ■ Workplace safety ■ Work-life balance ■ Fair and competitive employment practices	■ On-going training program ■ Code of Conduct ■ Policies and procedures ■ Annual performance appraisals ■ Recreation and social activities
Investors, Analysts & Media	■ Growth ■ Returns on investment ■ Dividend ■ Corporate governance ■ Market diversification ■ Timely, complete and transparent reporting	■ General meetings ■ Announcements on website and the Singapore Exchange portal ■ Press releases ■ Annual report/sustainability report ■ Company website
Customers	■ Timely delivery of products and services ■ Quality of products and services ■ Product safety ■ Competitive pricing	■ Annual customer satisfaction survey ■ Project milestone meetings ■ Dedicated sales team
Vendors	■ Maintaining good relationship ■ Fair business practices ■ Environmental compliance ■ Certification compliance	■ Annual vendor evaluation ■ Quality control inspections ■ Regular meetings with key suppliers
Government/National Agencies	■ Sustainable operations ■ Compliance with laws and regulations ■ Safe working environment	■ Annual sustainability report ■ Meetings and regular reporting ■ Annual ISO certification audits
The Community	■ Corporate philanthropy and engagement ■ Responsible business conduct	■ Annual sustainability report ■ Community outreach initiatives

SUSTAINABILITY REPORT

MATERIAL SUSTAINABILITY ISSUES

We periodically perform materiality analysis to identify sustainability issues that are of importance to our business and stakeholders in accordance with the GRI guidelines. This assessment helps us bring focus to key areas that we seek to improve on as we make progress in achieving the long-term sustainability of our business.

Methodology

Identify

The SC together with business unit heads identify the material aspects that are important to our business and stakeholders.

Evaluate

Evaluation criteria:
1. Importance to stakeholders; and,
2. Importance to Federal Group

Validate

These are then validated and approved by the SC headed by our Executive Director.

Key Aspects and Material Topics

Our review focuses on 4 key aspects with 9 identified material topics. The 10 identified material topics differ from the suggestion of GRI 11: Oil and Gas Sector 2021 as our businesses cover trading of flowline control products for the oil and gas and fire protection and prevention systems where only material topics relevant to our businesses and stakeholders are managed.

The four key aspects and nine material topics are: –

Nine Material Topics

1 Economic

Building a sustainable business and brand for long-term economic growth

2 Environmental

To minimise our ecological footprint across our value chain

3 Social

To empower people and be socially responsible for our community

4 Governance

Commitment to transparency and accountability to stakeholders

SUSTAINABILITY REPORT

Material Topics	Why is this important for us and our stakeholders	How we are addressing the issue
Economic Aspect:		
Creating Economic Value	Strong and sustained economic performance is important to our business success and continuity.	Covered in page 20
Environmental Aspect:		
Resource Management and Energy and Water Efficiency	We recognise the important of prompt respond to customers' requirement and manage our inventory level based on customers' demand and market trends. Inventory order and re-order are subjected to robust checks and evaluation to avoid excesses and waste. With a managed level of inventory, resulting packing, packaging and storage materials are also managed. As part of the energy supply chain, we recognise the importance in reducing the carbon footprint. We recognise that investing in energy conservation not only reduces our carbon footprint but also reduces business costs. Hence, we are committed to minimising our energy and water consumption and improving energy and water efficiency.	Covered in page 21
Environmental Compliance	Laws and regulations on the environmental performance of businesses are increasingly becoming stricter. In addition to more stringent regulations, stronger enforcement of laws is also being discussed and enacted in the emerging economies of Asia. Being a responsible corporation, we seek to comply with all environmental regulations implemented in the jurisdictions that we operate in.	Covered in page 21
Social Aspect:		
Labour Practices and Work Environment	We operate in an intensely competitive environment. A motivated workforce drives up productivity which in turn improves quality and lowers unit costs.	Covered in page 22
Product and Customer Service Quality	We believe that product quality and integrity form the foundation of the reputation and trust that we seek to earn in the markets that we operate in. Product safety and reliability are of paramount importance to our customers who operate in the oil and gas industry where occupational health and safety are of their top priority. We seek to develop and deliver quality products that are compliant with the highest standards of product certification.	Covered in page 25
Community	As we draw resources from the community we operate in, we strive to contribute back to it.	Covered in page 26
Governance Aspect:		
Corporate Governance	We believe that well established corporate governance processes are essential in enhancing corporate accountability and long-term sustainability to preserve and maximise shareholder value.	Covered in page 27
Business Conduct and Ethics	We believe that upholding our reputation and fostering stakeholders' trust in our business is fundamental to our growth as a company. Therefore, we are committed to building a positive corporate image through exemplary business ethics and integrity.	Covered in page 27
Risk Management	Risk management is recognised as an integral component of good management and governance. Engaging in an iterative risk management process will enable us to provide greater assurance to stakeholders in our pursuit of growth for the Group.	Covered in page 28

SUSTAINABILITY REPORT

ECONOMIC ASPECT

Material Topic: Creating Economic Value

Objective
We seek to create long-term economic value for our stakeholders through the building of a sustainable business and brand.

Approach to Material Topic
At Federal, we focus on value creation for our stakeholders by placing their interests at the heart of what we do to generate growth that is sustainable, profitable and responsible. To achieve our business and growth objectives, we adopt the following strategies: –

Performance and Targets: –

		Performance FY2023	Target 2024
1	Develop strategic partnerships and alliances with regional partners to leverage on the strengths of our partners to secure high value contracts especially in markets where cabotage regulation prohibits foreign participation.	i) We acquired a direct interest in PT Gunanusa in FY2023 and continues to act as its exclusive procurement agent. ii) During the year, the Group also signed a Collaboration Agreement with Westfield Energy Resources Ltd to support its tenders for EPC projects in India.	To expand on existing alliances and add new alliances when regional opportunity arises.
2	Achieve excellent client service through building a team with strong market and product knowledge that focus on developing best sources of supplies.	Attained an average customer satisfaction rate of > 90%	Attain an average customer satisfaction rate of >= 80%

ENVIRONMENT ASPECT

Objective

We are committed to managing environment impact such as resource management and environmental compliance.

Approach To Material Topics

i. Resource Management and Energy and Water Efficiency

We recognise the important of prompt respond to customers' requirement and manage our inventory level based on customers' demand and market trends. Inventory order and re-order are subjected to robust checks and evaluation to avoid excesses and waste including the consequential packaging and storage materials used.

Avoiding waste extends every employee's everyday work life where each is encouraged to 'reduce, reuse, and recycle' paper and packaging materials whenever possible. We have recycling bins placed in the office for the recycling of paper and plastic. Used papers are usually shredded and used as packaging material for our products. Pallets and boxes used in packaging are also often reused. Employees are also encouraged to opt for electronic modes of transmission when forwarding documents to clients and suppliers. An electronic-filing system is established for mill certificates which not only reduces the amount of paper used, but also makes documentation and information sharing more efficient.

While our core trading operations generate little or no waste, wastes, if any, are properly disposed by licensed third-party waste management vendor.

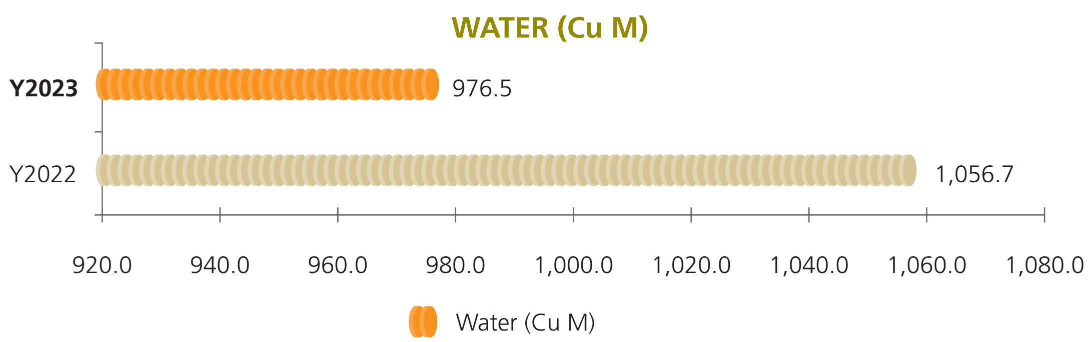
Where viable, we invest in water saving installations to achieve better water efficiency at our facilities. As part of our ISO 14001 Environmental Management System objectives, we actively track our water withdrawal at our facilities to provide information for management decision making. Furthermore, we constantly remind our employees through posters and emails to adopt good practices in water conservation.

In the conduct of our business, the main areas of energy usage are predominantly across our offices and warehouse operations. For our offices and warehouses, we have installed energy efficient LED lightings and motion-activated lightings to reduce energy consumption. We also have employee awareness initiatives to encourage them to turn off lights and air-conditioning in offices when they are not in use.

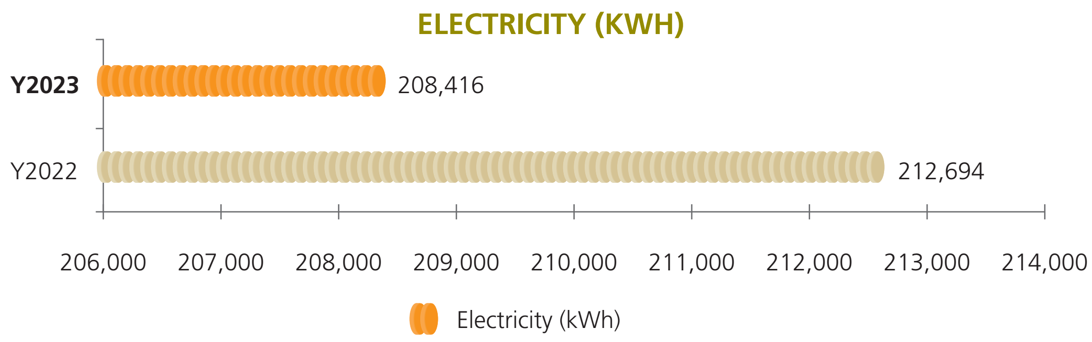
ii. Environmental Compliance

Federal is committed to comply with all applicable environmental legal requirements enforced by local authorities in all jurisdictions we operate in. The Environment, Health and Safety ("**EHS**") Committee monitors our operations and performs monthly reviews to ensure that we comply with relevant environmental requirements and regulations. Annually, we also undergo certification audits by third-party auditors to ensure that our processes adhere to international certification standards.

Chart: water consumption & electricity consumption



SUSTAINABILITY REPORT



Our energy and water intensity for our Chin Bee Facility (area: 5,317 m²) are low:

	FY2023	FY2022	FY2021
Water intensity	$0.2m^3/m^2$	$0.2m^3/m^2$	$0.2m^3/m^2$
Energy intensity	39 kWh/m²	40 kWh/m²	40 kWh/m²

Target & Plans

TOPICS	Achievement for FY2023	Target for FY2024
Compliance with environmental laws and regulations	No incident of breach nor fines or penalties	Maintain full compliance
Electricity consumption level and water withdrawal	Reduce electricity and water drawn by 2% and 7% respectively.	Reduce electricity and water drawn by 2% and 5% respectively.

SOCIAL ASPECT

Objective

We seek to empower people and be socially responsible in the communities we operate in.

Approach to Material Topic

i. Labour Practices & Work Environment

a. Talent Attraction and Retention

We are committed to providing all employees regardless of gender with equal opportunities for compensation, promotion and training on a meritocratic basis. Annually, we review employee benefits to ensure that they remain competitive and aligned with manpower regulations in the jurisdictions we operate in. As at 31 December 2023, the Group employs 133 individuals comprising only permanent staff in Singapore only. (FY2022: 134).

On a yearly basis, our performance appraisal system allows all employees to receive formal feedback from their supervisors on their job performance based on the key performance indicators ("**KPI**") established, to encourage continual improvement and development. The open performance appraisal system helps both employees and their supervisors understand their respective expectations and align them with the needs of the organisation.

For employees who have reached the retirement age, we have been actively extending re-employment to them, in accordance to the Retirement and Re-employment Act. Additionally, a one-off Employee Assistance Payment ("**EAP**") is provided to employees who have reached the retirement age but are not eligible for reemployment. Federal celebrates employees who have been with us for every 5-year milestone with us by presenting long service awards. Our heartfelt appreciation goes out to this group of valued and loyal employees.

Employee turnover:

		FY2023	FY2022
Employment	Employee Total turnover (No.)	11 pax	10 pax
	Employee Total turnover (%)	8%	7%
	Total number of employees	133 pax	134 pax

b. Training & Development

In addition to on-the-job training, we also send our employees for training by external vendors to equip our employees with the relevant skill sets to advance in their expertise. The types of training encompass those relevant to ISO standards for safety, first aid, technical competencies and soft skills. We also support our employees in their personal development by granting qualified employees who are sitting for examinations with examination leave.

			FY2023	FY2022
Development & Training	Average training hours per employee per year		3 Hours	3.5 Hours
	Average training hours per employee by gender per year	Male	3 hours	4 Hours
		Female	3 hours	3 Hours

c. Occupational Health & Safety

FEDERAL has developed and implemented an Occupational Health, Safety and Environmental (EHS) Management System, which uses ISO 45001:2018 and ISO 14001:2015 as a framework.

The Scope of our EHS covers the stockholdings and testing of valves, its associated ancillaries and fire protection and detection equipment at our Chin Bee Facility and aims to provide a safe and healthy work environment for all employees and workers working on behalf of our organisation are competent and accountable for a safe and healthy work environment.

We recognise the needs and expectations of interested parties, namely employees/workers, customers, suppliers/contractors and government/regulatory agencies when deciding our EHS scope. and has adopted an EHS Policy to promote awareness. This EHS Policy is communicated to all interested parties and is reviewed for continual suitability and effectiveness during the management review meeting.

As part of our orientation programme, new hires will attend safety courses to ensure that they have the necessary training and skills relating to workplace safety. We also conduct annual emergency response drill and fire drill to prepare our employees in handling emergency situations. Monthly safety inspections are performed on all of our premises and to follow up on any rectification actions required subsequently, if there are any safety hazards identified. To ensure that equipment and machinery are operating safely, we perform periodical maintenance and repairs as well.

All our employees are offered outpatient medical and dental claims and any unused credits can be utilised by their immediate family members. All personal and health related information are kept confidential and is used for the sole purpose of safe work design consideration only.

SUSTAINABILITY REPORT

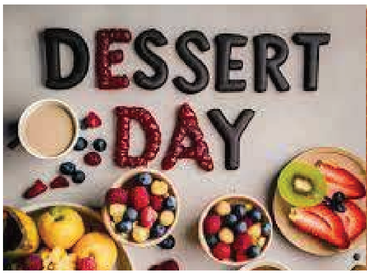
Moreover, we provide basic employment insurance program which covers any injury or illness sustained in the course of employment that requires medical, surgical or hospital treatment. Travel insurance will be provided to employees who are required regularly travel overseas for business.

		FY2023	FY2022
		No. of cases	
Occupational Health & Safety	Fatalities	Zero	Zero
	High-consequence injuries	Zero	Zero
	Recordable injuries	One[1]	Zero
	Recordable work-related ill health cases	Zero	Zero

[1] QC personnel suffered minor finger injury while executing lifting of material with overhead crane.

d. Benefits & Welfare

We have welfare practices in-line with the Singapore legislations. Mothers and fathers of newborns, who are Singapore Citizens, are entitled to maternity leave of 16 weeks and paternity leave of 2 weeks respectively, and the Company will also present a small congratulatory token. For children who are not Singapore Citizens, mothers get to enjoy 8 weeks of maternity leave. We also provide eligible employees with childcare leave and extended childcare leave to manage their commitments in raising a young family. To encourage a healthy work environment, we provide employees with flexi-time and part-time work arrangement to suit their work and personal commitments. We have also established a Recreation Committee (RC) to coordinate work-life balance initiatives and events for the Company to advocate healthy living through the following activities regularly for our employees to enjoy.



e. Diversity and Equality

We see great strength in the diversity of our workforce and the potential in each and every one of our employees. Diversity provides different perspectives and fosters innovative thinking to solve business challenges. Our Employee Code of Conduct guides us towards this aspiration. We hire people from different backgrounds and have a diversified workforce across all age groups, races and genders as we value the experiences and knowledge that different individuals bring to the Group. We adopt a firm stance against human rights infringement and discrimination to ensure a conducive work environment for our employees.

We respect the principles of freedom of association, the right to collective bargaining, non-discrimination and harassment, meritocratic and progressive human resource practices, and advocates the elimination of forced or child labour. All employees under the Group are entitled to practice freedom of association, within regulatory limits of each jurisdiction which we operate in.

Diversity:

Topic	Metric		FY2023	FY2022
Gender Diversity	Current employees by gender	Male	64%	62%
		Female	36%	38%
	New hires by gender	Male	5%	2%
		Female	2%	4%
	Turnover by gender	Male	4%	3%
		Female	5%	4%
Age-Based Diversity	Current employees by age groups	< 30 years old	10%	8%
		30-50 years old	49%	52%
		> 50 years old	41%	40%
	New hires by age groups	< 30 years old	2%	0%
		30-50 years old	5%	6%
		> 50 years old	1%	0%
	Turnover by age groups	< 30 years old	0%	1%
		30-50 years old	5%	1%
		> 50 years old	4%	6%

ii. Product and Customer Service Quality

Providing quality products and services to our customers is our utmost priority. We have established formal quality system in compliance with ISO 9001 standards to ensure that we maintain and make continuous improvements in our processes. Our ISO Committee monitors and ensures that we adhere to the ISO standards. For all products under our in-house brand, KVC (UK), we have obtained several product quality control accreditations, such as American Petroleum Institute ("**API**") Specification Q1 and 6D monogram, Fire Test Certification to API 607, Atmospheres Explosives ("**ATEX**") marking, Safety Integrity Level II and Conformité Européene ("**CE**") marking as per Pressure Equipment Directive ("**PED**"), to assure customers of our product's reliability and safety.

We value all feedbacks provided by our customers and our Sales team work closely with our customers to address any product quality and safety issues. Furthermore, we also perform annual customer satisfaction survey to gather feedbacks from our customers.

SUSTAINABILITY REPORT

iii. Community

As a socially conscious business and part of a larger community, we believe that we have a responsibility to do our part for the betterment of the community. Apart from job creation, through donations and sponsorships, we seek to empower the less fortunate or provide support to children or youths-at-risk.

Our Performance

		FY2023	Target
Labour Practices & Work Environment	Fines or penalties incurred for non-compliance to labour laws and regulations	Nil	Nil
	Reports of labour malpractice or unfair practice	Nil	Nil
	Workplace injury, fatality, or cases of non-compliance in health and safety regulations	Nil	Nil
Product and Customer Service Quality	Report of accidents caused by our products	Nil	Nil
	Incidents of non-compliance concerning product and service information and labelling, and marketing communication	Nil	Nil
	Breach of customer privacy and loss of customer data	Nil	Nil
Community	Donations to charitable organisations	UOB CNY Charity	To participate in community service and make monetary contributions to programs for children and the elderly welfare.
		AWWA Ltd	

SUSTAINABILITY REPORT

GOVERNANCE ASPECT

Objective

We seek to uphold the highest standard of governance through our commitment to transparency and accountability to our stakeholders.

Approach to Material Topics

i. Corporate Governance

We ensure that the business is carried on and conducted in a proper and efficient manner adhering to the principles and guidelines of the Code of Corporate Governance 2018 issued by the Monetary Authority of Singapore ("MAS") on 16 August 2018.

To serve the interests of the Group and its stakeholders, each Director capitalises on their strong operational skills and their strategic networking relationship to govern issues that are brought before the Board of Directors (the "Board"). We conduct orientation programmes for all newly appointed Directors. Formal letters, which include details of the duties, are also issued to newly appointed Directors upon their appointment. All directors are required to submit themselves for re-nomination and re-election once every three years. An annual performance evaluation process is carried out to assess the effectiveness of the Board, by obtaining insights from each Director on amongst others to propose changes which may be made to enhance the performance of the Board and the Board Committees.

For more information on the Directors, Board committees and our corporate governance practices, please refer to the Corporate Governance Statement, pages 42 to 66 of the Annual Report.

ii. Business Conduct and Ethics

We strive to inculcate a strong corporate culture within our Group and have zero tolerance towards corruption and fraud. The employee handbook is made available to all employees, which covers penalties for misconduct and fraud, and guides all employees in their everyday conduct. For new hires, they are made aware of our stance against corruption and fraudulent activities during the orientation programme.

A Conflict-of-Interest Policy has been established to provide guidance to our employees. It consists of guidelines to define such conflicts of interests and the necessary actions that the employee should undertake.

In accordance with the Group's Code of Ethics policy, all employees are required to declare any conflict of interests and adherence to the Group's Code of Ethics including fraud and corruption. In addition, reading materials relating to anti-corruption topics are circulated to all employees periodically.

We have whistle blowing policy and channels to allow employees to report concerns over any unlawful conduct, financial malpractice or other wrong-doings that poses risks to the Group, the public or the environment. Through our independent whistle blowing channels, including the direct contacts of the Audit Committee, employees are able to report any suspected misconducts without reprisal. Upon investigation, we will ensure that the outcome of the investigation is communicated to the whistle blower.

In Singapore, all our operations are conducted in compliance with the Personal Data Protection Act ("PDPA"), which includes rules governing the collection, use and disclosure of personal data. We have appointed our Group Human Resource Manager as the Company's Data Protection Officer to oversee data protection responsibilities within the Group and ensure compliance with the PDPA.

SUSTAINABILITY REPORT

iii. Risk Management

Our Enterprise Risk Management ("ERM") framework outlines the process of identifying, analysing and managing strategic risks. It provides the methodology for integrating risk into the strategic planning and resource allocations processes at the strategic level.

The Risk Management Committee, headed by our Executive Director, was appointed by the Board to fulfil its risk management responsibilities. To generate and preserve value without compromising on potential opportunities, the Risk Management Committee will evaluate benefits and associated risks, and seek to optimise returns within the agreed risk appetite levels. Besides monitoring the effectiveness of the Risk Management Framework, the Risk Management Committee is also responsible for reviewing any incidents involving fraud or breakdown of the Group's internal controls, reviewing the Group's insurance programme and reviewing public statements to be made by the Group.

Metrics and Our Performance

Topics	Metrics	Units
Governance	Anti-corruption training for employees	SC circulates reading material on anti-corruptions topics to all staff as awareness training periodically. (100%)
	Assurance of sustainability report	The SR process is reviewed by externally engaged internal auditors. Its findings are presented to the Audit Committee yearly. No external assurance is undertaken.

		FY2023	FY2022
1	Fraud and corruption	No case reported	No case reported
2	Termination by business partners due to violations related to corruption	No case reported	No case reported
3	Whistle blowing incident	No case reported	No case reported
4	Compliance with listing rules and other regulations	Full compliance	Full compliance
5	Breaches of privacy and data protection	No case reported	No case reported

SUSTAINABILITY REPORT

GRI UNIVERSAL STANDARDS 2021

GRI content index

Statement of use	Federal International (2000) Ltd has reported the information cited in this GRI content index for the period 1st January 2023 to 31 December 2023 with reference to the GRI Standards.
GRI 1 used	GRI 1: Foundation 2021

GRI Standard Title	Disclosure Number	Disclosure Name	Cross-Reference Section	Page
GRI 2: General Disclosures 2021	2-1	Organizational details	AR-Corporate Profile	1
GRI 2: General Disclosures 2021	2-2	Entities included in the organization's sustainability reporting	SR-Our approach to sustainability.	16
GRI 2: General Disclosures 2021	2-3	Reporting period, frequency and contact point	SR-Our approach to sustainability.	16
GRI 2: General Disclosures 2021	2-4	Restatements of information	**TCFD – Energy consumptions and emissions restated.**	38
GRI 2: General Disclosures 2021	2-5	External assurance	SR-Our approach to sustainability.	16
GRI 2: General Disclosures 2021	2-6	Activities, value chain, and other business relationships	AR-Business and financial review	10 to 13
GRI 2: General Disclosures 2021	2-7	Employees	SR-Social Aspect	22
GRI 2: General Disclosures 2021	2-8	Workers who are not employees	SR-Social Aspect	22
GRI 2: General Disclosures 2021	2-9	Governance structure and composition	AR-Corporate Governance Statement	42 to 52
GRI 2: General Disclosures 2021	2-10	Nomination and selection of the highest governance body	AR-Corporate Governance Statement	42 to 52
GRI 2: General Disclosures 2021	2-11	Chair of the highest governance body	AR-Corporate Governance Statement	42 to 52
GRI 2: General Disclosures 2021	2-12	Role of the highest governance body in overseeing the management of impacts	AR-Corporate Governance Statement	42 to 52
GRI 2: General Disclosures 2021	2-13	Delegation of responsibility for managing impacts	AR-Corporate Governance Statement	42 to 52
GRI 2: General Disclosures 2021	2-14	Role of the highest governance body in sustainability reporting	AR-Corporate Governance Statement	42 to 52
GRI 2: General Disclosures 2021	2-15	Conflicts of interest	AR-Corporate Governance Statement	42 to 52
GRI 2: General Disclosures 2021	2-16	Communication of critical concerns	AR-Corporate Governance Statement	42 to 52

SUSTAINABILITY REPORT

GRI Standard Title	Disclosure Number	Disclosure Name	Cross-Reference Section	Page
GRI 2: General Disclosures 2021	2-17	Collective knowledge of the highest governance body	AR-Corporate Governance Statement	49
GRI 2: General Disclosures 2021	2-18	Evaluation of the performance of the highest governance body	AR-Corporate Governance Statement	52
GRI 2: General Disclosures 2021	2-19	Remuneration policies	AR-Corporate Governance Statement	55
GRI 2: General Disclosures 2021	2-20	Process to determine remuneration	AR-Corporate Governance Statement	55
GRI 2: General Disclosures 2021	2-21	Annual total compensation ratio	We choose not to disclose as we reward based on meritocracy.	NA
GRI 2: General Disclosures 2021	2-22	Statement on sustainable development strategy	SR-Board Statement	15
GRI 2: General Disclosures 2021	2-23	Policy commitments	SR-Our approach to Sustainability	16
GRI 2: General Disclosures 2021	2-24	Embedding policy commitments	SR-Our approach to Sustainability	16
GRI 2: General Disclosures 2021	2-25	Processes to remediate negative impacts	SR-Our approach to Sustainability	16
GRI 2: General Disclosures 2021	2-26	Mechanisms for seeking advice and raising concerns	SR-Our approach to Sustainability	16
GRI 2: General Disclosures 2021	2-27	Compliance with laws and regulations	SR-Our approach to Sustainability	16
GRI 2: General Disclosures 2021	2-28	Membership associations	Not Applicable.	NA
GRI 2: General Disclosures 2021	2-29	Approach to stakeholder engagement	SR-Stakeholders Engagement	17
GRI 2: General Disclosures 2021	2-30	Collective bargaining agreements	Not Applicable	NA
GRI 3: Material Topics 2021	3-1	Process to determine material topics	SR-Material Issues	18
GRI 3: Material Topics 2021	3-2	List of material topics	SR-Material Issues	18 to 19
GRI 3: Material Topics 2021	3-3	Management of material topics	SR-Material Issues	18 to 19

GRI Standard Title	Disclosure Number	Disclosure Name	Cross-Reference Section	Page
GRI 201: Economic Performance 2016	201-1	Direct economic value generated and distributed	SR-Economic Aspect	20
	201-2	Financial implications and other risks and opportunities due to climate change	TCFD	37
	201-3	Defined benefit plan obligations and other retirement plans	SR-Social Aspect	22
	201-4	Financial assistance received from government	None	NA
GRI 202: Market Presence 2016	202-1	Ratios of standard entry level wage by gender compared to local minimum wage	Not Applicable – There are no minimum wage in Singapore.	NA
	202-2	Proportion of senior management hired from the local community	We do not measure hire from different community.	NA
GRI 203: Indirect Economic Impacts 2016	203-1	Infrastructure investments and services supported	None.	NA
	203-2	Significant indirect economic impacts	None.	NA
GRI 204: Procurement Practices 2016	204-1	Proportion of spending on local suppliers	Our procurement policy and practice do not differentiate location of suppliers.	NA
GRI 205: Anti-corruption 2016	205-1	Operations assessed for risks related to corruption	SR – Governance Aspect	27
	205-2	Communication and training about anti-corruption policies and procedures	SR – Governance Aspect	28
	205-3	Confirmed incidents of corruption and actions taken	SR – Governance Aspect	28
GRI 206: Anti-competitive Behavior 2016	206-1	Legal actions for anti-competitive behaviour, anti-trust, and monopoly practices	None.	NA
GRI 207: Tax 2019	207-1	Approach to tax	Not Applicable – Tax is not a material topic and we engage local tax consultant to ensure compliance with local tax regulation.	NA
	207-2	Tax governance, control, and risk management		NA
	207-3	Stakeholder engagement and management of concerns related to tax		NA
	207-4	Country-by-country reporting		NA

SUSTAINABILITY REPORT

GRI Standard Title	Disclosure Number	Disclosure Name	Cross-Reference Section	Page
GRI 301: Materials 2016	301-1	Materials used by weight or volume	Not Applicable – our trading operations involves buy/sell activities.	NA
	301-2	Recycled input materials used		NA
	301-3	Reclaimed products and their packaging materials		NA
GRI 302: Energy 2016	302-1	Energy consumption within the organization	SR – Environmental Aspect.	21 to 22
	302-2	Energy consumption outside of the organization	Not Applicable – Scope 3 energy consumption data has not been taken into consideration.	NA
	302-3	Energy intensity	SR – Environmental Aspect.	22
	302-4	Reduction of energy consumption	Reduction in energy consumption efforts is attributed to collective efforts but not separate identifiable initiatives.	NA
	302-5	Reductions in energy requirements of products and services	Not Applicable – in our trading operations, there is no products or services that have direct attributable energy consumption.	NA
GRI 303: Water and Effluents 2018	303-1	Interactions with water as a shared resource	SR – Environmental Aspect. Our trading operations do not material water and waste discharges.	NA
	303-2	Management of water discharge-related impacts	Not Applicable – our trading operations do not have water discharge.	NA
	303-3	Water withdrawal	SR – Environmental Aspect.	21
	303-4	Water discharge	Not Applicable – our trading operations do not have water discharge.	NA
	303-5	Water consumption	SR – Environmental Aspect.	21

GRI Standard Title	Disclosure Number	Disclosure Name	Cross-Reference Section	Page
GRI 304: Biodiversity 2016	304-1	Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	Not Applicable – Our core trading operations are consolidated at Chin Bee Facility which is located at a zoned industrial park.	NA
	304-2	Significant impacts of activities, products and services on biodiversity		NA
	304-3	Habitats protected or restored		NA
	304-4	IUCN Red List species and national conservation list species with habitats in areas affected by operations		NA
GRI 305: Emissions 2016	305-1	Direct (Scope 1) GHG emissions	TCFD – Only Scope 1 and 2 emissions captured. Our core trading operations are consolidated at Chin Bee Facility which generate CO_2 from energy consumed for the premises.	37
	305-2	Energy indirect (Scope 2) GHG emissions		37
	305-3	Other indirect (Scope 3) GHG emissions	Not Applicable – Scope 3 GHG emissions not available.	NA
	305-4	GHG emissions intensity	TCFD – Only Scope 1 and 2 emissions captured.	38
	305-5	Reduction of GHG emissions	Efforts to manage GHG emissions is ongoing and cannot be precisely attributable to identifiable initiatives.	NA
	305-6	Emissions of ozone-depleting substances (ODS)	These two topics are not applicable since the Group does not produce ODS and other significant air emissions.	NA
	305-7	Nitrogen oxides (NOx), sulphur oxides (SOx), and other significant air emissions		NA
GRI 306: Waste 2020	306-1	Waste generation and significant waste-related impacts	SR – Environmental Aspect. Our trading operations do not have material water and waste discharges.	NA
	306-2	Management of significant waste-related impacts		NA
	306-3	Waste generated		NA
	306-4	Waste diverted from disposal		NA
	306-5	Waste directed to disposal		NA

SUSTAINABILITY REPORT

GRI Standard Title	Disclosure Number	Disclosure Name	Cross-Reference Section	Page
GRI 308: Supplier Environmental Assessment 2016	308-1	New suppliers that were screened using environmental criteria	Not Applicable – We select our key and critical suppliers from an approved vendor list of our customers. Suppliers are mainly established businesses.	NA
	308-2	Negative environmental impacts in the supply chain and actions taken		NA
GRI 401: Employment 2016	401-1	New employee hires and employee turnover	SR-Social Aspect	23
	401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	SR-Social Aspect	24
	401-3	Parental leave	SR-Social Aspect	24
GRI 402: Labor/ Management Relations 2016	402-1	Minimum notice periods regarding operational changes	Not Applicable – No Collective bargaining agreement	NA
GRI 403: Occupational Health and Safety 2018	403-1	Occupational health and safety management system	SR-Social Aspect	23
	403-2	Hazard identification, risk assessment, and incident investigation	SR-Social Aspect	23
	403-3	Occupational health services	SR-Social Aspect	23 to 24
	403-4	Worker participation, consultation, and communication on occupational health and safety	SR-Social Aspect	23 to 24
	403-5	Worker training on occupational health and safety	SR-Social Aspect	23 to 24
	403-6	Promotion of worker health	SR-Social Aspect	23 to 24
	403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	SR-Social Aspect	23 to 24
	403-8	Workers covered by an occupational health and safety management system	SR-Social Aspect	23 to 24
	403-9	Work-related injuries	SR-Social Aspect	24
	403-10	Work-related ill health	SR-Social Aspect	24

GRI Standard Title	Disclosure Number	Disclosure Name	Cross-Reference Section	Page
GRI 404: Training and Education 2016	404-1	Average hours of training per year per employee	SR-Social Aspect	23
	404-2	Programs for upgrading employee skills and transition assistance programs	SR-Social Aspect	23
	404-3	Percentage of employees receiving regular performance and career development reviews	SR-Social Aspect	22 to 23
GRI 405: Diversity and Equal Opportunity 2016	405-1	Diversity of governance bodies and employees	AR-Corporate Governance Statement	46
	405-2	Ratio of basic salary and remuneration of women to men	Not disclosed. Employee are remunerated based on merits.	NA
GRI 406: Non-discrimination 2016	406-1	Incidents of discrimination and corrective actions taken	None.	NA
GRI 407: Freedom of Association and Collective Bargaining 2016	407-1	Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	SR-Social Aspect	26
GRI 408: Child Labor 2016	408-1	Operations and suppliers at significant risk for incidents of child labor	Not Applicable – We select our key and critical suppliers from an approved vendor list of our customers. Suppliers are mainly established businesses.	NA
GRI 409: Forced or Compulsory Labor 2016	409-1	Operations and suppliers at significant risk for incidents of forced or compulsory labor		NA
GRI 410: Security Practices 2016	410-1	Security personnel trained in human rights policies or procedures	Not Applicable.	NA
GRI 411: Rights of Indigenous Peoples 2016	411-1	Incidents of violations involving rights of indigenous peoples	Not Applicable.	NA
GRI 413: Local Communities 2016	413-1	Operations with local community engagement, impact assessments, and development programs	SR-Social Aspect	26
	413-2	Operations with significant actual and potential negative impacts on local communities	SR-Social Aspect	26

SUSTAINABILITY REPORT

GRI Standard Title	Disclosure Number	Disclosure Name	Cross-Reference Section	Page
GRI 414: Supplier Social Assessment 2016	414-1	New suppliers that were screened using social criteria	Not Applicable – We select our key and critical suppliers from an approved vendor list of our customers. Suppliers are mainly established businesses.	NA
	414-2	Negative social impacts in the supply chain and actions taken		NA
GRI 415: Public Policy 2016	415-1	Political contributions	None.	NA
GRI 416: Customer Health and Safety 2016	416-1	Assessment of the health and safety impacts of product and service categories	SR-Social Aspect-Material Topic-Product and Customer Service Quality.	26
	416-2	Incidents of non-compliance concerning the health and safety impacts of products and services	None.	NA
GRI 417: Marketing and Labeling 2016	417-1	Requirements for product and service information and labeling	Not Applicable	NA
	417-2	Incidents of non-compliance concerning product and service information and labeling	Not Applicable	NA
	417-3	Incidents of non-compliance concerning marketing communications	Not Applicable	NA
GRI 418: Customer Privacy 2016	418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	None.	NA

TCFD Report

Our group recognizes climate change as a medium- to long-term challenge. Therefore, we make analysis using multiple future scenarios based on the 1.5-2°C and 4°C scenarios, to account for risks and opportunities under a variety of circumstances.

The Group's core business activities include the distribution of flow control products and oilfield drilling equipment for use on onshore and offshore rigs and drilling platform, provision of fire protection and detection systems in our Chin Bee facility. The risks under the climate scenarios are expected to be low in the short to medium term.

The followings are our Group's approach to manage the risks and opportunities.

GOVERNANCE		
a)	Describe the board's oversight of climate-related risks and opportunities	The Board of Directors has the ultimate oversight of climate-related risks and opportunities and considers this as part of its overall strategy.
b)	Describe management's role in assessing and managing climate-related risks and opportunities	Sustainability committee ("SC") consists of representatives from Human Resources, Customer Service, Quality Assurance, Logistics departments and finance. SC is headed by Executive Director. The SC reports to the Board of Directors.
STRATEGY		
a)	Describe the climate-related risks and opportunities the organization has identified over the short, medium, and long term.	Please refer to Climate-Related Risks Table. Our business activities are largely contributed by the Trading segment (>90%).
		The Group's Trading Segment include distribution of flow control products and procurement specialist in the oil and gas, and energy industries.
		The implementation of net zero commitments and pledges by countries and companies with a corresponding roll out of carbon pricing schemes and regulations are expected to impact the oil and gas sector that the Group operates in.
		While these bring challenges, it also opens up opportunities in the natural gas and renewable energy.
		The Group's other segments comprising the Energy & Utilities Segment, Marine Logistics Segment, Resource Segment and Others are either dormant or are operating at low activities level and impacts are immaterial.
b)	Describe the impact of climate-related risks and opportunities on the organization's businesses, strategy, and financial planning.	Please refer to Table 1: Metrics. The Group reviews the assets/businesses. Non-core assets such as its 30% interest in the Floating Storage and Off loader (FSO) will be reviewed for relevance to the Group's strategy.
c)	Describe the resilience of the organization's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario.	Global energy supply under the 2°C or lower scenario will see fossil fuel supply decline with preference of renewable energy, with natural gas an exception. Upcoming EPC projects are mainly driven by demand for natural gas and renewable energy such as solar, wind farm and hydrogen. The Group's existing businesses, with its deep-rooted relationship with manufacturers and repeat customers, are expected to be manageable under these transition scenarios.

SUSTAINABILITY REPORT

<table>
<tr><th colspan="3">RISK</th></tr>
<tr><td>a)</td><td>Describe the organization's processes for identifying and assessing climate-related risks.</td><td>The Group has started a process where business heads identify the most material climate-related risks and opportunities. These are shared at the periodic SC meetings. These risks' potential impact and likelihood are considered and responses are drawn up</td></tr>
<tr><td>b)</td><td>Describe the organization's processes for managing climate-related risks.</td><td>Please refer to Climate-Related Risk Table 1: Metric. Physical risks are expected to be manageable in the foreseeable future. Extreme weather events may potentially impact cost of operations arising from supply chain disruption. Transition risks that are assessed as high will be discussed in depth and resolution arrived at.</td></tr>
<tr><td>c)</td><td>Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organization's overall risk management.</td><td>The SC comprises members from key business segments and works with the ERM officer to ensure a comprehensive assessment of the risks, including climate-related and the overall risk management is effective.</td></tr>
<tr><th colspan="3">METRICS</th></tr>
<tr><td>a)</td><td>Disclose the metrics used by the organization to assess climate-related risks and opportunities in line with its strategy and risk management process.</td><td>Please see Table 1: Metrics "Climate-related Risks & impact" and "Climate-related opportunity & Impact".</td></tr>
<tr><td rowspan="2">b)</td><td rowspan="2">Disclose Scope 1, Scope 2, and if appropriate, Scope 3 greenhouse gas (GHG) emissions, and the related risks.</td><td>The Group has only accounted for the Scope 1 and 2 emission and did not account for Scope 3 emission.

Scope 1: Direct emissions from fuel combustion in factories and other manufacturing processes – emissions from the Group's Chin Bee Facility.

<table>
<tr><th>S/No</th><th>Description</th><th>UOM</th><th>FY2023</th><th>Restated – FY2022</th></tr>
<tr><td>1</td><td>Diesel – in litres</td><td>Litres</td><td>2,562</td><td>3,360</td></tr>
<tr><td>2</td><td>Diesel – in Kwh</td><td>Kwh</td><td>25,620</td><td>33,360</td></tr>
<tr><td>3</td><td>Emission</td><td>kg CO_2e</td><td>6,858</td><td>8,993</td></tr>
<tr><td>4</td><td>Emission intensity</td><td>kg CO_2e/m^2</td><td>1.29</td><td>1.69</td></tr>
</table>

Diesel consumed was omitted in FY2022 reporting, now reinstated.</td></tr>
<tr><td>Scope 2: Indirect emissions from the use of electricity supplied by other companies:

<table>
<tr><th>S/No</th><th>Description</th><th>UOM</th><th>FY2023</th><th>Restated – FY2022</th><th>FY2022</th></tr>
<tr><td>1</td><td>Electricity consumed at our Chin Bee Facility</td><td>Kwh</td><td>208,416</td><td>212,694</td><td>212,694</td></tr>
<tr><td>2</td><td>Average Operating Margin (OM)</td><td>$Kg/CO_2/kWh$</td><td>0.4080</td><td>0.4080</td><td>0.4080</td></tr>
<tr><td>3</td><td>Total</td><td>Kg/CO_2</td><td>85,034</td><td>86,779</td><td>85,542</td></tr>
<tr><td>4</td><td>Emission intensity</td><td>$Kg/CO_2/m^2$</td><td>15.99</td><td>16.34</td><td>16.09</td></tr>
</table></td></tr>
<tr><td rowspan="2">c)</td><td rowspan="2">Describe the targets used by the organization to manage climate-related risks and opportunities and performance against targets.</td><td>Target: Reduction of electricity consumption for Chin Bee Facility by 20% in FY2024.</td></tr>
<tr><td>Action: Has appointed vendor to instal solar panel roof in FY2024.</td></tr>
</table>

Table 1: METRICS

Climate-related Risks & impact

	Climate Related Risks	Risks to operations	Short	Medium	Long	Mitigation
			3yrs	3-5 years	>5 years	
Physical	**Acute**					
Physical	Increase in severity of extreme weather events such as floods	Affects ability to deliver products to clients and increase operating costs	Low	Low	Low	Sourcing from approved and established suppliers with multiple facilities.
Physical	**Chronic**					
Physical	Changes in precipitation patterns/ temperature and sea levels	Risk of increased operating costs	n.a.	Low	Low	Upgrade of equipment to improve efficiency.
Transition	**Policy/Legal**					
Transition	Enhance emission obligations	Risk of increased operating costs	n.a.	Low	Low	Please refer to Scope 1 and Scope 2 emission intensity under Metrics (b).
Transition	Carbon pricing mechanism leading to increased costs	Risk of increased operating costs	n.a.	Low	Low	
Transition	**Technology**					
Transition	Substitution of existing products and services with lower emissions options	Reduce demand for goods where we have been appointed as principal.	Low	Low	High	Current manufacturing process for flow control products unlikely to change. In longer term, the move to alternative green energy may affect demand for some products.
Transition	Costs to transition to lower emissions technology	Costs to adopt/ deploy new practices, process and equipment	Low	Low	High	Collaborations with manufacturers to explore new products as replacement.
Transition	**Market**					
Transition	Changing customer behaviour	Reduce demand for goods where we have been appointed as principal.	Low	Low	High	Collaborations with manufacturers to explore new products as replacement.
Transition	Increase/unstable cost of raw material	Abrupt and unexpected shifts in shipment/ transportation costs	Medium	High	High	Collaborations with manufacturers to explore new products as replacement.

SUSTAINABILITY REPORT

	Climate Related Risks	Risks to operations	Short	Medium	Long	Mitigation
			3yrs	3-5 years	>5 years	
	Reputation					
	Shift in consumer preferences	Reduce demand for goods where we have been appointed as principal.	Low	Low	High	In longer term, the move to alternative green energy may affect operation. Collaborations with manufacturers to explore new products as replacement.
	Stakeholder concern	Limitation of available capital.	Low	Low	Low	Strategic alliance with customers and vendors to improve terms of payments.

Climate-Related Opportunities

	Climate-Related Opportunities	Actions	Short	Medium	Long
			3yrs	3-5yrs	>5yrs
Resource Efficiency	Energy efficiency – More efficient production and distribution processes	Diversify sources of supply. Qualify regional vendors to shorten delivery and reduce risk of supply disruptions.	Low	Low	Low
	Energy efficiency – More efficient buildings	Plan to install solar panel roof to reduce energy costs	Low	Low	Low
Energy Resources	Use of lower emission sources & new technology	Plan to install solar panel roof to reduce energy costs	Low	Low	Low
Products & Services	Low emission services	Roof solar panel to reduce energy cost surcharges.	Low	Low	Medium
	Diversification	Diversify sources of supply. Qualify regional vendors to shorten delivery and reduce risk of supply disruptions.	Low	Low	Medium
Market	Access to new markets	Increased in regional projects with focus on offshore gas developments and geothermal energy. In the longer term, explore with manufacturers on alternative products arising for preference for alternative green energy.	Low	Low	Medium
Resilience	Participation in renewable energy	Increased reliability of supply chain and ability to operate under varying conditions.	Low	Low	Medium
	Resource substitutes/ diversifications	Diversify sources of supply. Qualify regional vendors to shorten delivery and reduce risk of supply disruptions.	Low	Low	Medium

CORPORATE STRUCTURE

CORPORATE GOVERNANCE **STATEMENT**

The Board of Directors (the "**Board**") of Federal International (2000) Ltd (the "**Company**" together with its subsidiaries the "**Group**") is committed to maintain a high standard of corporate governance. The Board and Management have taken steps to align its corporate governance framework with the principles and guidelines of the Code of Corporate Governance 2018 (the "**Code**"). Unless otherwise stated, the Group has generally adhered to the principles and guidelines as set out in the Code during the financial year ended 31 December 2023 ("**FY2023**").

PRINCIPLE 1: THE BOARD'S CONDUCT OF AFFAIRS

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

Guidelines ***Federal Corporate Governance Practices***

1.1 The Board is primarily responsible for directing the affairs of the Company in order to achieve the goals set for the Group. The responsibility includes setting the strategic direction and long term goals, internal controls and risk management, corporate governance and financial performance of the Group.

The Board works closely with Management ensuring that their duties and responsibilities stipulated under the Companies Act 1967 and applicable rules and regulations are complied with and their obligations towards shareholders and other stakeholders are met. The Board will hold Management accountable for performance.

The Board has adopted a policy where Directors who are interested in any matter being considered, recuse themselves from discussion and decision involving the issue of conflict.

The Board has the appropriate core competencies and diversity of experience to enable them to contribute effectively. They are able to objectively raise issues and seek clarification as and when necessary, from fellow Directors and the Management and actively help the Management in the development of strategic proposals and oversees the effective implementation by Management to achieve the objectives set. All Directors are expected to exercise due diligence and independent judgment in dealing with the business affairs of the Group and are obliged to act in good faith and to take objective decisions in the interest of the Group.

On an annual basis, each Director is also required to submit the disclosure of interest in transactions for the purpose of monitoring interested persons transactions. Where a Director has a conflict or potentially conflict of interest in relation to any matter, he/she should immediately declare his/her interest when the conflict-related matter is discussed, unless the Board is of the opinion that his/her presence and participation is necessary to enhance the efficacy of such discussion. Nonetheless, he/she is abstained from voting in relation to the conflict-related matters.

1.2 With assistance of the Company Secretaries, the Board and the Management are continually apprised of their compliance obligations and responsibilities arising from regulatory requirements and changes in the Listing Manual of the Singapore Exchange Securities Trading Limited ("**SGX-ST**").

The Company also has put in place a budget for Directors' training programmes on an annual basis and the Directors are encouraged to participate in industry conferences, seminars, courses or training programmes in connection with their duties and responsibilities as Directors of the Board and Board Committees, in order to keep abreast of the latest rules, regulations and accounting standards in Singapore. In addition, the Directors have attended the sustainability training course conducted by Singapore Institute of Directors ("**SID**") as required by the enhanced SGX sustainability reporting rules.

The Directors have been keeping themselves abreast with the latest rules, regulations and accounting standards applicable to the Group during the course of their principal commitments, in addition to the regular digest provided by Company Secretaries and external auditors.

Please also refer to Guideline 4.5.

CORPORATE GOVERNANCE STATEMENT

1.3 The Board comprises the following members:

Executive Directors
Mr Koh Kian Kiong (Executive Chairman and Chief Executive Officer ("**CEO**"))
Ms Maggie Koh

Non-Executive and Independent Directors
Mr Hoon Tai Meng (Lead Independent Director)
Mr Murali Krishna Ramachandra
Mr Heng Yeow Teck, Malcolm

The matters specifically reserved for the Board's decision include but are not limited to:

(1) Approving the Group's goals, strategies and objectives;

(2) Monitoring the performance of Management;

(3) Overseeing the processes for evaluating the adequacy and effectiveness of internal controls, risk management systems, financial reporting and compliance of the Group;

(4) Approving the appointment of Directors of the Company and Key Management Personnel of the Group;

(5) Approving the announcement of unaudited half-yearly and full year financial results and audited financial statements;

(6) Endorsing remuneration framework and key human resource matters of the Group;

(7) Convening of general meetings;

(8) Approving annual budgets, major funding proposals, major acquisition and major disposal of investments according to the Listing Manual of the SGX-ST; and

(9) Assuming responsibility for corporate governance and compliance with the Companies Act 1967 and the rules and regulations applicable to a public listed company.

1.4 To facilitate effective management, certain functions have been delegated to various Board Committees i.e. Executive Committee ("**EC**"), Audit Committee ("**AC**"), Nominating Committee ("**NC**") and Remuneration Committee ("**RC**"), each of which has its own clear written terms of reference ("**TOR**"). The TORs are reviewed on annual basis to ensure their continued relevance with the Code.

The Management together with the Board Committees support the Board in discharging its duties and responsibilities. Each of the Board Committees report their findings to the Board. The roles and powers of the Board Committees are set out separately in this Statement.

The EC comprises the following members:

Mr Koh Kian Kiong
Ms Maggie Koh
Mr Koh Beng Guan, Don (Deputy Group Chief Executive Officer ("**Deputy Group CEO**"))

CORPORATE GOVERNANCE **STATEMENT**

The EC meets and performs the following key duties:

(1) to approve investment/divestment proposals within 5% of NTA;

(2) to review and submit the Group's business plans to the Board;

(3) to establish guidelines and approval limits for the management and operation of the Group's businesses;

(4) to review budget against performance of each business unit; and

(5) to ensure interested person transactions are undertaken at arm's length and on commercial terms.

1.5 Board and Board committee meetings are scheduled well in advance of each year in consultation with the Directors.

The Board continues to meet quarterly to review and evaluate the Group's operations and performance and to address key policy matters of the Group, although the Company is no longer required to have quarterly reporting pursuant to Listing Rule 705(2).

Ad-hoc meetings will be convened from time to time as warranted by circumstances to discuss and update on matters including the development of major investments, strategic plans, evaluating the adequacy of internal controls, risk management and governance issues.

The Constitution of the Company allows Board and Board Committees meetings to be conducted by way of teleconferencing to facilitate Board participation.

The Non-Executive Directors and Independent Directors set aside time for discussion without the presence of Management at least once a year.

The Board meets at least 4 times a year. The number of Board and Board Committee meetings held during FY2023 and the attendance of each Director, where relevant, are set out as follows:

Directors	**Board Meetings**	**Audit Committee Meetings**	**Remuneration Committee Meetings**	**Nominating Committee Meetings**
Mr Koh Kian Kiong	4	Not Applicable	Not Applicable	2
Ms Maggie Koh	4	Not Applicable	Not Applicable	Not Applicable
Mr Hoon Tai Meng	4	4	3	2
Mr Murali Krishna Ramachandra	4	4	3	2
Mr Heng Yeow Teck, Malcolm	4	4	3	Not Applicable
No. of Meetings held in FY2023	**4**	**4**	**3**	**2**

Directors with multiple board representation are to disclose such board representation and ensure that sufficient time and attention are given to the affair of the Company.

1.6 Board papers for Board and Board Committee meetings are supplied to Directors prior to meetings in order for Directors to be adequately prepared for meetings, including all relevant documents, materials, background or explanatory information relating to matters to be brought before the Board and Board Committees.

CORPORATE GOVERNANCE STATEMENT

1.7 The Board, the Board Committees and the Directors have separate and independent access to Management, the Company Secretaries and external advisors (where necessary) at the Company's expense and are entitled to request from Management such information or clarification as required.

Professional advisors may be invited to advise the Board, or any of its members, if the Board or any individual member thereof needs independent professional advice.

The Company Secretaries attends all Board and Board Committees meetings and is responsible for ensuring that Board procedures are followed and the minutes of all Board and Board Committees meetings are recorded and circulated to the Board and Board Committees.

The appointment and the removal of the Company Secretaries are subject to the approval of the Board pursuant to the Constitution of the Company.

PRINCIPLE 2: BOARD COMPOSITION AND GUIDANCE

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

Guidelines ***Federal Corporate Governance Practices***

2.1 The Board comprises three (3) Non-Executive and Independent Directors and two (2) Executive Directors as at the date of the Annual Report.

The Directors in the office at the date of the Annual Report are:

Name of Director	**Role undertaken**	**Board Committee Membership**
Mr Koh Kian Kiong	Chairman & CEO	EC NC
Ms Maggie Koh	Executive Director	EC
Mr Hoon Tai Meng	Lead Independent Director	AC NC RC
Mr Murali Krishna Ramanchandra	Non-Executive Independent Director	AC NC RC
Mr Heng Yeow Teck, Malcolm	Non-Executive Independent Director	AC RC

The Board is of the view that a strong element of independence is present in the Board with Non-Executive and Independent Directors making up majority of the Board. The Board exercises objective and independent judgement on the Group's corporate affairs. No individual or group of individuals dominates the Board's decision-making.

2.2 & 2.3 The Board complies with the Guideline by having majority of the Board made up of Non-Executive and Independent Directors as the Chairman of the Board and the CEO is the same person.

CORPORATE GOVERNANCE **STATEMENT**

2.4 The composition of the Board is reviewed annually by the NC and the Board to ensure that there is an appropriate mix of expertise, knowledge and experience to enable the Management to benefit from a diverse perspective of issues that are brought before the Board.

Given the diverse qualifications, experience, background, gender and profile of the Directors, including the Independent Directors, the NC is of the view that the current Board members as a group provides an appropriate balance and diversity of relevant skills, experience and expertise required for effective management of the Group.

The Board is of the view that the current size, composition, range of experience and the varied expertise of the current Board members provides core competencies in business, investment, industry knowledge, legal, regulatory matters, audit, accounting and tax matters which are necessary to meet the Group's needs. It provides diversity and allows for informed and constructive discussion and effective decision making at the Board meetings. The Board will, however, continue to review opportunities to refresh the Board with a view to expanding the skills, experience and diversity of the Board as a whole.

The NC conducts its review of the composition of the Board annually, which comprises members of both genders and from different backgrounds whose core competencies, qualifications, skills and experiences, met with the requirement of the Group. Each individual Director submitted a self-evaluation form annually and the NC, having reviewed the completed forms, is satisfied that the Board has the appropriate mix of expertise and experience, and collectively possesses the necessary core competencies to lead and govern the Group effectively.

Key information regarding the Directors is set out on pages 5 to 8 of the Annual Report.

DIVERSITY OF THE BOARD

			Core Competencies			Gender	
Name of Directors	**Independence**	**Executive**	**Accounting and Finance**	**Legal**	**Relevant industry knowledge or experience**	**Male**	**Female**
Mr Koh Kian Kiong		√			√	√	
Ms Maggie Koh		√			√		√
Mr Hoon Tai Meng	√		√	√		√	
Mr Murali Krishna Ramachandra	√			√		√	
Mr Heng Yeow Teck, Malcolm	√		√			√	
Total (%)	**60%**	**40%**	**40%**	**40%**	**40%**	**80%**	**20%**

CORPORATE GOVERNANCE STATEMENT

The Board has put in place a Board Diversity Policy which endorses the principle that its Board should have a balance of skills, knowledge, experience and diversity of perspectives appropriate to its business so as to mitigate against group think and to ensure that the Group has the opportunity to benefit from all available talents. In reviewing Board composition and succession planning, the NC will consider the benefits of all aspects of diversity, including diversity of background, experience, gender, age and other relevant factors. These differences will be considered in determining the optimum composition of the Board and when possible, should be balanced appropriately.

The main objective of the Board Diversity Policy is to continue to maintain the appropriate balance of perspectives, skills and experience on the Board to support the long-term success of the Group. The NC will continue to review the Board Diversity Policy, as appropriate, to ensure its effectiveness, and will recommend appropriate revisions to the Board for consideration and approval. It will also continue its identification and evaluation of suitable candidates to ensure there is diversity (including gender diversity) on the Board.

In this regard, the NC will strive to ensure that:–

- if external search consultants are used to search for candidates for Board appointments, the brief will include a requirement to also present female candidates;
- a female candidate is included for consideration by the NC whenever it seeks to identify a new Director for appointment to the Board; and
- female representation on the Board shall be continuously reviewed, recognising that the Board's needs will change over time taking into account the skills and experience on the Board.

The final decision on selection of Directors will be based on merits that complement and expand the skills and experience of the Board as a whole, and after having given due regard to the overall balance and effectiveness of a diverse Board.

The NC will discuss annually the relevant measurable objectives for promoting and achieving diversity on the Board and make its recommendations for consideration and approval by the Board. The objectives may involve at any given time, one or more aspects of board diversity with different timelines for achievement.

The current Board composition reflects the Company's commitment to Board diversity in terms of different professional experiences (40%), skills (40%), knowledge (40%) and gender (20%). The NC together with the Board will consider all aspects of diversity in order to arrive at an optimum balanced composition of the Board.

2.5 Non-Executive and Independent Directors contribute to the Board process by monitoring and reviewing the Group's performance against goals and objectives in a timely manner. Their views and opinions provide alternative perspectives to the Group's businesses and bring independent judgement on business activities and transactions involving conflicts of interest and other complexities.

The Non-Executive and Independent Directors will at the direction of Lead Independent Director meet regularly without the presence of Management. The chairman of such meetings provides feedback to the Board and/or Chairman as appropriate.

CORPORATE GOVERNANCE **STATEMENT**

PRINCIPLE 3: CHAIRMAN AND CHIEF EXECUTIVE OFFICER

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

Guidelines ***Federal Corporate Governance Practices***

3.1 Mr Koh Kian Kiong is the Executive Chairman and CEO of the Company.

The Board is of the view that having Mr Koh Kian Kiong assume the roles of both Executive Chairman and CEO has not compromised overall accountability and independent decision-making as there is a majority number of Independent Directors versus Executive Directors on the Board.

Notwithstanding the Company has benefited from having an Executive Chairman and CEO who is knowledgeable about the businesses and operations of the Company and of the Group, the Board will address the segregation of such positions when it is appropriate.

As the AC and RC consist of all independent directors, the Board believes that there are sufficient strong and independent elements in place against a possible concentration of power and authority where Mr Koh Kian Kiong holds the roles of both Executive Chairman and CEO.

3.2 As the founder of the Group, Mr Koh Kian Kiong has been responsible for leading the Board and has assumed full executive responsibilities over the directions and operational decisions of the Group since 1974, when operations first began as a hardware trading business. The Executive Chairman, with the assistance of Mr Koh Beng Guan, Don ("**Mr Don Koh**"), the Deputy Group CEO, oversees the formulation of the Group's corporate strategies and expansion plans.

The Chairman also ensures that Board meetings continues to be held every quarter and when necessary, even though the Board is only required to announce its financial results to the SGX-ST through SGXNET half-yearly. The Management, who can provide additional insight into the matters to be discussed, are invited to attend the relevant Board or Board Committees meetings.

3.3 In compliance with the Code, Mr Hoon Tai Meng has been appointed as the Lead Independent Director, to act as the principal liaison to address shareholders' concerns, in the case direct contact through normal channels of the Chairman/CEO or Management fails to resolve or is inappropriate.

The role as Lead Independent Director includes but is not limited to:

(1) Act as liaison between the Independent Directors of the Board and the Chairman of the Board and lead the Independent Directors to provide a non-executive perspective in circumstances where it would be inappropriate for the Chairman to serve in such capacity and to contribute a balanced view point to the Board;

(2) Advise the Chairman of the Board as to the quality, quantity and timeliness of information submitted by Management that is necessary or appropriate for the Independent Directors to effectively and responsibly perform their duties;

(3) Assist the Board in ensuring compliance with and implementation of governance guidelines;

(4) Lead the meetings of Non-Executive Directors (without the presence of the Executive Directors), where necessary, and to provide feedback to the Chairman after such meetings; and

(5) Serve as principal liaison for consultation and communication with shareholders.

PRINCIPLE 4: BOARD MEMBERSHIP

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

Guidelines ***Federal Corporate Governance Practices***

4.1 The NC is responsible for reviewing the composition and effectiveness of the Board and determining whether Directors possess the requisite qualifications, knowledge and expertise and whether the independence of Directors is compromised pursuant to the guidelines set out in the Code.

The key duties of the NC include but not limited to the following:

(1) To review annually the independence of each Director with reference to the guidelines set out in the Code;

(2) To review all nominations for new appointments and re-election of Directors, put forth their recommendations for approval by the Board and ensure the new Directors are aware of their duties and obligation;

(3) To determine whether a Director is able to and has been adequately carrying out his duties as a Director of the Company, particularly, when a Director has multiple Board representations;

(4) Deciding how the Board's, Board Committees' and individual Director's performance may be evaluated and propose objective performance criteria, as approved by the Board, that allows comparison with its industry peers, and address how the Board has enhanced long term shareholders' value;

(5) To review Board succession plans, in particular, of the Chairman and CEO, and Key Management Personnel;

(6) To assess the effectiveness of the Board as a whole and NC; and

(7) To review training and professional development programmes for the Board.

The NC and the Board will, at least once every year, review the terms of reference of the NC.

Each member of the NC abstains from voting on any resolution and making any recommendation or participating in any deliberations of the NC in respect of matters concerned him, if any.

4.2 The members of the NC of the Company are:

Mr Hoon Tai Meng (Chairman)
Mr Koh Kian Kiong
Mr Murali Krishna Ramachandra

The majority of the NC members, including the Chairman of the NC, are Non-Executive and Independent Directors.

CORPORATE GOVERNANCE STATEMENT

4.3 The NC is responsible to make recommendations to the Board on the appointment and re-appointment of Directors and reviewing all nominations for the appointments of new Directors.

The NC also reviews the succession planning for Key Management Personnel ("**KMP**"), especially the Chairman and CEO. As part of this review, the successors to key positions are identified, and development plans are instituted for them. The NC conducts a regular review of the succession plan for Board members, the CEO and KMPs of the Company.

With the reference of the Board Diversity Policy, the NC has formalized a procedure for the selection, appointment and re-election of Directors. When an existing Director chooses to retire or the need for a new Director arises, either to replace a retiring Director or to enhance the Board's strength, the NC, in consultation with the Board, evaluates and determines the selection criteria so as to identify candidates with the appropriate expertise and experience for the appointment as new Director. The selection criterion includes integrity, diversity of competencies, expertise, industry experience and financial literacy.

Letters of appointment will be issued to new Non-Executive and Independent Directors setting out their duties, obligations and terms of appointment as appropriate while a service agreement accompanied with supporting documents setting out duties, responsibilities and terms of appointment will be given to new Executive Director.

The NC and Board are satisfied that its current composition has an appropriate level of independence and diversity of thought and background to enable it to make decisions in the best interests of the Company. The Board acknowledges that improvements to Board diversity practices are an ongoing process. The NC and Board reviewed the scope and nature of the Group's operations in determining the appropriate Board composition and areas of enhancement in its policy and practices to incorporate a balance of skills, knowledge, experience, gender, age and other qualities that will harness the benefits that diversity can bring.

In the case of a new Director to be appointed, *inter alia*, an evaluation of a candidate's qualifications and experience with due consideration being given to ensure that the Board consists of members who as a whole will collectively possess the relevant core competencies in areas such as accounting or finance, legal and regulatory matters, risk management, business or management experience and industry knowledge. The search for new Directors, if any, will, if considered necessary, be made through executive search companies, contacts and recommendations. Shortlisted persons will be evaluated by the NC before being recommended to the Board for consideration.

The role of the NC includes re-nomination of Directors who retire by rotation, taking into consideration the Director's integrity, independence mindedness, contribution, performance and any other factors as may be determined by the NC.

In accordance with the Constitution of the Company, one-third of Directors for the time being, or, if their number is not a multiple of three, the number nearest to but not less than one-third, shall retire from office by rotation at annual general meeting of the Company, and a Director appointed during the year shall hold office until the next annual general meeting of the Company. The Company also ensures all Directors must submit themselves for re-appointment at least once every 3 years pursuant to Rule 720(5) of the Listing Manual of the SGX-ST. The retiring Directors may offer themselves for re-election.

The NC has reviewed and recommended the nomination of Mr Koh Kian Kiong and Mr Murali Krishna Ramachandra who will be retiring by rotation in accordance with Regulation 91 of the Constitution of the Company, for re-election as Directors of the Company at the forthcoming Annual General Meeting ("**AGM**") of the Company scheduled on 30 April 2024.

CORPORATE GOVERNANCE STATEMENT

Set out below are the names, positions, dates of appointment and last re-election of each Director of the Company:

Name	Position	Date of First Appointment	Date of Last Re-election
Mr Koh Kian Kiong	Chairman & CEO	13 November 1999	28 April 2022
Ms Maggie Koh	Executive Director	19 June 2000	28 April 2023
Mr Hoon Tai Meng	Lead Independent Director	13 August 2020	28 April 2023
Mr Murali Krishna Ramachandra	Non-Executive Independent Director	1 July 2021	28 April 2022
Mr Heng Yeow Teck, Malcolm	Non-Executive Independent Director	17 May 2022	28 April 2023

4.4 The Board and the NC review on annual basis whether or not a Director is independent, taking into account the definition of independence under the Code, *inter alia*, one who is independent in conduct, character and judgement, and has no relationship with the Company, its related corporations, its substantial shareholders or its officers that could interfere, or be reasonably perceived to interfere, with the exercise of the director's independent business judgement with a view to the best interests of the Company.

The NC and the Board have formed a view that none of the Non-Executive and Independent Directors has any relationship with the Company, its related corporations, its substantial shareholders or its officers that could interfere, or be reasonably perceived to interfere, with the exercise of the director's independent business judgement with a view to the best interests of the Company.

The Board and the NC has assessed the independence of each Director, including Director whose tenure exceeds nine years from the date of their first appointment. The independency has been subjected to a vigorous review by the NC.

The Board and the NC also reviewed the individual Directors' judgement and conduct in carrying out their duties for FY2023. Together with the NC, the Board affirmed that Mr Hoon Tai Meng, Mr Murali Krishna Ramachandra and Mr Heng Yeow Teck, Malcolm continue to be independent pursuant to the definition of Independence under the Code. None of the Independent Director exceeds nine years tenure from the date of their first appointment.

During FY2023, there was no Alternate Director being appointed on the Board.

4.5 New Director(s) will undergo an orientation programme whereby they are briefed by the Company Secretaries of their obligations as Directors, as well as the Group's corporate governance practices, and relevant statutory and regulatory compliance issues, as appropriate. They will also be briefed by Management on the Group's industry and business operations.

The NC has reviewed the multiple board representations of Directors and whether competing time commitments were faced when Directors serve on multiple boards, in addition to the principal commitments of Directors on annual basis.

CORPORATE GOVERNANCE **STATEMENT**

The NC has received assurance from the Directors who are holding multiple board representations, in particular the Directors holding listed company board representations, that their time and effort in carrying out their duties as Directors of the Company will not be compromised. The NC has also considered the number of listed company board representations held by each Director. In FY2023, all Non-Executive and Independent Directors held up to not more than six (6) listed company board representations. The NC is also of the view that the Directors who do not have full time working commitment are not limited to the six (6) listed company board representations. Notwithstanding the foregoing, each of them contributes their time, resources and commitment to the Group.

The NC is satisfied that sufficient time and attention are being given by the Directors to the affairs of the Group, notwithstanding multiple listed company board representations and principal commitments of each Director of the Company, as the Board and the Board Committees experienced minimal competing time commitments among its Board and Board Committees meetings in FY2023, which are planned and scheduled in advance.

Please refer to Annual Report pages 5 to 8 for listed company directorships and principal commitments of each director.

PRINCIPLE 5: BOARD PERFORMANCE

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

Guidelines ***Federal Corporate Governance Practices***

5.1 and 5.2 ***Board Evaluation Process***

The annual evaluation process is undertaken as an internal exercise and involves Board members completing a questionnaire covering areas relating to but not limiting to:

(1) Board/Board Committees composition

(2) Information to the Board/Board Committees

(3) Board/Board Committees procedures

(4) Board accountability

(5) Communication with CEO

(6) Standards of conduct by the Board/Board Committees

The Board together with the NC has put in place a performance evaluation process where the effectiveness of the Board as a whole, of each Board Committee separately, and the contribution by the Chairman and each individual Director of the Board is carried out on annual basis following the conclusion of each financial year.

The annual evaluation exercise provides an opportunity to obtain constructive feedback from each Director on amongst others to propose changes which may be made to enhance the performance of the Board and the Board Committees, to provide their views on the functions of the Board and Board Committees including its procedures and processes and if any of these may be improved upon.

CORPORATE GOVERNANCE STATEMENT

Board and Board Committees Evaluation

The collective assessment is conducted by means of a confidential questionnaire to be completed by each Director before such assessment results are collated, analysed and reported to the respective Board Committees for their deliberation prior to the report to the Board. The results of the performance evaluation and comments received from the NC are compiled and presented to the Board for discussion and determine areas for improvement and enhancement.

Recommendations to further enhance the effectiveness of the Board and Board Committees are implemented as and when appropriate, if any. The performance evaluation of the Board and the Board Committees as a whole for FY2023 had been conducted.

No external facilitator had been engaged for this purpose, and the NC and the Board are open to the idea should such a need arise to enhance the Board performance evaluation process.

Chairman and CEO Evaluation

A performance evaluation of the Chairman and CEO is conducted on an annual basis. The assessment of the Chairman and CEO is based on his ability to chart the strategic direction and growth of the Group, including to make informed business decisions. It also includes whether he established proper procedures to ensure the effective functioning of the Board and that the time devoted to Board meetings were appropriate and are conducted in a manner that facilitate open communication and meaningful participation for effective discussion and decision-making by the Board.

Individual Director Evaluation

Individual evaluation of each Director is also conducted on an annual basis. The aim of the assessment is to assess whether each Director is able to and continues to contribute effectively and demonstrate commitment to his/her role. Factors taken into account include attendance at Board and Board Committees' meetings, participation at meetings, ability to make informed judgements/assessments as well as compliance with the policies and procedures of the Company. The Board will then act on the results where appropriate.

The Board was satisfied with results of the annual evaluation of the performance of the Board, its Board Committees, Chairman and CEO as well as individual Directors' assessment for FY2023.

PRINCIPLE 6: PROCEDURES FOR DEVELOPING REMUNERATION POLICIES

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

Guidelines ***Federal Corporate Governance Practices***

6.1 In consultation with the Chairman of the Board, the key responsibilities of the RC include but not limited to the following:

(1) To recommend to the Board a framework of remuneration for Executive Directors and KMPs of the Group that is aligned with the interests of shareholders and ensure that such remuneration is appropriate to attract, motivate and retain the right talents for the Group;

(2) To review and recommend to the Board for their endorsement on the annual remuneration packages for Executive Directors, KMPs and employees related to Directors or substantial shareholder of the Group, if any, which include a performance-related variable bonus component;

CORPORATE GOVERNANCE STATEMENT

(3) To review and recommend to the Board the benefits under any long-term incentive schemes, if any, for Executive Directors and KMPs of the Group;

(4) To review and recommend the remuneration package of employees related to Directors or substantial shareholder of the Group, if any; and

(5) To review the contracts of service of the Executive Directors and KMPs of the Group.

Each member of the RC will abstain from voting on any resolution and making any recommendation or participating in any deliberations of the RC in respect of matters concerned him, if any.

6.2 The members of the RC of the Company are:

Mr Murali Krishna Ramachandra (Chairman)
Mr Hoon Tai Meng
Mr Heng Yeow Teck, Malcolm

The RC comprises entirely Non-Executive and Independent Directors.

6.3 In reviewing the remuneration packages for Executive Directors and KMPs of the Group, as well as employee related to Directors and substantial shareholder of the Group, if any, the RC will consider their contributions as well as the financial performance and the commercial needs of the Group and ensure that they are adequately but not excessively remunerated by the Group.

Further, the RC will take into consideration remuneration packages and employment conditions within the industry and within similar organization structure as well as the Group's relative performance and the performance of individual employee.

The RC ensures that the remuneration packages of employee relating to Directors and substantial shareholder of the Group, if any, are in line with the Group's staff remuneration guidelines and commensurate with their respective job scopes and levels of responsibilities.

The RC aims to be fair and avoid rewarding poor performance during the course of RC's duties including in the event of termination, termination clauses should be fair and not overly generously in respect of contract services entered into with Executive Directors and KMPs of the Group.

6.4 The RC has access to expert advice from external remuneration consultant, where required. Since 2017, the Company had engaged external remuneration consultants to conduct reviews of executive remuneration for the Executive Directors periodically. In 2022, the Company had engaged Aon Solutions Singapore Pte Ltd to conduct the executive benchmarking. Aon Solutions Singapore Pte Ltd is an external professional firm with no relationship with the Company and, hence, its independence and objectivity in the said remuneration review has been maintained.

PRINCIPLE 7: LEVEL AND MIX OF REMUNERATION

The level and structure of remuneration of the Board and Key Management Personnel are appropriate and proportionate to the sustained performance and value creation of the Company, taking into account the strategic objectives of the Company.

Guidelines	***Federal Corporate Governance Practices***
7.1	The Company adopts a remuneration policy for Executive Directors and KMPs of the Group that comprise a fixed component and a variable component. The fixed component is in the form of a base salary. The variable component is in the form of profit-sharing or a variable bonus that is linked to the performance of the Group and the individual performance for the preceding financial year. The policy is reviewed periodically to ensure that it remain relevant and effective.
	Executive directors do not receive directors' fees but are remunerated as members of Management. The remuneration packages of the Executive Directors and the Deputy Group CEO are associated to the performance of the Group as a whole, as well as the individual performance whereas other KMPs are remunerated based on performance of the entities under his/her charge as well as individual performance. Service agreements for Executive Directors and KMPs, are reviewed by the RC.
	The Company does not have a long-term incentive, share option scheme or share award scheme within the Group.
	Even though there are no contractual provisions allowing the Company to reclaim incentive components of remuneration from Executive Directors or KMPs of the Group in exceptional circumstances of misstatement of financial results or of misconduct resulting financial loss to the Group, the Group will not hesitate to take legal actions against the personnel responsible in the event of such exceptional circumstances or misconduct resulting financial loss to the Group.
7.2	Directors' fees payable/paid to Non-Executive and Independent Directors are set in accordance with a remuneration framework comprising a basic fee and increment fixed fee, taking into account of the level of responsibilities such as taking the roles of chairman and member of Board Committees.
	The Board, after the recommendation of the RC, has recommended the aggregate Directors' fees of S$180,000 to Non-Executive and Independent Directors of the Company for financial year ending 31 December 2024, to be paid quarterly in arrears, for shareholders' approval at the forthcoming AGM of the Company scheduled on 30 April 2024.
7.3	The Board is of the view that the current remuneration structure is appropriate to attract, retain and motivate Directors to provide good stewardship of the Company and KMPs to successfully manage the Company for the long term.

CORPORATE GOVERNANCE STATEMENT

PRINCIPLE 8: DISCLOSURE ON REMUNERATION

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

Guidelines ***Federal Corporate Governance Practices***

8.1 The following information relates to the remuneration received or to be received by the Directors from the Company and its subsidiaries for FY2023:

Directors of the Company	Salary	Bonus	Other Benefits*	Fees					Total
				Director	Lead Independent Director	AC Chairman	NC Chairman	RC Chairman	
	S$	S$	S$	S$	S$	S$	S$	S$	S$
Mr Koh Kian Kiong	576,000	48,000	37,022	–	–	–	–	–	661,022
Ms Maggie Koh	318,000	26,500	31,676	–	–	–	–	–	376,176
Mr Hoon Tai Meng	–	–	–	50,000	5,000	11,250	10,000	–	76,250
Mr Murali Krishna Ramachandra	–	–	–	50,000	–	–	–	10,000	60,000
Mr Heng Yeow Teck, Malcolm	–	–	–	50,000	–	3,750	–	–	53,750

* Other Benefits consists of Employer CPF and Transport Allowances

The following information relates to the remuneration received by the top 5 KMPs of the Group, including Deputy Group CEO, for FY2023 in the bands of S$250,000:

	Salary	Bonus	Other Benefits*	Total
S$250,000 to S$499,999				
Koh Beng Guan, Don[(1)]	83%	7%	10%	100%
Sam Kwai Hoong	88%	8%	4%	100%
Quek Cheng Hock	80%	15%	5%	100%
S$1 to S$249,999				
Deng Guan Qun, George	91%	–	9%	100%
Richard Docherty	94%	–	6%	100%

* Other Benefits consists of Employer CPF, Transport and Cost-of-Living Allowances

8.2 Note:
(1) Mr Koh Kian Kiong is the father of Ms Maggie Koh, an Executive Director and Mr Don Koh, the Deputy Group CEO. Ms Maggie Koh is the sister of Mr Don Koh.

Mr Koh Kian Kiong is a substantial shareholder of the Company. Save as disclosed in the above, there were no other employees who are substantial shareholders of the Company, or are immediate family members of a director or CEO or a substantial shareholder of the Company, and whose remuneration exceeds S$100,000 during FY2023.

8.3 In the interest of maintaining good morale and a strong spirit of teamwork within the Group, the Company has weighed the advantages and disadvantages of disclosing details of the individual and aggregate remuneration of the Group's top 5 KMPs, including the Deputy Group CEO, for FY2023 and believe that such disclosure may be prejudicial to its business interest given the highly competitive environment it is operating in. The remuneration package of the top 5 KMPs, including the Deputy Group CEO, Mr Don Koh, comprising mainly salaries and bonuses, aggregated to a total remuneration of S$1,130,000, which is also disclosed in "Note 41 Related Party Transactions" to the Financial Statements on page 149 of the Annual Report.

The disclosure of the total remuneration paid to the Executive Directors, Non-Executive directors and KMPs provides further information consistent with the intent of Principle 8 of the Code.

The Company currently does not have a long-term incentive scheme, share option scheme or share award scheme within the Group.

PRINCIPLE 9: RISK MANAGEMENT AND INTERNAL CONTROLS

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

Guidelines ***Federal Corporate Governance Practices***

9.1 The Board acknowledges the ultimate responsibility for the governance of risk and sets the tone and direction for the Group in the way risks are managed in the Group's businesses. The Board approves the strategy of the Group in a manner which stakeholders' expectations are addressed and does not expose the Group to an unacceptable level of risk determined by the Board.

The Board after the recommendation of the AC approves the key risk management policies and ensures a sound system of risk management and internal controls and monitors performance against them. In addition to determining the approach to risk governance, the Board sets and instills the right risk focused culture throughout the Group for effective risk governance.

The Board together with the AC oversee the Group's risk management framework and policies, pursuant to which, their roles and responsibilities including but not limiting to the following:–

(1) To propose the risk governance approach and risk policies for the Group;

(2) To review the risk management methodology adopted by the Group;

(3) To review the strategic, financial, operational, regulatory compliance, information technology and other emerging risks relevant to the Group identified by Management; and

(4) To review Management's risk assessment and Management's action plans to mitigate such risks.

In FY2023, the Management carried out an annual review of the Group's key risks and the effectiveness of the key internal controls of the Group.

The Board and AC noted on the restrictions on certain activities or transactions with targeted jurisdictions, entities and persons, with the primary aim of achieving foreign policy or national security goals (the "**Sanctions**") which are imposed by international bodies and national governments.

CORPORATE GOVERNANCE STATEMENT

The Board together with the AC will review and monitor the Sanctions as part of risk management framework and risk policies of the Group and to obtain independent legal advice or appoint a compliance adviser, if necessary.

The work of the internal auditors and the report of the external auditors have enabled the identification of key risks which are reported to the AC to facilitate the Board's oversight of the effectiveness of risk management and the adequacy of mitigating measures taken by Management to address the underlying risks.

9.2 The Board and the AC has received annual assurance from the CEO and the Group Chief Financial Officer of the Group as at 31 December 2023, that:

(a) they have evaluated the adequacy and effectiveness of the Company's risk management and internal control systems, and have discussed with the Company's external and internal auditors of their reporting points and noted that there have been no significant deficiencies in the design or operation of internal controls which could adversely affect the Group's ability to record, process and report financial data. Accordingly, the Group's risk management systems and internal control systems (including financial, operational, compliance and information technology controls) are adequate and effective; and

(b) the financial records of the Company and the Group have been properly maintained and the financial statements give a true and fair view of the Company's operations and finances and are in accordance with the relevant accounting standards.

Based on the internal controls established and maintained by the Company, work performed by the internal and external auditors, and reviews performed by Management, various Board Committees and the Board, the Board, with the concurrence of the AC, is of the opinion that (i) the internal controls established and maintained by the Group; (ii) the reports received from the internal auditor and the external auditor; and (iii) the regular reviews performed by Management, Board Committees and the Board; the Group's risk management system and the Group's internal controls including financial, operational, compliance and information technology controls are effective and adequate as at 31 December 2023.

The Board recognises that the Group's risk management system and internal control system are designed to ensure the reliability and integrity of financial information and to safeguard the assets of the Group. Notwithstanding the foregoing, the Board notes that internal controls system and risk management established by the Group provide 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.

However, the Board also notes that no internal controls system and risk management can provide absolute assurance in this regard, or absolute assurance against the occurrence of material errors, poor judgement in decision-making, human error, losses, fraud or other irregularities occurred within the Group.

PRINCIPLE 10: AUDIT COMMITTEE

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

Guidelines ***Federal Corporate Governance Practices***

10.1 The AC is empowered to investigate any matter relating to the Group's accounting, auditing, internal controls and financial practices brought to its attention, with full access to records, resources and personnel of the Group, to enable them to discharge its functions properly.

The key responsibilities of the AC include but not limited to the following:–

(1) To review the significant financial reporting issues and judgements so as to ensure the integrity of the financial statements of the Company and the Group and the announcements relating to the Group's financial performance;

(2) To review and report to the Board on the adequacy and effectiveness of the Group's internal controls, including financial, operational, compliance, information technology controls and risk management systems;

(3) To review the assurances from the CEO and the Group Chief Financial Officer on the financial records and financial statements of the Company;

(4) To review the adequacy, effectiveness, independence, scope, audit plans and reports of the external auditor and the internal auditor;

(5) To review interested person transactions in accordance with the requirements of the Listing Manual of the SGX-ST;

(6) To review and recommend to the Board of the release of the unaudited half-yearly financial results and unaudited full year financial results;

(7) To review and recommend the re-appointment of the external auditor, and approve the remuneration of the external auditor;

(8) To oversee co-ordination where more than one auditing firm or auditing corporation is involved in the Group's external audit;

(9) To review all non-audit services provided by the external auditor to determine if the provision of such services will affect the independence of the external auditor;

(10) To review the policy and arrangements for concerns about possible improprieties in financial reporting or other matters to be safely raised, independently investigated and appropriately followed up on.

Each member of the AC will abstain from voting on any resolution and making any recommendation or participating in any deliberations of the AC in respect of matters concerned him, if any.

The AC has full access and co-operation of Management and has been given the resources required for it to discharge its function properly. The AC has full discretion to invite any Director and officer to attend AC meetings held from time to time. The external and internal auditors have unrestricted access to the AC.

CORPORATE GOVERNANCE **STATEMENT**

The AC has reviewed the non-audit services provided by the external auditor, Baker Tilly TFW LLP ("**BT**") and is satisfied that the non-audit services will not affect the independence and objectivity of BT as external auditor of the Company.

The AC has also considered the performance of BT based on factors such as performance, adequacy of resources and experience of the audit engagement partner and audit team assigned to the Company's and the Group's audit as well as the size and complexity of the Company and of the Group. The AC has also taken into account of the Accounting and Corporate Regulatory Authority ("**ACRA**") Audit Quality Indicators Framework relating to BT at the firm level and on the audit engagement level.

Based on the above, the AC is satisfied with the standard and quality of work performed by BT, and accordingly, the AC recommended the re-appointment of BT as external auditor of the Company for the ensuing year. The aggregate amount of fees paid to external auditor, as well as its fees for non-audit services is disclosed in page 124 of the Annual Report.

The Group has complied with Rules 712 and 715 of the Listing Manual of SGX-ST as the Group's Singapore-incorporated subsidiaries and significant associated companies were audited by BT and significant foreign-incorporated subsidiary was audited by independent overseas member firms of Baker Tilly International for FY2023, except for the following subsidiaries and significant associated companies of the Group:–

Auditing Firm	Subsidiaries / Significant Associated Companies
Paul Hadiwinata, Hidajat, Arsono, Retno, Palilingan & Rekan ("**PKF**")	(i) PT Fedsin Rekayasa Pratama (ii) PT Federal International (iii) PT Gunanusa Utama Fabricators
Teramihardja, Pradhono, Chandra & Rekan (Member of Roedl & Partner)	(iv) PT Eastern Jason

In accordance with Rule 716 of the Listing Manual of SGX-ST, the AC together with the Board had reviewed and satisfied that the appointment of above auditing firms in FY2023 would not compromise the standard and effectiveness of the audit of the Group.

The Company has put in place a whistle-blowing policy, which the AC has adopted and pursuant to which an appropriate channel has been established for the Group's employees to report and to raise, in good faith and in confidence, their concerns about possible improprieties in matters of financial reporting or other matters of the Group through emails.

The AC oversees the administration of whistle-blowing policy. The whistle-blowing policy is also reviewed regularly by the AC. Periodic reports will be submitted to the AC with details of complaints if any and the results of the related investigations and follow-up actions commissioned. There were no reported incidents under the whistle-blowing policy for the financial year under review. There has been no reports of fraudulent or inappropriate activities or malpractices received to date.

The whistle-blowing policy is to establish and maintain a stronger policy where the identity of the whistleblower is kept confidential and the individual is protected from reprisal.

The Group prohibits discrimination, retaliation or harassment of any kind against a whistle blower who submits a complaint or report in good faith. If a whistle blower believes that he or she is being subjected to discrimination, retaliation or harassment for having made a report under this Policy, he or she should immediately report those facts to the relative persons. Reporting should be done promptly to facilitate investigation and the taking of appropriate action.

CORPORATE GOVERNANCE STATEMENT

All reports/information are handled confidentially, except as necessary or appropriate to conduct investigation and to take remedial action, in accordance with the applicable laws and regulations. No employee, who in good faith reports a violation or suspected violation, shall suffer harassment, retaliation or adverse employment consequences. At the appropriate time, the party making the report/complaint may need to come forward as a witness. If an Employee or External Party[1] makes an allegation in good faith but it is not confirmed by the investigation, no action will be taken against him or her. If, however, an Employee has made an allegation frivolously, maliciously or for personal gain, disciplinary action may be taken against him or her. Likewise, if investigations reveal that the External Party making the complaint had done so maliciously or for personal gain, appropriate action, including reporting the matter to the police, may be taken.

Note:
(1) *"External Party" refers to customers, suppliers, service providers, but not limited to, members of the public or those who are impacted by Federal Group.*

During FY2023, the key activities carried out by AC included but not limited to:–

(1) Reviewed and recommended unaudited half-yearly financial results and unaudited full year financial results to the Board for approval;

(2) Reviewed annual audit plans and reports presented by the internal auditor and external auditor;

(3) Received and discussed with the external auditor on the changes of Singapore Financial Reporting Standards (International) that may have a direct impact on the Group's financial statements ahead of the effective dates;

(4) Reviewed re-appointment of the external auditor and determining its independence before making a recommendation for Board's approval;

(5 Reviewed and reported to the Board on the adequacy and effectiveness of the Group's internal controls (including financial, operational, compliance and information technology controls) and risk management systems;

(6) Reviewed interested person transactions in accordance with the requirements of the Listing Manual of the SGX-ST; and

(7) Reviewed the Group's audited financial statements with Management and external auditor of the Company. Accordingly, the AC is of the view that the Group's financial statements for FY2023 are fairly presented in conformity with relevant Singapore Financial Reporting Standards (International) in all material aspects.

10.2 The members of the AC of the Company are:–

Mr Heng Yeow Teck, Malcolm (Chairman)
Mr Hoon Tai Meng
Mr Murali Krishna Ramachandra

The AC comprises entirely Non-Executive and Independent Directors.

The Board is of the view that at least two AC members, including the AC chairman, are qualified Chartered Accountants and have recent and relevant accounting or related financial management expertise or experience to discharge the AC's functions. The AC has an extensive knowledge and experience in the fields of corporate finance, legal and business. The Board is of the view that the AC members are appropriately qualified in discharging their duties and responsibilities and are capable of exercising sound and independent judgement in view of their requisite expertise and experience.

CORPORATE GOVERNANCE **STATEMENT**

10.3 None of the members of the AC is a partner or director of the Group's auditing firms or auditing corporations or was a former partner or former director of the Group's auditing firms or auditing corporations. None of them has any financial interest in the Group's auditing firms or auditing corporations.

10.4 The Company has outsourced its internal audit function to an independent professional firm, RSM Risk Advisory Pte Ltd ("**RSM**"). RSM is a corporate member of the Institute of Internal Auditors Singapore, and is staffed with independent professionals with relevant qualifications and experience. The internal audit function primary line of reporting would be to the AC.

RSM carries out its internal audit functions based on work plan agreed with the AC, where different aspects of internal control are reviewed for each year, and also take into consideration key risk facts identified. RSM have submitted reports to the AC, reporting, *inter alia*, that (i) having performed the system review procedures of the Company's internal controls and (ii) save for certain matters highlighted to the Company which have been duly noted by Management, based on their review of the adequacy and effectiveness of the Company system of internal controls or measures, they did not identify any significant deficiencies or non-compliance of controls or measures implemented by Management under such procedures and systems.

The Company cooperates fully with RSM in terms of allowing unfettered access to all the Company's documents, records, properties and personnel, including access to the AC.

The AC has reviewed and is satisfied with the independence, adequacy and effectiveness of the Company's internal audit function. The AC is also satisfied that the internal auditor is adequately resourced and has the appropriate standing within the Group.

10.5 In performing its functions, the AC reviews the overall scope of both internal audit and external audit, and the assistance and resources given by Management to the internal auditor and the external auditor.

The AC also meets with the internal auditor and the external auditor annually after the conclusion of each financial year, without the presence of Management, to discuss the results of their respective audit findings and their evaluation of the Group's system of accounting and internal controls. Both the external and internal auditors report directly to the AC their findings and recommendations.

PRINCIPLE 11: SHAREHOLDER RIGHTS AND CONDUCT OF GENERAL MEETINGS

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

Guidelines ***Federal Corporate Governance Practices***

11.1 The shareholders of the Company are entitled to receive notice of general meetings, annual report, offer information statement or circulars. Such documents are also made available at the Company's website and on SGXNET. To facilitate shareholders to exercise their ownership rights, the Board ensures adequate and material information concerning to the Group's business development in accordance with disclosure requirements of the Listing Manual of the SGX-ST are released to SGX-ST through SGXNET in a timely and fair manner.

All shareholders of the Company can exercise their votes in accordance with voting procedures set out in the Constitution of the Company. The procedures setting out how each shareholder can vote either in person or via proxy are also read out prior to the voting during the general meetings.

The Constitution of the Company allows each resolution put forth at general meetings to be voted either by a show of hands or by a poll and the results of each resolution is announced at general meetings and released subsequently to SGX-ST.

CORPORATE GOVERNANCE STATEMENT

Pursuant to Rule 730A(2) of the Listing Manual, all resolutions proposed at the AGMs and at any adjournment thereof shall be put to the vote by way of poll. All shareholders are entitled to vote in accordance with the established voting rules and procedures at the AGM. Each share is entitled to one vote. An external firm is appointed as scrutineers for the AGM voting process, which is independent of the firm appointed to undertake the poll voting process. The detailed results setting out the number of votes cast for and against each resolution and the respective percentages are announced at the AGM and released via SGXNET subsequently after the AGM.

11.2 Resolutions on each distinct issue are tabled separately at general meetings. For resolutions tabled under special business, a descriptive explanation of the effects of a resolution will be disclosed in the notice of general meeting.

11.3 The Chairmen of the EC, AC, NC and RC are available to address shareholders' questions at general meetings like AGMs and Extraordinary General Meetings. The Management will be present to facilitate in addressing shareholders' queries at general meetings.

The external auditor of the Company will also be present at the AGM of the Company to address any shareholders' queries that they may have on the consolidated audited financial statements of the Group.

The last AGM was held on 28 April 2023 at 12 Chin Bee Drive, Singapore 619868. All Directors and Management together with the external auditors and secretary were present at the venue of the last AGM to meet and address any queries from shareholders.

11.4 Individual shareholders and corporate shareholders, who are unable to attend general meetings of the Company, are entitled to appoint not more than two proxies to attend and vote on their behalf at the general meetings of the Company.

With effect from 3 January 2016, those shareholders whose shares held under the names of relevant intermediaries as defined under Section 181 of the Companies Act 1967 of Singapore, such as nominees or custodial institutions, are allowed to attend the general meetings of the Company personally as the relevant intermediaries are allowed to appoint more than two proxies i.e. individual shareholders, corporate shareholders or their representatives to attend and vote at the general meetings of the Company.

11.5 The proceedings of general meetings, including questions and answers exchanged among the Board, the Management and the shareholders, will be recorded in minutes. These minutes are available to the shareholders via SGXNet and on the Company's website.

11.6 The Company currently does not have a fixed dividend policy. The dividend that the Directors of the Company may recommend or declare in respect of any particular financial year or period will be subject to the factors outlined below as well as any other factors deemed relevant by the Directors of the Company:–

(1) the level of the earnings of the Group;

(2) the financial condition of the Group;

(3) the projected levels of the Group's capital expenditure and other investment plans;

(4) the restrictions on payment of dividends imposed on the Group by the Group's financing arrangements (if any); and

(5) other factors as the Directors of the Company may consider appropriate.

It is noted that there was no dividend declared to the shareholders of the Company for FY2023.

The Company has decided not to recommend any dividend for FY2023 at the forthcoming AGM of the Company as the Group wish to preserve cash for working capital and pursue new opportunities.

CORPORATE GOVERNANCE **STATEMENT**

PRINCIPLE 12: ENGAGEMENT WITH SHAREHOLDERS

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

Guidelines	***Federal Corporate Governance Practices***
12.1 to 12.3	The Board is committed to maintain a high standard of corporate governance by disclosing to its stakeholders, including its shareholders and investors, with adequate and material information concerning the Group's business development in accordance with disclosure requirements of the Listing Manual of the SGX-ST through SGXNET to SGX-ST in a timely and fair manner. The Board is mindful of its obligation to provide adequate and timely disclosure of all material and price-sensitive information to SGX-ST through SGXNET. The announcements, including but not limiting to the Group's unaudited half-year and full year financial results, and the material updates of the Group's business development prepared in accordance with disclosure requirements of the Listing Manual of the SGX-ST are also released through SGXNET in a timely manner. Following the amendments to Rule 705(2) of the Listing Manual of the SGX-ST which took effect as of 7 February 2020, the Board has, after due deliberations (including taking into consideration, *inter alia*, the compliance efforts required in connection therewith), decided not to continue with quarterly reporting of the Company and the Group's unaudited financial statements, and instead, the Company will announce the unaudited financial statements of the Company and the Group on a half-yearly basis, as required under the revised Listing Manual of the SGX-ST. The Board believes that announcement of financial statements on a half-yearly basis coupled with enhanced disclosure requirements is sufficient to keep shareholders and potential investors updated on the Company's and the Group's state of affairs. The corporate profile and announcements of the Company are also available at http://www.federal-int.com.sg. The Company does not practice selective disclosure as the relevant material and price-sensitive information are released to SGX-ST through SGXNET in a timely and fair manner. The shareholders of the Company, including institutional investors and retail investors, are encouraged to attend general meetings, especially AGM which serves as the primary channel to express their views and raise their questions regarding the Group's businesses and prospects. In addition, the Management may address shareholders' questions and concerns in respect of the Group's businesses should they approach the Company through emails or calls. The AGM of the Company serves as the primary channel for the Management to solicit and collate the views of the shareholders of the Company, including institutional investors and retail investors.

CORPORATE GOVERNANCE STATEMENT

PRINCIPLE 13: ENGAGEMENT WITH STAKEHOLDERS

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

Guidelines	Federal Corporate Governance Practices
13.1	The Company's engagement with its material stakeholders is set out in detail in the Sustainability Report and Task Force on Climate-Related Financial Disclosures on pages 15 to 40 of Annual Report.
13.2	The Company's efforts on sustainability are focused on creating sustainable value for key stakeholders, which include communities, customers, staff, regulators, shareholders and vendors.
13.3	The Company maintains a corporate website at http://www.federal-int.com.sg to communicate and engage stakeholders.

Interested Person Transactions ("IPTs")

The Company has adopted an internal policy outlining procedures for review and approval of the IPTs entered into between the Company and the interested persons. The Company ensures that all interested persons are reported in a timely manner to the AC and that the transactions, if any are conducted at arm's length, on normal commercial term, and not prejudicial to the interest of the Company and its minority shareholders. All IPTs are subject to the review by the AC.

Details of IPTS for FY2023 as required under Listing Rule 907 are set out as follows:–

Name of interested person	Description of IPTs	Aggregate value of all IPTs during the financial year under review (excluding transactions less than S$100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920)	Aggregate value of all IPTs conducted under shareholders' mandate pursuant to Rule 920 (excluding transactions less than S$100,000)
HLS Corporate Services Pte Ltd[(i)]	Corporate secretarial services	Not applicable	Not applicable
HLS Tax Advisory Services Pte Ltd[(i)]	Tax services	Not applicable	Not applicable

Note:
(i) By virtue of Section 7 of the Companies Act 1967, Mr Heng Yeow Teck, Malcolm is deemed to be interested in HLS Corporate Services Pte Ltd and HLS Tax Advisory Services Pte Ltd.

The Company does not have a shareholders' mandate for IPTs. The Company confirms that the aggregate value of all IPTs during FY2023 is less than S$100,000/–.

The AC has reviewed, and is satisfied that the above IPTs are conducted at arm's length and on terms that are fair and reasonable. The AC and the Board are satisfied that the terms of the above IPTs are not prejudicial to the interests of the Company or its minority shareholders.

CORPORATE GOVERNANCE STATEMENT

Dealings in Securities

The Company has adopted an internal policy on securities transactions which provide a guidance to Directors and officers of the Group. Under this internal policy, Directors and officers of the Group are not permitted to deal in the Company's securities, while in possession of unpublished price-sensitive information and for the periods commencing one (1) month before the release of announcement of the Group's unaudited half yearly and full year financial results till the release of announcement; and they are not expected to deal in the securities of the Company on short-term considerations.

In view of the processes in place, in the opinion of the Board, the Company has complied with Rule 1207(19) of the Listing Manual of SGX-ST on dealing in securities.

Material Contracts

No other material contracts were entered into between the Company and any of the subsidiaries of the Group with any CEO, Director or controlling shareholder of the Company either subsisting or during FY2023, except as disclosed in the Notes to the Financial Statements (Note 41).

DIRECTORS' STATEMENT

The directors are pleased to present their statement to the members together with the audited consolidated financial statements of Federal International (2000) Ltd (the "Company") and its subsidiary corporations (collectively, the "Group") and the statement of financial position and statement of changes in equity of the Company for the financial year ended 31 December 2023.

In the opinion of the directors:

(i) the consolidated financial statements of the Group and the statement of financial position and statement of changes in equity of the Company as set out on pages 73 to 149 are drawn up so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2023 and of the financial performance, changes in equity and cash flows of the Group and changes in equity of the Company for the financial year ended 31 December 2023 in accordance with the provisions of the Companies Act 1967 and Singapore Financial Reporting Standards (International); and

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

Directors

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

Koh Kian Kiong
Maggie Koh
Hoon Tai Meng
Murali Krishna Ramachandra
Heng Yeow Teck, Malcom

Arrangement 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 directors of the Company holding office at the end of the financial year had no interests in the shares and debentures of the Company and related corporations as recorded in the Register of Directors' Shareholdings kept by the Company under Section 164 of the Companies Act 1967, except as follows:

	Direct interest			Deemed interest		
Name of directors	**At 1.1.2023**	**At 31.12.2023**	**At 21.1.2024**	**At 1.1.2023**	**At 31.12.2023**	**At 21.1.2024**
Ordinary shares of the Company						
Koh Kian Kiong	17,454,400	28,854,400	29,004,000	11,400,000	–	–
Maggie Koh	695,300	695,300	695,300	–	–	–

Except as disclosed in this statement, no director who held office at the end of the financial year had interests 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.

Koh Kian Kiong, by virtue of Section 7 of the Companies Act 1967 is deemed to have an interest in all related corporations of the Company.

DIRECTORS' STATEMENT

Options

No share option has been granted at the date of this statement.

Audit Committee

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

Heng Yeow Teck, Malcom
Hoon Tai Meng
Murali Krishna Ramachandra

The Audit Committee carried out its functions in accordance with Section 201B (5) of the Companies Act 1967. The functions performed are detailed in the Corporate Governance Statement, set out in the Annual Report of the Company.

The Audit Committee is satisfied with the independence and objectivity of the independent auditor and has nominated Baker Tilly TFW LLP for re-appointment as independent auditor of the Company at the forthcoming Annual General Meeting.

Independent auditor

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

On behalf of the board of directors:

Koh Kian Kiong
Director

Maggie Koh
Director

Singapore
31 March 2024

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF FEDERAL INTERNATIONAL (2000) LTD

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Federal International (2000) Ltd (the "Company") and its subsidiaries as set out on pages 73 to 149 (collectively, the "Group"), which comprise the statements of financial position of the Group and the Company as at 31 December 2023, and the consolidated income statement, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows of the Group and the statement of changes in equity of the Company for the year then ended, and notes to the financial statements, including material accounting policy information.

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

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

Impairment review of trade amounts due from the Group's associate
(Refer to Note 14 and 16 to the financial statements)

Description of key audit matter

As at 31 December 2023, the trade amounts due from the Group's associate amounted to $15,958,000 (2022: $22,188,000 included in the trade receivables of the Group).

The Group determines expected credit loss ("ECL") by applying the simplified approach in accordance with SFRS(I) 9 *Financial Instruments* to measure the lifetime ECL for the trade amounts due from the Group's associate that is based on its historical credit loss experience, adjusted as appropriate for current conditions and forward-looking factors specific to the associate and its economic environment.

The management considers the need for any loss allowance by monitoring the associate's financial position and performance on a periodic basis to manage the Group's exposure.

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF FEDERAL INTERNATIONAL (2000) LTD

Report on the Audit of the Financial Statements (Continued)

Key Audit Matters (Continued)

Impairment review of trade amounts due from the Group's associate (Continued)
(Refer to Note 14 and 16 to the financial statements) (Continued)

Description of key audit matter *(Continued)*

Management have further assessed that the expected credit loss from trade amounts due from the Group's associate is minimal as the associate is committed to make repayment from surplus cash generated from its secured projects, secured change orders from the associate's customer, draft indicative term sheets received by the associate from local bank, and repayments received from the associate during the year, and the management are confident that the associate also has the ability to repay.

Given the significant level of judgement and estimation involved in assessing the ECL and the significance of the trade amounts due from the Group's associate to the Group's consolidated financial position, we considered this to be a key audit matter.

Our audit procedures to address the key audit matter

We obtained an understanding of the Group's processes and key controls relating to the monitoring of trade amounts due from the Group's associate and assessment of expected credit loss.

For the amount due from the Group's associate, we further assessed the reasonableness of management's judgements and assumptions on the credit loss assessment, management's consideration of current and future economic conditions, recent payments, explanations from management to assess the recoverability of trade amounts due from the Group's associate. We also reviewed the financial position of the Group's associate as at 31 December 2023. We evaluated management's assessment that the expected credit loss from trade amounts due from the Group's associate is minimal by considering the ability of the associate to repay, supported with the associate's secured projects, secured change orders from the associate's customer, draft indicative term sheets received by the associate from local bank, and repayments received from the Group's associate during the year. We also reviewed the adequacy and appropriateness of the disclosures made in the financial statements.

Other Information

Management is responsible for the other information. The other information comprises the information included in the 2023 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.

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF FEDERAL INTERNATIONAL (2000) LTD

Report on the Audit of the Financial Statements (Continued)

Responsibilities of Management and Directors for the Financial Statements (Continued)

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.

- 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.

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF FEDERAL INTERNATIONAL (2000) LTD

Report on the Audit of the Financial Statements (Continued)

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

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

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

Report on Other Legal and Regulatory Requirements

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

The engagement partner on the audit resulting in this independent auditor's report is Low See Lien.

Baker Tilly TFW LLP
Public Accountants and
Chartered Accountants
Singapore
31 March 2024

STATEMENTS OF FINANCIAL POSITION

AS AT 31 DECEMBER 2023

	Note	Group 2023 $'000	Group 2022 $'000	Company 2023 $'000	Company 2022 $'000
Non-current assets					
Property, plant and equipment	4	**9,768**	10,929	**7**	6
Right-of-use assets	5	**2,147**	2,223	**–**	–
Investment in subsidiaries	6	**–**	–	**57,282**	57,868
Investment in associates	7	**7,183**	4,264	**3,545**	732
Intangible assets	8	**272**	409	**–**	–
Financial assets at fair value through other comprehensive income ("FVOCI")	9	**8,708**	381	**8,708**	381
Other receivables	10	**–**	13,108	**–**	13,022
Amounts due from subsidiaries	11	**–**	–	**900**	–
Deferred tax assets	12	**982**	1,836	**–**	–
		29,060	33,150	**70,442**	72,009
Current assets					
Inventories	13	**12,948**	14,417	**–**	–
Trade receivables	14	**11,772**	33,348	**–**	–
Other receivables	15	**779**	3,738	**–**	545
Advance payment to suppliers		**65**	1,716	**–**	–
Prepayments		**174**	191	**12**	25
Deposits		**34**	18	**4**	4
Amounts due from subsidiaries	11	**–**	–	**3,764**	6,762
Amounts due from associates	16	**17,937**	2,546	**164**	–
Fixed and bank deposits	34	**7,000**	22	**–**	–
Cash and bank balances	34	**8,932**	7,543	**1,401**	870
		59,641	63,539	**5,345**	8,206
Assets of disposal group and assets classified as held for sale	17	**4,962**	21,486	**–**	–
		64,603	85,025	**5,345**	8,206
Current liabilities					
Trade payables		**6,429**	6,462	**–**	–
Other payables	18	**4,368**	9,985	**742**	639
Contract liabilities	19	**503**	2,765	**–**	–
Amounts due to subsidiaries	20	**–**	–	**853**	865
Amounts due to related parties	21	**–**	1,674	**–**	–
Amounts due to banks	22	**6,335**	18,548	**–**	–
Term loans	23	**1,133**	6,539	**–**	–
Lease liabilities	5	**175**	153	**–**	–
Provision for taxation		**20**	423	**–**	51
		18,963	46,549	**1,595**	1,555
Liabilities directly associated with disposal group and assets held for sale	17	**6,913**	720	**–**	–
		25,876	47,269	**1,595**	1,555
Net current assets		**38,727**	37,756	**3,750**	6,651

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

STATEMENTS OF FINANCIAL POSITION

AS AT 31 DECEMBER 2023

	Note	Group 2023 $'000	Group 2022 $'000	Company 2023 $'000	Company 2022 $'000
Non-current liabilities					
Amounts due to subsidiaries	20	**–**	–	**3,550**	6,641
Term loans	23	**482**	1,834	**–**	–
Provision for post-employment benefits		**156**	174	**–**	–
Lease liabilities	5	**2,207**	2,273	**–**	–
Deferred tax liabilities	12	**1,300**	1,370	**118**	115
		4,145	5,651	**3,668**	6,756
Net assets		**63,642**	65,255	**70,524**	71,904
Equity					
Share capital	24(a)	**144,099**	144,099	**144,099**	144,099
Treasury shares	24(b)	**(25)**	(25)	**(25)**	(25)
Foreign currency translation reserve	25	**(2,058)**	(1,885)	**–**	–
Capital reserve	26	**5**	5	**–**	–
Revaluation reserve	27	**7,723**	7,363	**–**	–
Reserves of disposal group and assets classified as held for sale	17	**385**	12,290	**–**	–
Other reserves	28	**(1,615)**	(1,133)	**(352)**	(157)
Accumulated losses		**(81,997)**	(76,298)	**(73,198)**	(72,013)
Equity attributable to owners of the Company		**66,517**	84,416	**70,524**	71,904
Non-controlling interests		**(2,875)**	(19,161)	**–**	–
Total equity		**63,642**	65,255	**70,524**	71,904

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

CONSOLIDATED INCOME STATEMENT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

	Note	Group 2023 $'000	Group 2022 $'000
Revenue	29	**50,303**	135,136
Cost of sales		**(37,027)**	(114,499)
Gross profit		**13,276**	20,637
Other income		**1,563**	4,000
Selling and distribution costs		**(5,420)**	(5,683)
Administrative and general costs		**(7,545)**	(9,579)
Other operating expenses		**(2,065)**	(3,483)
Net (impairment loss)/writeback of impairment loss on financial assets		**(79)**	3,312
Finance costs		**(769)**	(1,608)
Share of results of associates		**(638)**	815
Writeback of impairment loss/(impairment loss) on investment in associate	7	**1,000**	(5,300)
(Loss)/profit before tax	30	**(677)**	3,111
Income tax expense	32	**(658)**	(773)
(Loss)/profit net of tax		**(1,335)**	2,338
Attributable to:			
Owners of the Company		**(17,989)**	2,504
Non-controlling interests		**16,654**	(166)
		(1,335)	2,338
(Loss)/earnings per share attributable to owners of the Company (cents per share)	33		
Basic		**(12.79)**	1.78
Diluted		**(12.79)**	1.78

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

	Group	
	2023	**2022**
	$'000	**$'000**
(Loss)/profit net of tax	**(1,335)**	2,338
Other comprehensive income/(loss):		
Items that will not be reclassified subsequently to profit or loss		
Foreign currency translation	**(368)**	719
Net surplus on revaluation of leasehold building	**360**	660
Fair value loss of equity investment – financial assets at FVOCI	**(195)**	–
Items that are or may be reclassified subsequently to profit or loss		
Foreign currency translation	**482**	731
Share of other comprehensive loss of associates	**(256)**	(229)
Foreign currency translation on loss of control of subsidiary	**(301)**	727
Other comprehensive (loss)/income for the financial year, net of tax	**(278)**	2,608
Total comprehensive (loss)/income for the financial year	**(1,613)**	4,946
Total comprehensive (loss)/income attributable to:		
Owners of the Company	**(17,899)**	4,393
Non-controlling interests	**16,286**	553
	(1,613)	4,946

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

STATEMENTS OF
CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

Group	Attributable to the owners of the Company										
	Share capital (Note 24(a)) $'000	Treasury shares (Note 24(b)) $'000	Foreign currency translation reserve (Note 25) $'000	Capital reserve (Note 26) $'000	Revaluation reserve (Note 27) $'000	Reserves of disposal group and assets classified as held for sale (Note 17) $'000	Other reserves (Note 28) $'000	Accumulated losses $'000	Total $'000	Non-controlling interests $'000	Total equity $'000
At 1 January 2023	**144,099**	**(25)**	**(1,885)**	**5**	**7,363**	**12,290**	**(1,133)**	**(76,298)**	**84,416**	**(19,161)**	**65,255**
Loss net of tax	–	–	–	–	–	–	–	(17,989)	(17,989)	16,654	(1,335)
Other comprehensive income/(loss):											
Items that will not be reclassified subsequently to profit or loss:											
Foreign currency translation	–	–	–	–	–	–	–	–	–	(368)	(368)
Net surplus on revaluation of leasehold buildings	–	–	–	–	360	–	–	–	360	–	360
Fair value loss of equity investment – financial assets at FVOCI	–	–	–	–	–	–	(195)	–	(195)	–	(195)
Items that are or may be reclassified subsequently to profit or loss:											
Foreign currency translation	–	–	482	–	–	–	–	–	482	–	482
Share of other comprehensive loss of associates	–	–	(256)	–	–	–	–	–	(256)	–	(256)
Foreign currency translation on loss of control of subsidiary	–	–	(301)	–	–	–	–	–	(301)	–	(301)
Total comprehensive (loss)/income for the financial year	–	–	(75)	–	360	–	(195)	(17,989)	(17,899)	16,286	(1,613)
Reserve transferred to accumulated losses on disposal of assets classified as held for sale	–	–	–	–	–	(12,290)	–	12,290	–	–	–
Reserves attributable to disposal group classified as held for sale	–	–	(98)	–	–	385	(287)	–	–	–	–
At 31 December 2023	**144,099**	**(25)**	**(2,058)**	**5**	**7,723**	**385**	**(1,615)**	**(81,997)**	**66,517**	**(2,875)**	**63,642**

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

STATEMENTS OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

Group	Share capital (Note 24(a)) $'000	Treasury shares (Note 24(b)) $'000	Foreign currency translation reserve (Note 25) $'000	Capital reserve (Note 26) $'000	Revaluation reserve (Note 27) $'000	Reserves of disposal group and assets classified as held for sale (Note 17) $'000	Other reserves (Note 28) $'000	Accumulated losses $'000	Total $'000	Non-controlling interests $'000	Total equity $'000
	Attributable to the owners of the Company										
At 1 January 2022	144,099	(25)	(3,114)	5	18,993	–	(1,133)	(78,802)	80,023	(19,230)	60,793
Profit net of tax	–	–	–	–	–	–	–	2,504	2,504	(166)	2,338
Other comprehensive income/(loss):											
Items that will not be reclassified subsequently to profit or loss:											
Foreign currency translation	–	–	–	–	–	–	–	–	–	719	719
Net surplus on revaluation of leasehold buildings	–	–	–	–	660	–	–	–	660	–	660
Items that are or may be reclassified subsequently to profit or loss:											
Foreign currency translation	–	–	731	–	–	–	–	–	731	–	731
Share of other comprehensive loss of associates	–	–	(229)	–	–	–	–	–	(229)	–	(229)
Foreign currency translation on loss of control of subsidiary	–	–	727	–	–	–	–	–	727	–	727
Total comprehensive income for the financial year	–	–	1,229	–	660	–	–	2,504	4,393	553	4,946
Revaluation reserve attributable to assets classified as held for sale	–	–	–	–	(12,290)	12,290	–	–	–	–	–
Disposal of a subsidiary company	–	–	–	–	–	–	–	–	–	(484)	(484)
At 31 December 2022	144,099	(25)	(1,885)	5	7,363	12,290	(1,133)	(76,298)	84,416	(19,161)	65,255

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

STATEMENTS OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

Company	Share capital (Note 24(a)) $'000	Treasury shares (Note 24(b)) $'000	Other reserves (Note 28) $'000	Accumulated losses $'000	Total equity $'000
At 1 January 2023	**144,099**	**(25)**	**(157)**	**(72,013)**	**71,904**
Loss net of tax	**–**	**–**	**–**	**(1,185)**	**(1,185)**
Other comprehensive loss:					
Items that will not be reclassified subsequently to profit or loss:					
Fair value loss of equity investment – financial assets at FVOCI	**–**	**–**	**(195)**	**–**	**(195)**
Total comprehensive loss for the financial year	**–**	**–**	**(195)**	**(1,185)**	**(1,380)**
At 31 December 2023	**144,099**	**(25)**	**(352)**	**(73,198)**	**70,524**
At 1 January 2022	144,099	(25)	(157)	(66,366)	77,551
Loss net of tax and total comprehensive loss for the financial year	–	–	–	(5,647)	(5,647)
At 31 December 2022	144,099	(25)	(157)	(72,013)	71,904

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

	Group	
	2023	2022
	$'000	$'000
Cash flows from operating activities		
(Loss)/profit before tax	**(677)**	3,111
Adjustments for:		
(Writeback of allowance)/allowance for slow moving inventories	**(40)**	368
Amortisation of intangible assets	**137**	136
Bad debts written off	**8**	–
Depreciation of property, plant and equipment	**1,585**	1,643
Depreciation of right-of-use assets	**190**	234
Fair value gain on investment properties, net	**–**	(2,930)
Gain on disposal of assets classified as held for sale	**(64)**	–
Loss on settlement of loan to Azmil	**1,710**	–
Share of results of associates	**638**	(815)
(Writeback of impairment loss)/impairment loss on investment in associate	**(1,000)**	5,300
Impairment loss on trade and other receivables (current)	**274**	788
Implicit interest income	**(4)**	(4)
Interest expense	**769**	1,608
Interest income	**(186)**	(51)
Net (gain)/loss on disposal of property, plant and equipment	**(8)**	–
(Gain)/loss on disposal of a subsidiary	**(430)**	727
Writeback of impairment loss on trade receivables (current)	**(195)**	(2,100)
Writeback of impairment loss on other receivables (non-current)	**–**	(2,000)
Foreign currency exchange (gain)/loss	**(75)**	77
Operating cash flows before changes in working capital	**2,632**	6,092
Decrease/(increase) in:		
Inventories	**1,159**	(3,477)
Trade and other receivables	***21,033**	(7,987)
Advance payment to suppliers	**926**	3,178
Prepayments	**(8)**	126
Deposits	**(21)**	11
Amounts due from associates	***(17,976)**	–
Increase/(decrease) in:		
Trade and other payables	**(2,146)**	(3,367)
Contract liabilities	**(1,443)**	(4,927)
Amount due to a related party	**6**	(17)
Provision for post-employment benefits	**(18)**	7
Cash generated from/(used in) operations	**4,144**	(10,361)
Bad debts recovered received	**–**	369
Income taxes paid	**(358)**	(372)
Interest income received	**240**	150
Net cash generated from/(used in) operating activities	**4,026**	(10,214)

* As disclosed in Note 7, as at 31 December 2023, PTG became an associated company and the trade receivables due from PTG to the Group of $15,958,000 was reclassified to "Amounts due from associates" (as disclosed in Note 14 and 16).

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

	Group	
	2023 $'000	2022 $'000
Cash flows from investing activities:		
Interest income received	**6**	9
Proceeds from disposal of assets classified as held for sale	**20,830**	–
Proceeds from disposal of property, plant and equipment	**10**	11
Purchase of property, plant and equipment	**(82)**	(337)
Repayment of loan from associate	**2,530**	339
Repayment of loan from investee company	**218**	211
Net cash generated from investing activities	**23,512**	233
Cash flows from financing activities:		
Interest expense paid	**(652)**	(1,194)
Interest expense paid to a related party	**(68)**	(55)
Additions to amount due to a related party	**2,410**	307
Repayments of amount due to a related party	**(1,332)**	(634)
(Increase)/decrease in pledged deposits	**(7,062)**	83
Repayments of bank overdrafts	**(3,063)**	(202)
Drawdown of term loans	**152**	–
Repayments of term loans	**(6,168)**	(3,263)
Drawdown of trust receipts	**12,736**	92,257
Repayments of trust receipts	**(21,719)**	(80,736)
Repayments of lease liabilities – principal	**(158)**	(182)
Repayments of lease liabilities – interest	**(132)**	(175)
Net cash (used in)/generated from financing activities	**(25,056)**	6,206
Net increase/(decrease) in cash and cash equivalents	**2,482**	(3,775)
Effect of exchange rate changes on cash and cash equivalents	**(92)**	(69)
Cash and cash equivalents at 1 January	**7,543**	11,387
Cash and cash equivalents at 31 December (Note 34)	**9,933**	7,543

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023

1. CORPORATE INFORMATION

Federal International (2000) Ltd (the "Company") is a limited liability company incorporated and domiciled 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 12 Chin Bee Drive, Singapore 619868.

The principal activity of the Company is investment holding. The principal activities of the subsidiaries are set out in Note 6.

2. MATERIAL ACCOUNTING POLICIES

2.1 Basis of preparation

The consolidated financial statements of the Group and the statement of financial position 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 a historical cost basis except as disclosed in the accounting policies below.

The financial statements are presented in Singapore Dollar ("SGD" or "$") and all values in the tables are rounded to the nearest thousand ($'000) as indicated.

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

Use of estimates and judgements

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

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

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

2. MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.1 Basis of preparation (Continued)

New and revised standards that are adopted

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

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

New and revised standards not yet effective

New standards, amendments to standards and interpretations that have been issued at the balance sheet date but are not yet effective for the financial year ended 31 December 2023 have not been applied in preparing these financial statements. None of these are expected to have a significant effect on the financial statements of the Group and the Company.

2.2 Functional currency

The financial statements are presented in Singapore Dollar ("SGD" or "$"), which is also the Company's functional currency.

2.3 Basis of consolidation

The financial statements of the subsidiaries used in the preparation of the consolidated financial statements are prepared for the same reporting date as the Company.

Losses within a subsidiary are attributed to the non-controlling interests even if that results in a deficit balance.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023

2. MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.3 Basis of consolidation (Continued)

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If the Group loses control over a subsidiary, it:

– Derecognises the assets (including goodwill) and liabilities of the subsidiary at their carrying amounts at the date when control is lost;
– Derecognises the carrying amount of any non-controlling interests;
– Derecognises the cumulative translation differences recorded in equity;
– Recognises the fair value of the consideration received;
– Recognises the fair value of any investment retained;
– Recognises any surplus or deficit in income statement;
– Reclassifies the Group's share of components previously recognised in other comprehensive income to profit or loss or retained earnings, as appropriate.

Any retained equity interest in the previous subsidiary is remeasured at fair value at the date that control is lost. The difference between the carrying amount of the retained interest at the date control is lost, and its fair value is recognised in income statement.

2.4 Property, plant and equipment

All items of property, plant and equipment are initially recorded at cost. Subsequent to recognition, property, plant and equipment other than leasehold buildings are measured at cost less accumulated depreciation and any accumulated impairment losses. The cost includes the cost of replacing part of the property, plant and equipment and borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying property, plant and equipment.

When significant parts of property, plant and equipment are required to be replaced in intervals, the Group recognises such parts as individual assets with specific useful lives and depreciation, respectively. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in income statement as incurred.

Leasehold buildings are subsequently carried at revalued amounts less accumulated depreciation and accumulated impairment losses. Valuations are performed with sufficient regularity to ensure that the carrying amount does not differ materially from the fair value of the leasehold buildings at the end of the reporting period.

Any revaluation surplus is recognised in other comprehensive income and accumulated in equity under the revaluation reserve, except to the extent that it reverses a revaluation decrease of the same asset previously recognised in income statement, in which case the increase is recognised in income statement. A revaluation deficit is recognised in income statement, except to the extent that it offsets an existing surplus on the same asset carried in the revaluation reserve.

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

Leasehold building	–	Remaining leasehold period of 20 years (2022: 21 years)
Plant and machinery	–	3 to 10 years
Motor vehicles	–	5 to 10 years
Furniture and fittings and office equipment	–	3 to 5 years

The carrying values of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable.

The residual value, useful life and depreciation method are reviewed at each reporting period and adjusted prospectively, if appropriate.

2. MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.5 Impairment of non-financial assets

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when an annual impairment testing for an asset is required, the Group makes an estimate of the asset's recoverable amount.

An asset's recoverable amount is the higher of an asset's or cash-generating unit's fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset or cash-generating unit exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows expected to be generated by the asset are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, recent market transactions are taken into account, if available. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples or other available fair value indicators.

The Group bases its impairment calculation on detailed budgets and forecast calculations which are prepared separately for each of the Group's cash-generating units to which the individual assets are allocated. These budgets and forecast calculations are generally covering a period of five years. For longer periods, a long-term growth rate is calculated and applied to project future cash flows after the fifth year.

Impairment losses are recognised in income statement, except for assets that are previously revalued where the revaluation was taken to other comprehensive income. In this case, the impairment is also recognised in other comprehensive income up to the amount of any previous revaluation.

For assets excluding goodwill, an assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the Group estimates the asset's or cash-generating unit's recoverable amount.

2.6 Subsidiaries

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

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

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023

2. MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.7 Associates

An associate is an entity over which the Group has the power to participate in the financial and operating policy decisions of the investee but does not have control or joint control of those policies.

The Group accounts for its investments in associates using the equity method from the date on which it becomes an associate.

On acquisition of the investment, any excess of the cost of the investment over the Group's share of the net fair value of the investee's identifiable assets and liabilities is accounted as goodwill and is included in the carrying amount of the investment. Any excess of the Group's share of the net fair value of the investee's identifiable assets and liabilities over the cost of the investment is included as income in the determination of the entity's share of the associate's income statement in the period in which the investment is acquired.

Under the equity method, the investment in associates is carried in the statements of financial position at cost plus post-acquisition changes in the Group's share of net assets of the associates. The income statement reflects the share of results of the operations of the associates. Distributions received from associates reduce the carrying amount of the investment. Where there has been a change recognised in other comprehensive income by the associates, the Group recognises its share of such changes in other comprehensive income. Unrealised gains and losses resulting from transactions between the Group and associates are eliminated to the extent of the interest in the associates.

When the Group's share of losses in an associate equals or exceeds its interest in the associate, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate.

After application of the equity method, the Group determines whether it is necessary to recognise an additional impairment loss on the Group's investment in its associates. The Group determines at each reporting period whether there is any objective evidence that the investment in the associate is impaired. If this is the case, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value and recognises the amount in income statement.

The financial statements of the associates are prepared as of the same reporting date as the Company. Where necessary, adjustments are made to bring the accounting policies in line with those of the Group.

Upon loss of significant influence over the associate, the Group measures any retained investment at its fair value. Any difference between the fair value of the aggregate of the retained investment and proceeds from disposal and the carrying amount of the investment at the date the equity method was discontinued is recognised in income statement.

In the Company's financial statements, investments in associates are carried at cost less accumulated impairment loss. On disposal of investment in associates, the difference between the disposal proceeds and the carrying amount of the investment is recognised in income statement.

2.8 Financial assets

Recognition and derecognition

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

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

2. MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.8 Financial assets (Continued)

Classification and measurement

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

The Group classifies its financial assets in the measurement categories:

- Amortised cost
- Fair value through other comprehensive income ("FVOCI")

The classification is based on the entity's business model for managing the financial asset and the contractual cash flow characteristics of the financial assets. The Group reclassifies financial assets when and only when its business model for managing those assets changes.

Subsequent measurement

i) <u>Debt instruments</u>

Debt instruments include trade receivables, other receivables (excluding prepayments and advance payment to suppliers), financial receivable, deposits, amount due from related parties, subsidiaries, and associates, fixed and bank deposits and cash and bank balances on the statements of financial position.

Amortised cost

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

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

Financial assets at amortised cost are subsequently measured using the effective interest rate ("EIR") method and are subject to impairment. Gains and losses are recognised in income statement when the asset is derecognised, modified or impaired. Interest income from these financial assets is included in interest income using the EIR method.

ii) <u>Equity instruments</u>

The Group subsequently measures all its equity investments at their fair values.

The Group has designated all of its equity investments that are not held for trading at FVOCI at initial recognition. Gains and losses arising from changes in fair value of these equity investments classified as FVOCI are presented as "fair value gains/losses" in other comprehensive income and accumulated in fair value reserve and will never be reclassified to income statement. Disposal of equity investment designated at FVOCI would be recognised in other comprehensive income. Fair value reserve relating to the disposed asset would be transferred to accumulated losses upon disposal. Dividends from equity investments are recognised in income statement and presented in "other income". Equity investments classified as FVOCI are not subject to impairment assessment.

NOTES TO THE FINANCIAL STATEMENTS

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2. MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.9 Impairment of financial assets

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

The impairment methodology applied depends on whether there has been a significant increase in credit risk. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12 months (a 12-month ECL).

For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

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

The Group segregates the trade amounts due from the Group's associate where the associated credit risk is not significant. The Group determines expected credit loss ("ECL") by applying the simplified approach in accordance with SFRS(I) 9 *Financial Instruments* to measure the lifetime ECL for the trade amounts due from the Group's associate that is based on its historical credit loss experience, adjusted as appropriate for current conditions and forward-looking factors specific to the associate and its economic environment. The management considers the need for any loss allowance on these balances by monitoring the associate's financial position and performance on a periodic basis to manage the Group's exposure.

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

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

2.10 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 as follows:

- Trading stocks: generally costed at weighted-average-cost basis.
- Finished goods and work-in-progress: costs of direct materials and labour and other direct cost. These costs are assigned on a weighted-average-cost basis.
- Raw materials: purchase costs on a weighted average basis.

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

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

2. MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.11 Financial liabilities

Initial recognition and measurement

The Group determines the classification of its financial liabilities at initial recognition.

All financial liabilities are recognised initially at fair value, plus, in the case of financial liabilities not at fair value through profit or loss, directly attributable transaction costs.

Subsequent measurement

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

2.12 Financial guarantee

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

Financial guarantees are recognised initially as a liability at fair value plus transaction costs. Financial guarantees are classified as financial liabilities.

Subsequent to initial measurement, financial guarantees are stated at the higher of the initial fair values less cumulative amortisation and the expected loss computed using the impairment methodology under SFRS(I) 9 *Financial Instruments*.

2.13 Revenue

(a) Sale of goods

Revenue from sale of goods in the ordinary course of business is recognised when the Group satisfies a performance obligation ("PO") by transferring control of a promised good to the customer. The amount of revenue recognised is the amount of the transaction price allocated to the satisfied PO. The transaction price is the amount of consideration in the sales contract to which the Group expects to be entitled in exchange for transferring the promised goods. Revenue is recognised at the point when the goods are delivered to the customer. A receivable is recognised when the goods are delivered as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due. For goods which require advance consideration from the customers, the advance consideration are recognised as contract liability at the time of the initial sales transaction and recognised as revenue when the Group satisfies the performance obligation under its contract.

NOTES TO THE FINANCIAL STATEMENTS

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2. MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.13 Revenue (Continued)

(b) Revenue from service concession arrangement

The Group recognises the consideration received or receivable to the extent that it has an unconditional right to receive cash or another financial asset for the construction services. When the Group receives a payment during the operation phase of the concession period, it will apportion such payment between; a repayment of the financial receivable, which will be used to reduce the carrying amount of the financial receivable on its statements of financial position; interest income, which will be recognised as finance income in income statement; and revenue from operating and maintaining the plants in income statement.

(c) Revenue from wastewater treatment services

Revenue from wastewater treatment services is recognised as performance obligation satisfied over time in the accounting period when the services are rendered.

(d) Charter income from land drilling rig

Revenue from charter income from land drilling rig is recognised over time based on actual number of days that the land drilling rig is chartered to the customer. The Group has a right to invoice the consideration from a customer in an amount that corresponds directly to period of chartering.

(e) Rental income

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

(f) Dividend income

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

(g) Interest income

Interest income is recognised using the effective interest method.

2.14 Taxes

Current income tax

Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the end of the reporting period, in the countries where the Group operates and generates taxable income.

Current income taxes are recognised in income statement except to the extent that the tax relates to items recognised outside income statement, either in other comprehensive income or directly in equity which the tax is also recognised outside income statement (either in other comprehensive income or directly in equity respectively). Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation. It establishes provisions, where appropriate, on the basis of amounts expected to be paid to the tax authorities.

2. MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.14 Taxes (Continued)

Deferred tax

Deferred tax is provided using the liability method on temporary differences at the end of the reporting period between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all temporary differences, except:

- Where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- In respect of taxable temporary differences associated with investments in subsidiaries and associates, 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.

Deferred tax assets are recognised for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised except:

- Where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- In respect of deductible temporary differences associated with investments in subsidiaries and associates, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will be reversed in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at each reporting period and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at each reporting period.

Deferred tax relating to items recognised outside income statement is recognised outside income statement. Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity and deferred tax arising from a business combination is adjusted against goodwill on acquisition.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current income tax assets against current income tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

Deferred tax is measured based on the tax consequence that will follow the manner in which the Group expects, at each reporting period, to recover or settle the carrying amounts of its assets and liabilities.

NOTES TO THE FINANCIAL STATEMENTS

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3. CRITICAL ACCOUNTING JUDGEMENT AND KEY SOURCES OF ESTIMATION UNCERTAINTY

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

3.1 Critical judgement made in applying accounting policies

In the process of applying the Group's accounting policies, which are described in Note 2, management has made the following judgements that have the most significant effect on the amounts recognised in the financial statements:

Deferred tax assets

The Group recognises deferred income tax assets on carried forward tax losses to the extent there are sufficient estimated future taxable profits and/or taxable temporary differences against which the tax losses can be utilised and that the Group is able to comply with certain provisions of the tax legislation of the respective countries in which the companies operate.

Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits. The carrying value of deferred tax asset recognised and the unrecognised tax losses of the Group at 31 December 2023 are disclosed in Note 12.

3.2 Key sources of estimation uncertainty

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

(a) Useful lives of property, plant and equipment

The cost of property, plant and equipment is depreciated on a straight-line basis over the asset's estimated economic useful lives. Management estimates the useful lives of these property, plant and equipment to be within the years stated in Note 2.4. These are common life expectancies applied in the industry. Changes in the expected level of usage and technological developments could impact the economic useful lives and the residual values of these assets, therefore, future depreciation charges could be revised. The carrying amount of the Group's property, plant and equipment at each reporting period is disclosed in Note 4. A 5% difference in the expected useful lives of these assets from management's estimates would result in approximately 11.7% (2022: 2.64%) variance in the Group's (loss)/profit before tax.

(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. The non-financial assets are tested for impairment when there are indicators that the carrying amounts may not be recoverable. An impairment exists when the carrying 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.

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

3. CRITICAL ACCOUNTING JUDGEMENT AND KEY SOURCES OF ESTIMATION UNCERTAINTY (CONTINUED)

3.2 Key sources of estimation uncertainty (Continued)

(c) Allowance for slow moving inventories

Inventories are stated at the lower of cost and net realisable value. Significant management judgement is required to determine the amount of allowance to be recognised. The carrying amount of inventories is disclosed in Note 13.

(d) Revaluation of leasehold building

The fair value of the leasehold building at 31 December 2023 is determined by professional valuer by reference to recent transactions of similar properties in the vicinity after adjusting for any differences in the nature, location and condition of the specific property.

The carrying amount and key assumptions used to determine the fair value of leasehold building are explained in Note 4.

(e) Calculation of expected credit loss allowance

When measuring ECL, the Group uses reasonable and supportable forward-looking information, which is based on assumptions and forecasts of future economic conditions and how these conditions will affect the Group's ECL assessment. Loss given default is an estimate of the loss arising on default. It is based on the difference between the contractual cash flows due and those that the lender would expect to receive, taking into account cash flows from collateral and integral credit enhancements.

Probability of default constitutes a key input in measuring ECL. Probability of default is an estimate of the likelihood of default over a given time horizon, the calculation of which includes historical data, assumptions and expectations of future conditions.

As the calculation of loss allowance on receivables and loans is subject to assumptions and forecasts, any changes to these estimations will affect the amounts of loss allowance recognised and the carrying amounts of receivables and loans. Details of ECL measurement and carrying values of financial assets are disclosed in Note 37(a).

The Group uses a provision matrix to calculate ECLs for trade receivables. The provision rates are based on days past due. The Group determined the ECL of trade receivables by making a full allowance for debtors regarded as credit-impaired where one or more credit impairment events have occurred and using a provision matrix for remaining trade receivables. The Group estimates the expected credit loss rates for each category of past due status of the debtors based on historical credit loss experience, adjusted as appropriate to reflect current conditions and forecasts of future economic conditions and how these conditions will affect the Group's ECL assessment, except for trade amounts due from the Group's associate. The Group segregates the trade amounts due from the Group's associate where the associated credit risk is not significant. The Group determines expected credit loss ("ECL") by applying the simplified approach in accordance with SFRS(I) 9 *Financial Instruments* to measure the lifetime ECL for the trade amounts due from the Group's associate that is based on its historical credit loss experience, adjusted as appropriate for current conditions and forward-looking factors specific to the associate and its economic environment. The management considers the need for any loss allowance on these balances by monitoring the associate's financial position and performance on a periodic basis to manage the Group's exposure.

The Group's historical credit loss experience and forecasts of future economic conditions may also not be representative of customer's actual default in the future.

A reasonably possible change in the expected loss rate would not result in any significant impact to the loss allowance recognised.

NOTES TO THE FINANCIAL STATEMENTS

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4. PROPERTY, PLANT AND EQUIPMENT

Group	At valuation Leasehold building $'000	At cost Plant and machinery $'000	 Furniture and fittings and office equipment $'000	 Motor vehicles $'000	Total $'000
Cost or valuation:					
At 1 January 2022	8,700	12,461	2,145	500	23,806
Additions	–	4	333	187	524
Disposals/write off	–	(136)	(60)	(159)	(355)
Revaluation (Note 27)	400	–	–	–	400
Exchange differences	–	(1,036)	(39)	(2)	(1,077)
At 31 December 2022 and 1 January 2023	**9,100**	**11,293**	**2,379**	**526**	**23,298**
Additions	**–**	**14**	**68**	**–**	**82**
Disposals/write off	**–**	**(352)**	**(105)**	**(88)**	**(545)**
Transfer to assets of disposal group and assets classified as held for sale (Note 17)	**–**	**(9,931)**	**(177)**	**–**	**(10,108)**
Exchange differences	**–**	**(34)**	**2**	**–**	**(32)**
At 31 December 2023	**9,100**	**990**	**2,167**	**438**	**12,695**
Accumulated depreciation and impairment loss:					
1 January 2022	–	10,209	1,807	385	12,401
Depreciation charge for the financial year	395	1,017	184	47	1,643
Disposals/write off	–	(136)	(57)	(151)	(344)
Elimination of accumulated depreciation on revaluation (Note 27)	(395)	–	–	–	(395)
Exchange differences	–	(906)	(28)	(2)	(936)
At 31 December 2022 and 1 January 2023	**–**	**10,184**	**1,906**	**279**	**12,369**
Depreciation charge for the financial year	**433**	**918**	**183**	**51**	**1,585**
Disposals/write off	**–**	**(352)**	**(104)**	**(88)**	**(544)**
Elimination of accumulated depreciation on revaluation (Note 27)	**(433)**	**–**	**–**	**–**	**(433)**
Transfer to assets of disposal group and assets classified as held for sale (Note 17)	**–**	**(9,829)**	**(162)**	**–**	**(9,991)**
Exchange differences	**–**	**(59)**	**–**	**–**	**(59)**
At 31 December 2023	**–**	**862**	**1,823**	**242**	**2,927**
Net carrying amount:					
At 31 December 2022	9,100	1,109	473	247	10,929
At 31 December 2023	**9,100**	**128**	**344**	**196**	**9,768**

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023

4. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Company	**Furniture and fittings and office equipment $'000**
Cost:	
At 1 January 2022, 31 December 2022 and 1 January 2023	**16**
Additions	**5**
Disposals	**(2)**
At 31 December 2023	**19**
Accumulated depreciation:	
At 1 January 2022	7
Depreciation charge for the financial year	3
At 31 December 2022 and 1 January 2023	**10**
Depreciation charge for the financial year	**3**
Disposals	**(1)**
At 31 December 2023	**12**
Net carrying amount:	
At 31 December 2022	6
At 31 December 2023	**7**

Revaluation of leasehold building

Leasehold building relates to a single-storey detached factory situated at 12 Chin Bee Drive on leasehold land of 7,146.3 square metres. The lease tenure of the leasehold land is 30 years effective October 2013.

The fair value of the Group's leasehold building was determined based on the property's highest and best use by an external valuer using direct comparison with recent transactions of comparable properties within the vicinity at 31 December 2023. Adjustments were made for differences in location, land area, land shape, floor area, floor loading, ceiling height, tenure, design and layout, age and condition of buildings, dates of transactions and the prevailing market conditions amongst other factors affecting its value.

The fair value measurement is categorised under Level 3 (31 December 2022: Level 3) of the fair value hierarchy.

If leasehold building were measured using the cost model, the carrying amounts would be as follows:

	Group	
	2023 $'000	**2022 $'000**
Leasehold building at 31 December:		
Cost	**4,461**	4,461
Accumulated depreciation	**(1,887)**	(1,759)
Net carrying amount	**2,574**	2,702

Assets pledged as security

The Group's leasehold building with carrying amounts of $9,100,000 (2022: $9,100,000) is mortgaged to secure banking facilities and bank loans of certain subsidiaries (Note 22 and Note 23).

NOTES TO THE FINANCIAL STATEMENTS

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5. RIGHT-OF-USE ASSETS AND LEASE LIABILITIES

5.1 The Group as a lessee

Nature of the Group's leasing activities

The Group's leasing activities comprise the following:

(a) The Group leases various equipment, office units and motor vehicle from non-related parties. The leases have an average tenure of between one to seven years;

(b) The Group also makes monthly lease payments for land lease. The right-of-use of the land lease is classified as right-of-use assets;

(c) The Group has elected not to recognise right-of-use assets and lease liabilities for:

- Short-term leases, consisting of office units with contractual terms of 1 year; and
- Low-value assets, consisting of equipment of less than $5,000.

Information about leases for which the Group is a lessee is presented below:

Amounts recognised in statements of financial position

	Group	
	2023	**2022**
	$'000	**$'000**
Carrying amount of right-of-use assets		
Land lease	**1,964**	1,997
Office units	**83**	140
Equipment	**61**	86
Motor vehicle	**39**	–
	2,147	2,223
Carrying amount of lease liabilities		
Current	**175**	153
Non-current	**2,207**	2,273
	2,382	2,426
Additions to right-of-use assets	**109**	70

5. RIGHT-OF-USE ASSETS AND LEASE LIABILITIES (CONTINUED)

5.1 The Group as a lessee (Continued)

Amounts recognised in income statement

	Group	
	2023	**2022**
	$'000	**$'000**
Depreciation charge for the financial year		
Land lease	**99**	154
Office units	**62**	63
Equipment	**25**	17
Motor vehicle	**4**	–
	190	234
Lease expense not included in the measurement of lease liabilities:		
Lease expense – short term leases	**130**	162
Lease expense – low value assets leases	**6**	6
Total (Note 30)	**136**	168
Interest expense arising from lease liabilities (Note 30)	**132**	175

Total cash flow for leases during the financial year amounted to $426,000 (2022: $525,000).

As at 31 December 2023, the Group is committed to $55,000 (2022: $109,000) for short-term leases.

Reconciliation of movements of lease liabilities to cash flow arising from financing activities:

	Group	
	2023	**2022**
	$'000	**$'000**
At 1 January	**2,426**	3,313
Changes from financing cash flows:		
– Repayments of principal	**(158)**	(182)
– Repayments of interest	**(132)**	(175)
Non-cash changes:		
– Interest expense	**132**	175
– Additions of new leases	**109**	70
– Termination of leases	**–**	(31)
– Reclassification to liabilities directly associated with the assets held for sale (Note 17)	**–**	(720)
Effect of changes in foreign exchange rates	**5**	(24)
At 31 December	**2,382**	2,426

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023

5. RIGHT-OF-USE ASSETS AND LEASE LIABILITIES (CONTINUED)

5.2 The Group as a lessor

Nature of the Group's leasing activities

In 2022, the Group leased out its investment properties to third parties for monthly lease payments. The lease was classified as an operating lease because the risk and rewards incidental to ownership of the assets were not substantially transferred. In 2023, there was no longer any such lease after the completion of the disposal of the Group's investment properties.

In 2022, investment properties held by the Group related to freehold land and buildings, consisting of two 3-storey terrace factories situated at 47 and 49 Genting Road ("Genting properties") on freehold land of 810.9 square metres and leasehold building, consisting of a single-storey factory situated at 11 Tuas Avenue 1 ("Tuas property") on a leasehold land area of 4,701.4 square metres. The lease tenure of the leasehold land was 22 years effective November 2012.

In 2022, the carrying amount of Tuas property and Genting properties of $4,030,000 and $16,800,000 respectively were reclassified as assets classified as held for sale. The fair values of Tuas property and Genting properties were determined based on the agreed consideration price in the sale and purchase agreement and options to purchase respectively. The fair value measurement was categorised under Level 2 of the fair value hierarchy.

The movements in investment properties are as follows:

	Group	
	2023	**2022**
	$'000	**$'000**
At beginning of year	–	17,900
Fair value gain recognised in income statement, net	–	2,930
Reclassification to assets classified as held for sale (Note 17)	–	(20,830)
At end of year	–	–

The following amounts are recognised in income statement:

	Group	
	2023	**2022**
	$'000	**$'000**
Rental income (Note 30)	–	382
Direct operating expenses arising from investment properties that generated rental income	–	(171)

6. INVESTMENT IN SUBSIDIARIES

	Company	
	2023	**2022**
	$'000	**$'000**
Unquoted shares, at cost:		
At 1 January	**83,597**	83,597
Reclassification to assets classified as held for sale (Note 17(c))	**(1,751)**	–
At 31 December	**81,846**	83,597
Less: impairment losses	**(28,390)**	(30,141)
	53,456	53,456
Loans to subsidiaries:		
Gross amount	**91,718**	96,485
Less: impairment losses	**(87,892)**	(92,073)
	3,826	4,412
Net carrying amount	**57,282**	57,868
Analysis of impairment losses on investment in subsidiaries:		
At 1 January	**30,141**	29,289
Impairment loss	**–**	852
Reclassification to assets classified as held for sale (Note 17(c))	**(1,751)**	–
At 31 December	**28,390**	30,141
Analysis of impairment losses on loans to subsidiaries:		
At 1 January	**92,073**	84,388
Impairment loss	**–**	8,193
Receivables written off as uncollectable	**(3,790)**	–
Exchange differences	**(391)**	(508)
At 31 December	**87,892**	92,073

Management determined that the loans to subsidiaries are quasi-equity in nature and are therefore included in the investment in subsidiaries. The quasi-equity loans have no repayment terms and are repayable only when cash flows of the subsidiaries permit. The quasi-equity loans are interest-free and unsecured.

Loans to subsidiaries are denominated in the following currency:

	Company	
	2023	**2022**
	$'000	**$'000**
United States Dollar	**3,826**	4,412

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6. INVESTMENT IN SUBSIDIARIES (CONTINUED)

(a) Details of the subsidiaries as at 31 December are:

Name of company	Principal activities	Country of incorporation/ Place of business	Proportion of ownership interest 2023 %	2022 %
Held by the Company				
Federal Hardware Engineering Co Pte Ltd[1]	Dealer in flowline control materials and services and investment holding	Singapore	**100**	100
Alton International (S) Pte Ltd[1]	Engineering and dealer in flowline control materials and services and investment holding	Singapore	**100**	100
KVC (UK) Ltd[2]	Design, manufacture and assembly of valves	United Kingdom	**90**	90
Federal Fire Engineering Pte Ltd[1]	Supply and installation supervision of fire detection and protection systems and related products	Singapore	**100**	100
Federal Environmental & Energy Pte. Ltd.[1]	Supply of flowline control products and investment holding	Singapore	**65**	65
Federal Energi Pte. Ltd.[1]	Dormant	Singapore	**100**	100
Eastern Jason Fabrication Services Pte Ltd[1]	Investment holding and offshore marine projects	Singapore	**100**[3]	100[3]
PT Federal International[4]	Provision of management and business consultation services, and operating and maintenance of oil and gas facility services	Indonesia	**100**[5]	100[5]
FI (2000) UK Limited[6]*	Dormant	United Kingdom	**100**	100

6. INVESTMENT IN SUBSIDIARIES (CONTINUED)

(a) *Details of the subsidiaries as at 31 December are: (Continued)*

Name of company	Principal activities	Country of incorporation/ Place of business	Proportion of ownership interest 2023 %	2022 %
Held by subsidiaries				
PT Fedsin Rekayasa Pratama[(4)]	Hardware merchant and investment holding	Indonesia	**100**	100
PT Federal International[(4)]	Provision of management and business consultation services and operating and maintenance of oil and gas facility services	Indonesia	**99**[(5)]	99[(5)]
Federal International (Shanghai) Co., Ltd.[(7)]	Trader and agent of flowline control products	People's Republic of China ("PRC")	**65**	65
Alton International (Thailand) Co., Ltd[(8)#]	Dormant	Thailand	**100**	100
Alton International Resources Pte. Ltd.[#]	Dormant	Singapore	**70**	70
PT Alton International Resources[^]	Dormant	Indonesia	**–**	69.3
PT Mega Federal Energy*	Dormant	Indonesia	**60**	60
Federal Environmental Engineering (Shanghai) Co. Ltd[(7)]	Water and wastewater treatment projects	PRC	**65**	65
FEE Investment Management Consultants (Shanghai) Co. Ltd[(7)]	Provision of management and consultancy services for environmental-related projects	PRC	**65**	65
Federal Environmental Engineering (Suzhou) Co. Ltd[(7)]	Provision of management and consultancy services for environmental-related projects	PRC	**65**	65
Federal Environmental (Southwest China) Pte. Ltd.[(1)]	Investment holding	Singapore	**65**	65
Federal Environmental (Chengdu) Pte. Ltd.[(1)]	Investment holding	Singapore	**65**	65
Federal Water (Chengdu) Co., Ltd.[(7)]	Supply of raw water, treated industrial tap water and project consultancy services	PRC	**58.5**	58.5
Federal DNV India Private Ltd*	Dormant	India	**51**	51

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6. INVESTMENT IN SUBSIDIARIES (CONTINUED)

(a) Details of the subsidiaries as at 31 December are: (Continued)

* Not required to be audited under the laws of the respective countries of incorporation

\# In the process of striking off or liquidation during the financial year. Striking off for Alton International Resources Pte Ltd ("AIR") is expected to be completed in financial year 2024

^ Liquidated during the financial year

Notes:

(1) Audited by Baker Tilly TFW LLP

(2) Audited by Henderson Loggie LLP

(3) This comprised 92.5% direct equity interest held by the Company and indirect equity interest of 7.5% held by a wholly-owned subsidiary

(4) Audited by Paul Hadiwinata, Hidajat, Arsono, Retno, Palilingan & Rekan

(5) This comprised 1% direct equity interest held by the Company and indirect equity interest of 99% held by a wholly-owned subsidiary

(6) No share capital is contributed into the subsidiary as at 31 December 2023 and 31 December 2022

(7) Audited by independent overseas member firms of Baker Tilly International

(8) Audited by JTT Accounting & Auditing Partnership Limited, Thailand

(b) Summarised financial information of subsidiaries with material non-controlling interests ("NCI")

The Group has the following subsidiaries that have NCI that are considered by management to be material to the Group:

Name of subsidiary	Principal place of business/ Country of incorporation	Ownership interests held by NCI 2023 %	2022 %
FEE subgroup	Singapore and PRC	**35**	35
AIR subgroup	Singapore and Indonesia	**30**	30

FEE subgroup comprises Federal Environmental & Energy Pte. Ltd., Federal Environmental Engineering (Shanghai) Co. Ltd., FEE Investment Management Consultants (Shanghai) Co. Ltd., Federal Environmental Engineering (Suzhou) Co. Ltd., Federal Environmental (Southwest China) Pte. Ltd., Federal Water (Chengdu) Co., Ltd. and Federal Environmental (Chengdu) Pte. Ltd..

AIR subgroup comprises Alton International Resources Pte. Ltd. ("AIR") and PT Alton International Resources ("PTAIR"). During the financial year, PTAIR was liquidated and AIR was in the process of striking off.

6. **INVESTMENT IN SUBSIDIARIES (CONTINUED)**

(b) *Summarised financial information of subsidiaries with material non-controlling interests ("NCI") (Continued)*

The following are the summarised financial information of each of the Group's subsidiaries with NCI that are considered by management to be material to the Group. These financial information include consolidation adjustments but before inter-company eliminations.

Summarised Statements of Financial Position

	FEE subgroup		AIR subgroup	
	2023 $'000	**2022 $'000**	**2023 $'000**	**2022 $'000**
Non-current assets	**11**	19	**–**	19
Non-current liabilities	**–**	(220)	**–**	(10)
Current assets	**5,789**	6,699	**–**	–
Current liabilities	**(9,608)**	(28,515)	**–**	(33,458)
Net liabilities	**(3,808)**	(22,017)	**–**	(33,449)
Net liabilities attributable to NCI	**(1,333)**	(7,706)	**–**	(10,035)

Assets and liabilities of FEE subgroup (after inter-company eliminations) are classified as "Assets of disposal group classified as held for sale" and "Liabilities directly associated with disposal group held for sale" as at 31 December 2023.

Summarised Statements of Comprehensive Income

	FEE subgroup		AIR subgroup	
	2023 $'000	**2022 $'000**	**2023 $'000**	**2022 $'000**
Revenue	**2,054**	2,023	**–**	–
Profit/(loss) before tax	**18,071**	815	**33,907**	(31)
Income tax expense	**(2)**	(1)	**–**	–
Profit/(loss) after tax	**18,069**	814	**33,907**	(31)
Other comprehensive income/(loss)	**140**	501	**(459)**	56
Total comprehensive income	**18,209**	1,315	**33,448**	25
Profit/(loss) allocated to NCI	**6,324**	285	**10,172**	(9)

Summarised Statement of Cash Flows

	FEE subgroup		AIR subgroup	
	2023 $'000	**2022 $'000**	**2023 $'000**	**2022 $'000**
Cash used in operating activities	**(172)**	(342)	**(6)**	(5)
Cash used in investing activities	**(4)**	(5)	**–**	–
Cash generated from financing activities	**409**	54	**6**	5
Net increase/(decrease) in cash and cash equivalents	**233**	(293)	**–**	–

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6. INVESTMENT IN SUBSIDIARIES (CONTINUED)

(c) *Disposal of subsidiaries*

(i) In 2022, Federal Capital Pte. Ltd., a wholly-owned subsidiary of the Group, was struck off from the Register of Companies. The disposal has no effect on the financial position of the Group.

(ii) In 2022, Federal Offshore Services Pte. Ltd., a 60%-owned subsidiary of the Group, was struck off from the Register of Companies. The effect of the disposal on the financial position of the Group is as follows:

	Group 2022 $'000
Net assets derecognised	–
Consideration received, satisfied in cash	–
Cash and bank balances disposed	–
Net cash inflow	–
Consideration received	–
Net assets derecognised	–
Cumulative foreign currency translation on loss of control of subsidiary	(1,211)
	(1,211)
Non-controlling interest	484
Loss on disposal	(727)

(iii) PT Alton International Resources ("PTAIR"), a 69.3%-owned subsidiary of the Group, was liquidated during the financial year. The effect of the disposal on the financial position of the Group is as follows:

	Group 2023 $'000
Net assets derecognised	**–**
Consideration received, satisfied in cash	**–**
Cash and bank balances disposed	**–**
Net cash inflow	**–**
Consideration received	**–**
Net assets derecognised	**–**
Cumulative foreign currency translation on loss of control of subsidiary	**430**
Gain on disposal	**430**

6. INVESTMENT IN SUBSIDIARIES (CONTINUED)

(d) *Company level – Impairment review of investment in subsidiaries*

In 2022, management performed an impairment test for the investment in Federal Environmental & Energy Pte Ltd ("FEE") as this subsidiary had ceased its operation in 2022. The recoverable amount of the investment in FEE has been determined based on fair value less cost of disposal. The fair value was determined as the adjusted value of assets upon disposal and realisation of liabilities, and the measurement is categorised under Level 3 of the fair value hierarchy. An impairment loss of $852,000 was recognised in 2022 which reduced the carrying amounts of investment in subsidiaries to $53,456,000.

Management determines that certain loans to subsidiaries are quasi-equity in nature, which are therefore included in the investment in subsidiaries.

In 2022, management performed an impairment review for loans to subsidiaries for FEE, PT Federal International ("PTFI") and Eastern Jason Fabrication Services Pte Ltd ("EJFS") and the Company made an impairment loss on loans to these subsidiaries of $8,193,000.

During the financial year, the Company has written off $3,790,000 of its loans to a subsidiary, FEE, and reversed its impairment loss previously provided of the same amount. These loans to FEE were assessed to be uncollectable due to FEE's financial position and FEE is not expected to have sufficient ability to make repayments to the Company.

(e) *Company level – Reclassification of investment in subsidiaries to assets of disposal group classified as held for sale*

During the financial year, the Group entered into two Share Sale and Purchase Agreements for the disposals of the Group's 65% equity interest in FEE and Federal International (Shanghai) Co. Ltd ("FIS"). As at 31 December 2023, the investment cost in FEE at Company level was reclassified to assets of disposal group held for sale (as disclosed in Note 17(c)).

(f) *Significant restriction*

Cash and cash equivalents of $1,061,000 (2022: $906,000) are held in the People's Republic of China and are subject to local exchange control regulations. These regulations place restrictions on the amount of currency being exported from the country, other than through dividends.

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7. INVESTMENT IN ASSOCIATES

	Group		Company	
	2023	2022	2023	2022
	$'000	$'000	$'000	$'000
Unquoted shares, at cost				
At 1 January	**4,215**	4,215	**868**	868
Acquisition	**2,813**	–	**2,813**	–
At 31 December	**7,028**	4,215	**3,681**	868
Share of post-acquisition reserves	**5,514**	6,152	**–**	–
Impairment losses	**(4,875)**	(5,875)	**(136)**	(136)
Exchange differences	**(484)**	(228)	**–**	–
Net carrying amount	**7,183**	4,264	**3,545**	732
Analysis of impairment losses:				
At 1 January	**5,875**	575	**136**	136
Additions	**–**	5,300	**–**	–
Writeback	**(1,000)**	–	**–**	–
At 31 December	**4,875**	5,875	**136**	136

In December 2023, Pak Azmil Rahman ("Azmil"), transferred to the Company 39,500 PT Gunanusa Utama Fabricators ("PTG") shares held by him as part of the settlement of an outstanding loan of $13,022,000 owing to the Company (as disclosed in Note 10). Prior to this transfer, the Group held 3,720 PTG shares, representing 2.6% equity interest in PTG. The investment was then designated as "Financial assets at FVOCI" (as disclosed in Note 9). Subsequent to the transfer of 39,500 PTG shares, representing 27.4% equity interest in PTG, the Group holds a total of 43,220 PTG shares, representing 30% equity interest in PTG. As a result, PTG became an associated company of the Group.

As at 31 December 2023, the fair value of the investment of 43,220 PTG shares at $2,813,000[(1)] (or US$48.70 or $65.10 per share) was determined by reference to the equity value of PTG based on valuation performed by an external valuer using income approach. The valuation using income approach has been determined based on discounted cash flow analysis from forecast provided by PTG covering a three-year period. The weighted average cost of capital applied to the cash flow projection and forecasted growth rate used to extrapolate cash flow projection beyond three-year period are 15.4% and 1.7% respectively. The valuer has also considered that the computed Enterprise Value/Earnings Before Interest, Taxes, Depreciation and Amortisation ("EV/EBITDA") multiple of PTG was within the range of EV/EBITDA multiple of the comparable companies.

The fair value measurement is categorised under Level 3 of the fair value hierarchy.

Note:

(1) Amount consists of fair value of 39,500 PTG shares at $2,571,000 and 3,720 PTG shares at $242,000 respectively.

7. INVESTMENT IN ASSOCIATES (CONTINUED)

Name of company	Principal activities	Country of incorporation/ Place of business	Proportion of ownership interest 2023 %	2022 %
Associates				
Held by the Company				
KVC Co., Ltd*	Manufacture and export of valves	Japan	**50**	50
PT Gunanusa Utama Fabricators(1)	Engineering, Procurement, Fabrication and Construction, Installation and Commissioning ("EPCIC") of offshore platforms and structures in the oil and gas industry	Indonesia	**30**	–
Held by subsidiaries				
Federal-Applied Industrial Services Co Ltd*	Dormant	Thailand	**49**	49
PT Eastern Jason(2)	Chartering of vessels	Indonesia	**30**	30

* Not required to be audited under the laws of the respective countries of incorporation

Notes:
(1) Audited Paul Hadiwinata, Hidajat, Arsono, Retno, Palilingan & Rekan
(2) Audited by Teramihardja, Pradhono, Chandra & Rekan

Summarised financial information for associates of the Group, which in the opinion of the management are material to the Group based on their IFRS financial statements (not adjusted for the Group's share of those amounts) and a reconciliation to the carrying amounts of the investments in the consolidated financial statements are as follows:

Summarised Statements of Comprehensive Income

	PT Gunanusa Utama Fabricators		PT Eastern Jason		KVC Co., Ltd	
	2023 $'000	**2022 $'000**	**2023 $'000**	**2022 $'000**	**2023 $'000**	**2022 $'000**
Revenue	**–**	–	**13,672**	7,051	**6,386**	6,988
(Loss)/profit after tax	**–**	–	**(2,658)**	2,312	**319**	243
Other comprehensive loss	**–**	–	**(438)**	(190)	**(249)**	(344)
Total comprehensive (loss)/income	**–**	–	**(3,096)**	2,122	**70**	(101)

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7. INVESTMENT IN ASSOCIATES (CONTINUED)

Summarised Statements of Financial Position

	PT Gunanusa Utama Fabricators		PT Eastern Jason		KVC Co., Ltd	
	2023	**2022**	**2023**	**2022**	**2023**	**2022**
	$'000	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**
Non-current assets	**55,485**	–	**20,339**	33,851	**981**	1,058
Current assets	**35,710**		**6,231**	4,600	**4,618**	4,414
Non-current liabilities	**(1,651)**	–	**(87)**	(7,683)	**(1,284)**	(994)
Current liabilities	**(83,898)**	–	**(2,038)**	(3,227)	**(1,642)**	(1,875)
Net assets	**5,646**	–	**24,445**	27,541	**2,673**	2,603
Proportion of the Group's ownership	**30%**	–	**30%**	30%	**50%**	50%
Group's share of net assets based on proportion of ownership interest	**1,694**	–	**7,333**	8,262	**1,337**	1,302
Impairment loss	**–**	–	**(4,300)**	(5,300)	**–**	–
Goodwill on acquisition	**1,119**	–	**–**	–	**–**	–
Carrying amount of investment	**2,813**	–	**3,033**	2,962	**1,337**	1,302

In 2022, management performed an impairment review for the Group's investment in PT Eastern Jason ("PTEJ") (PTEJ is classified under the "Marine Logistics" business segment). The recoverable amount of the investment in PTEJ has been determined based on fair value less cost of disposal. The fair value was determined by the Group by reference to the consideration price in the conditional sale and purchase agreement entered into, and the measurement is categorised under Level 2 of the fair value hierarchy. The Group made an impairment loss of $5,300,000 to write down its carrying amount of investment in PTEJ to its recoverable amount of $2,962,000 as at 31 December 2022.

As at 31 December 2023, management performed an impairment review for the Group's net carrying amount of PTEJ, taking into consideration of changes in variables after entering into a signed charter hire service agreement, and has reversed on impairment loss amounting to $1,000,000 based on management's assessment of PTEJ's recoverable amount by reference to PTEJ's value in use using income approach.

The recoverable amount of PTEJ by reference to its value in use is assessed using income approach and has been determined to approximate to the carrying amount as of 31 December 2023 and is based on discounted cash flow analysis from forecast covering a seven-year charter period of PTEJ's main operating asset of a floating, storage and offloading ("FSO") vessel, based on a signed charter hire service agreement with its customer. The weighted average cost of capital (pre-tax) applied to the cash flow projection is 10%. An increase in the weighted average cost of capital (pre-tax) from 10% to 12% would result in the recoverable amount being equal to its carrying amount.

8. INTANGIBLE ASSETS

Group	Goodwill $'000	Development costs $'000	Total $'000
Cost			
At 1 January 2022, 31 December 2022 and 1 January 2023	**1,044**	**2,061**	**3,105**
Exchange difference	**–**	**(2)**	**(2)**
31 December 2023	**1,044**	**2,059**	**3,103**
Accumulated amortisation and impairment loss			
At 1 January 2022	1,044	1,516	2,560
Amortisation charge	–	136	136
At 31 December 2022 and 1 January 2023	**1,044**	**1,652**	**2,696**
Amortisation charge	**–**	**137**	**137**
Exchange difference	**–**	**(2)**	**(2)**
At 31 December 2023	**1,044**	**1,787**	**2,831**
Net carrying amount:			
At 31 December 2022	–	409	409
At 31 December 2023	**–**	**272**	**272**

Development costs

Development costs relate to testing and design development projects/prototypes. Deferred development costs have a finite useful life and are amortised on a straight-line basis over the estimated useful life of 10 years.

Impairment testing of goodwill

Goodwill arising from business combinations that was allocated to Manufacturing/Design/Research and Development segment, a single cash-generating unit ("CGU") which is also a reportable operating segment, has been fully impaired.

9. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	Group		Company	
	2023 $'000	2022 $'000	2023 $'000	2022 $'000
Equity investments designated at FVOCI				
Quoted equity shares	**8,708**	–	**8,708**	–
Unquoted equity shares	**–**	381	**–**	381
	8,708	381	**8,708**	381

As at 31 December 2023, the investments represent investment in quoted equity shares in 1 company incorporated in Indonesia (31 December 2022: Nil) and unquoted equity shares in 1 company (31 December 2022: 2) incorporated in Indonesia, which are not held for trading. Accordingly, management has elected to designate these investments in equity shares at fair value through other comprehensive income ("FVOCI"). It is the Group's strategy to hold these investments for long-term purposes.

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9. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME (CONTINUED)

During the financial year, the Company acquired 203,813,499 quoted shares of PT Superkrane Mitra Utama Tbk. ("SK") at its fair value of $8,764,000 (or IDR 500 or $0.043 per share) from Pak Azmil Rahman ("Azmil") as part of the settlement of an outstanding loan of $13,022,000 owing to the Company (as disclosed in Note 10).

The Company is subject to a moratorium on the sale of the SK shares acquired. During the moratorium period, the Company will not be entitled to sell any of their respective SK shares. The moratorium will be in effect for the periods: (a) for the first 50% of SK shares, 12 months from 1 July 2023; and (b) for the remaining 50%, 18 months thereafter.

The fair value of the quoted equity shares was determined by reference to the market price per share of SK, which is categorised under Level 1 fair value hierarchy. As at 31 December 2023, a fair value loss of $56,000 was recognised in other comprehensive income by reference to the fair value of quoted shares.

The fair value of the unquoted equity share (or 3,720 PTG shares) was determined by reference to the equity value of PTG based on valuation performed by an external valuer using income approach. The valuation using income approach has been determined based on discounted cash flow analysis from forecast provided by PTG covering a three-year period. The weighted average cost of capital applied to the cash flow projection and forecasted growth rate used to extrapolate cash flow projection beyond three-year period are 15.4% (31 December 2022: 15.0%) and 1.7% (31 December 2022: 1.6%) respectively. The valuer has also considered that the computed Enterprise Value/ Earnings Before Interest, Taxes, Depreciation and Amortisation ("EV/EBITDA") multiple of PTG was within the range of EV/EBITDA multiple of the comparable companies.

The fair value measurement is categorised under Level 3 of the fair value hierarchy (31 December 2022: Level 3). As at 31 December 2023, a fair value loss of $139,000 was recognised in other comprehensive income by reference to the fair value of PTG shares.

Carrying amount of investment in 3,720 PTG shares was reclassified to "Investment in associates" (as disclosed in Note 7) at a fair value of $242,000.

10. OTHER RECEIVABLES (NON-CURRENT)

	Group		Company	
	2023 $'000	2022 $'000	2023 $'000	2022 $'000
Deposits	–	86	–	–
Loan to a shareholder of PTG	–	13,022	–	13,022
	–	13,108	–	13,022

In 2022, the loan to a shareholder of PTG, Pak Azmil Rahman ("Azmil"), was secured by Azmil's shares in PTG. Management assessed the loan to Azmil for impairment using the expected credit loss model and took into consideration the fair value of the pledged shares. Impairment loss of $2,000,000 was written back as at 31 December 2022 after taking into consideration the increase in fair value of the pledged shares as at 31 December 2022.

In 2022, the fair value of the pledged shares was determined by reference to the equity value of the PTG based on valuation performed by an external valuer using income approach. The valuation using income approach has been determined based on discounted cash flow analysis from forecast provided by PTG covering a three-year period. The weighted average cost of capital applied to the cash flow projection and forecasted growth rate used to extrapolate cash flow projection beyond three-year period were 15% and 1.6% respectively. The valuer has also considered that the computed Enterprise Value/Earnings Before Interest, Taxes, Depreciation and Amortisation ("EV/EBITDA") multiple of PTG was within the range of EV/EBITDA multiple of the comparable companies.

10. OTHER RECEIVABLES (NON-CURRENT) (CONTINUED)

During the financial year, the Company entered into a principal agreement for the purposes of finalising and facilitating two key transactions: (a) Share Sale and Purchase Transaction and (b) Loan Settlement Transaction.

During the financial year, Azmil, as full and final settlement of outstanding loan of $13,022,000 owing to the Company, transferred to the Company (i) the remaining 39,500 PTG shares (as disclosed in Note 7) at US$48.70 or $65.10 per share held by him after the Share Sale & Purchase, and (ii) 203,813,499 PT Superkrane Mitra Utama Tbk. ("SK") shares held by him (as disclosed in Note 9) pursuant to the Share Sale & Purchase.

Pursuant to SFRS(I) 9 *Financial Instruments*, SK shares were initially recognised at its fair value of $8,764,000 (or IDR 500 or $0.043 per share) based on the market price on the settlement transaction date. As a result, a loss on settlement of loan to Azmil of $1,710,000 was recognised in income statement during the financial year.

11. AMOUNTS DUE FROM SUBSIDIARIES

	Company	
	2023	**2022**
	$'000	**$'000**
Non-current		
Non-trade	**1,144**	–
Allowance for impairment	**(244)**	–
	900	–
Current		
Trade	**3,250**	2,878
Non-trade	**1,657**	6,309
	4,907	9,187
Allowance for impairment	**(1,143)**	(2,425)
	3,764	6,762

The trade balances and transactions mainly relate to management fees while the non-trade balances and transactions mainly relate to loans, interest on loans and payments made on behalf of the subsidiaries.

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

Amounts due from subsidiaries are denominated in the following currencies:

	Company	
	2023	**2022**
	$'000	**$'000**
Singapore Dollar	**4,664**	5,430
United States Dollar	**–**	1,332
	4,664	6,762

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12. DEFERRED TAX

	Group		Company	
	2023	2022	2023	2022
	$'000	$'000	$'000	$'000
At 1 January	**466**	1,171	**(115)**	(99)
Movement in temporary differences:				
Recognised directly in income statement (Note 32)	**(704)**	(367)	**(3)**	(16)
Recognised directly in other comprehensive income (Note 27)	**(73)**	(135)	**–**	–
Exchange differences	**(7)**	(203)	**–**	–
At 31 December	**(318)**	466	**(118)**	(115)

Deferred tax liabilities and assets are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when the deferred taxes relate to the same tax authority. The amounts determined after appropriate offsetting are included in the statements of financial position as follows:

	Group		Company	
	2023	2022	2023	2022
	$'000	$'000	$'000	$'000
Deferred tax liabilities				
Differences in depreciation for tax purposes	**(75)**	(99)	**–**	(1)
Revaluation to fair value of leasehold building	**(1,109)**	(1,088)	**–**	–
Unremitted foreign sourced income	**(118)**	(114)	**(118)**	(114)
Other items	**2**	(69)	**–**	–
	(1,300)	(1,370)	**(118)**	(115)
Deferred tax assets				
Provisions	**994**	1,056	**–**	–
Difference in depreciation for tax purpose	**–**	777	**–**	–
Other items	**(12)**	3	**–**	–
	982	1,836	**–**	–

Unrecognised tax losses

At the end of the financial year, the Group has unabsorbed tax losses of approximately $12,250,000 (2022: $29,215,000) that are available for offset against future taxable profits of the subsidiaries in which the losses arose for which no deferred tax assets is recognised due to uncertainty of their recoverability. The use of these tax losses is subject to the agreement of the tax authorities and compliance with certain provisions of the tax legislation of the respective countries in which the companies operate.

The income tax benefits from the unabsorbed tax losses carried forward is available for an unlimited period subject to the conditions imposed by law, except for unabsorbed tax losses of $2,134,000 (2022: $7,780,000) which will expire progressively over the next 5 years up till 2028, subject to the conditions imposed by the Indonesian tax authorities.

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13. INVENTORIES

	Group	
	2023 $'000	2022 $'000
Trading stocks	**11,800**	12,724
Goods-in-transit	**829**	1,221
Work-in-progress	**225**	371
Raw materials	**94**	101
	12,948	14,417
Income statement:		
Inventories recognised as an expense in cost of sales	**34,727**	112,714
(Writeback of allowance)/allowance for slow moving inventories	**(40)**	368

14. TRADE RECEIVABLES

	Group	
	2023 $'000	2022 $'000
Trade receivables		
– Third parties	**19,137**	41,303
Less: impairment loss	**(7,365)**	(7,955)
Trade receivables, net	**11,772**	33,348

Included in the Group's trade receivable is an amount of $100,000 (2022: $686,000) relating to advance billing issued to customers.

In 2022, included in the Group's trade receivables was an amount of $22,188,000 due from PTG. As at 31 December 2023, PTG became an associated company (as disclosed in Note 7) and the trade receivables due from PTG to the Group of $15,958,000 was reclassified to "Amounts due from associates" (Note 16).

15. OTHER RECEIVABLES (CURRENT)

	Group		Company	
	2023 $'000	2022 $'000	2023 $'000	2022 $'000
Amount due from an investee company	**–**	2,198	**–**	545
Goods and Services Tax ("GST") and Value Added Tax ("VAT") receivable	**496**	292	**–**	–
Sundry debtors	**283**	1,248	**–**	–
	779	3,738	**–**	545

In 2022, at the Group level, except for an amount due from an investee company of $1,154,000 which borne interest at 18% per annum and repayable within next 12 months, all other amounts are non-trade in nature, unsecured, non-interest bearing and repayable on demand.

In 2022, at the Company level, except for an amount due from an investee company of $402,000 which borne interest at 18% per annum and repayable within next 12 months, all other amounts are non-trade in nature, unsecured, non-interest bearing and repayable on demand.

Sundry debtors are unsecured and non-interest bearing.

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16. AMOUNTS DUE FROM ASSOCIATES

	Group		Company	
	2023 $'000	2022 $'000	2023 $'000	2022 $'000
Trade	**15,958**	–	**–**	–
Non-trade	**1,979**	2,546	**164**	–
	17,937	2,546	**164**	–

As at 31 December 2023, PTG became an associated company (as disclosed in Note 7) and the trade receivables due from PTG to the Group of $15,958,000 was reclassified to "Amounts due from associates".

The non-trade balances and transactions mainly relate to loans, interest on loans and payments made on behalf of the associates. Non-trade amounts due from associates are unsecured, repayable within next 12 months and interest-free, except for an amount of $924,000 at Group level (2022: $Nil) bear interest at 18% per annum.

17. ASSETS OF DISPOSAL GROUP AND ASSETS CLASSIFIED AS HELD FOR SALE LIABILITIES DIRECTLY ASSOCIATED WITH DISPOSAL GROUP AND ASSETS HELD FOR SALE RESERVES OF DISPOSAL GROUP AND ASSETS CLASSIFIED AS HELD FOR SALE

During the financial year, the Group entered into two Share Sale and Purchase Agreements for the disposals of the Group's 65% equity interest in Federal Environmental & Energy Pte Ltd ("FEE") and Federal International (Shanghai) Co. Ltd ("FIS") which are both under the "Trading" segment of the Group. As the carrying amount of the disposal group comprising of FEE (and FEE subgroup) and FIS is to be recovered principally through the disposal transaction, the assets and liabilities related to FEE (and FEE subgroup) and FIS have been presented on the balance sheet as "Assets of disposal group classified as held for sale" and "Liabilities directly associated with disposal group held for sale". The transaction was completed on 29 January 2024.

The disposal group and assets classified as held for sale comprised the following assets, liabilities and reserves:

	Note	Group		Company	
		2023 $'000	2022 $'000	2023 $'000	2022 $'000
Assets classified as held for sale					
Property, plant and equipment	(a)	**102**	–	**–**	–
Right-of-use assets		**–**	656	**–**	–
Investment properties	(b)	**–**	20,830	**–**	–
Investment in subsidiaries	(c)	**–**	–	**–**	–
Assets of disposal group classified as held for sale					
Property, plant and equipment		**15**	–	**–**	–
Inventories		**362**	–	**–**	–
Trade receivables	(d)	**1,827**	–	**–**	–
Other receivables	(e)	**838**	–	**–**	–
Advance payment to suppliers		**704**	–	**–**	–
Prepayments		**25**	–	**–**	–
Deposit		**5**	–	**–**	–
Cash and bank balances	(f)	**1,084**	–	**–**	–
		4,962	21,486	**–**	–

17. ASSETS OF DISPOSAL GROUP AND ASSETS CLASSIFIED AS HELD FOR SALE LIABILITIES DIRECTLY ASSOCIATED WITH DISPOSAL GROUP AND ASSETS HELD FOR SALE RESERVES OF DISPOSAL GROUP AND ASSETS CLASSIFIED AS HELD FOR SALE (CONTINUED)

The disposal group and assets classified as held for sale comprised the following assets, liabilities and reserves (Continued):

	Note	Group 2023 $'000	Group 2022 $'000	Company 2023 $'000	Company 2022 $'000
Liabilities directly associated with assets held for sale					
Lease liabilities		**–**	720	**–**	–
Liabilities directly associated with disposal group held for sale					
Trade payables		**1,750**	–	**–**	–
Other payables		**1,545**	–	**–**	–
Contract liabilities		**228**	–	**–**	–
Amount due to related parties	(g)	**2,682**	–	**–**	–
Term loans	(h)	**708**	–	**–**	–
		6,913	720	**–**	–
Reserves of disposal group and assets classified as held for sale					
Foreign currency translation reserve		**98**	–	**–**	–
Revaluation reserve		**–**	12,290	**–**	–
Other reserves		**287**	–	**–**	–
		385	12,290	**–**	–

Notes:

(a) Property, plant and equipment related to a land drilling rig of a subsidiary in Indonesia, PT Federal International ("PTFI"), under plant and machinery (Note 4). PTFI entered into a term sheet for disposal of the land drilling rig for a consideration of US$1.5 million and the disposal is expected to be completed in financial year 2024.

(b) In 2022, the fair value measurement of investment properties classified as held for sale was categorised under Level 2 of the fair value hierarchy. The Group's investment properties classified as held for sale with carrying amount of $20,830,000 as at 31 December 2022 were mortgaged to secure banking facilities and bank loans of certain subsidiaries (Note 22 and 23).

(c) Investment in subsidiaries related to the Company's investment in FEE (as disclosed in Note 6(e)), which is fully impaired and stated net of impairment loss allowance of $1,751,000.

(d) Trade receivables are stated net of impairment loss allowance of $407,000.

(e) Other receivables are stated net of impairment loss allowance of $58,000.

(f) Cash and bank balances include an amount of $54,000 pledged for bank facilities of the disposal group.

(g) Amounts due to related parties are unsecured, interest-free except for an amount of $839,000 which bear interest at rate of 1% per month.

(h) Term loans are secured on personal guarantee by a director of the disposal group.

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18. OTHER PAYABLES

	Group		Company	
	2023	**2022**	**2023**	**2022**
	$'000	**$'000**	**$'000**	**$'000**
Accruals	**1,986**	4,846	**624**	557
Accruals for foreign tax liabilities, GST and VAT payable	**94**	339	**51**	47
Deposit for disposal of investment properties	**–**	1,042	**–**	–
Sundry creditors	**2,288**	3,758	**67**	35
	4,368	9,985	**742**	639

19. CONTRACT LIABILITIES

Contract liabilities relate to advance consideration received from customers.

The following table provides information about receivables and contract liabilities from contracts with customers (including associates):

	Group		
	2023	**2022**	**1.1.2022**
	$'000	**$'000**	**$'000**
Trade receivables from contracts with customers	**27,730**	33,348	36,571
Contract liabilities	**503**	2,765	18,917

Significant changes in the contract liabilities during the financial year mainly relate to revenue recognised that was included in the contract liabilities at the beginning of the year, partially offset by advance consideration received from customers.

20. AMOUNTS DUE TO SUBSIDIARIES

Non-current

The amount is non-trade related, unsecured, interest-free and repayment of this amount is neither planned nor likely to occur in the foreseeable future.

Current

Amounts due to subsidiaries are unsecured, interest-free and is repayable on demand. The non-trade balance mainly relates to payments made on behalf of the Company by the subsidiaries.

Amounts due to subsidiaries are denominated in the following currencies:

	Company	
	2023	**2022**
	$'000	**$'000**
Singapore Dollar	**472**	477
United States Dollar	**3,931**	7,029
	4,403	7,506

21. AMOUNTS DUE TO RELATED PARTIES

	Group	
	2023	**2022**
	$'000	**$'000**
Amounts owing to a director of certain subsidiaries	–	1,674

In 2022, amounts due to related parties are unsecured, interest-free except for an amount of $117,000 which borne interest at rate of 1% per month, and expected to be settled in cash within the next 12 months.

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

Group	**Amounts due to related parties# $'000**
At 1 January 2023	**1,634**
Changes from financing cash flows:	
– Proceeds	**2,410**
– Repayments	**(1,332)**
– Interest paid	**(68)**
Non-cash changes:	
– Interest expense	**87**
– Reclassification to liabilities directly associated with disposal group held for sale	**(2,638)**
Effect of changes in foreign exchange rates	**(93)**
At 31 December 2023	**–**
At 1 January 2022	2,123
Changes from financing cash flows:	
– Proceeds	307
– Repayments	(634)
– Interest paid	(55)
Non-cash changes:	
– Interest expense	55
Effect of changes in foreign exchange rates	(162)
At 31 December 2022	1,634

This reconciliation excludes other miscellaneous balances due to related parties which are not financing activities in nature.

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22. AMOUNTS DUE TO BANKS

	Group	
	2023	2022
	$'000	**$'000**
Bank overdrafts, secured	**–**	3,063
Trust receipts, secured	**6,335**	15,485
	6,335	18,548

Bank overdrafts bear interest at 6.15% (2022: 5.25% – 6.00%) per annum ("p.a.") and are repayable on demand. Trust receipts bear interest at 4.30% – 8.05% (2022: 2.65% – 7.66%) p.a..

Securities

Bank overdrafts and trust receipts are secured by:

(i) legal mortgage on the Group's leasehold building (Note 4);

(ii) legal mortgage on the Group's investment properties, which was discharged during the financial year (Note 17);

(iii) corporate guarantee provided by the Company (Note 35);

(iv) bank balances and deposits pledged by subsidiaries (Note 34);

(v) charge over the contracts and contract proceeds and first fixed charge over account in respect of certain sales proceeds, which was discharged during the financial year; and

(vi) first floating charge over certain receivables of a subsidiary, which was discharged during the financial year.

The Group obtained other credit facilities from various financial institutions. Among others, one of the financial institutions, in its financial covenants requirements, sets a threshold of $60,000,000 (2022: $60,000,000) of minimum consolidated total net worth (defined as paid-up capital and capital reserves/revaluation reserves/accumulated losses/retained earnings) for the Group.

Amounts due to banks are denominated in the following currencies:

	Group	
	2023	**2022**
	$'000	**$'000**
Singapore Dollar	**–**	3,204
United States Dollar	**5,275**	15,023
Euro	**1,060**	113
Great Britain Pound	**–**	208
	6,335	18,548

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22. AMOUNTS DUE TO BANKS (CONTINUED)

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

Group	Bank overdrafts $'000	Trust receipts $'000	Sub-total $'000	Bank overdrafts, trust receipts – Accrued interest* $'000	Total $'000
At 1 January 2023	**3,063**	**15,485**	**18,548**	**198**	**18,746**
Changes from financing cash flows:					
– Proceeds	**–**	**12,736**	**12,736**	**–**	**12,736**
– Repayments	**–**	**(21,719)**	**(21,719)**	**–**	**(21,719)**
– Repayment of bank overdrafts	**(3,063)**	**–**	**(3,063)**	**–**	**(3,063)**
– Interest paid	**–**	**–**	**–**	**(507)**	**(507)**
Non-cash changes:					
– Interest expense	**–**	**–**	**–**	**407**	**407**
Effect of changes in foreign exchange rates	**–**	**(167)**	**(167)**	**–**	**(167)**
At 31 December 2023	**–**	**6,335**	**6,335**	**98**	**6,433**
At 1 January 2022	3,270	3,955	7,225	12	7,237
Changes from financing cash flows:					
– Proceeds	–	92,257	92,257	–	92,257
– Repayments	–	(80,736)	(80,736)	–	(80,736)
– Repayment of bank overdrafts	(202)	–	(202)	–	(202)
– Interest paid	–	–	–	(815)	(815)
Non-cash changes:					
– Interest expense	–	–	–	1,001	1,001
Effect of changes in foreign exchange rates	(5)	9	4	–	4
At 31 December 2022	3,063	15,485	18,548	198	18,746

* Included as accruals (Note 18)

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23. TERM LOANS

	Group 2023 $'000	Group 2022 $'000
Amounts repayable within one year		
– secured	**1,133**	6,539
Amounts repayable after one year		
– secured	**482**	1,834

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

Group	Term loans $'000	Term loans – Accrued interest* $'000	Total $'000
At 1 January 2023	**8,373**	**3**	**8,376**
Changes from financing cash flows:			
– Proceeds	**152**	**–**	**152**
– Repayments	**(6,168)**	**–**	**(6,168)**
– Interest paid	**–**	**(145)**	**(145)**
Non-cash changes:			
– Interest expense	**–**	**143**	**143**
– Reclassification to liabilities directly associated with disposal group held for sale	**(708)**	**–**	**(708)**
Effect of changes in foreign exchange rates	**(34)**	**–**	**(34)**
At 31 December 2023	**1,615**	**1**	**1,616**
At 1 January 2022	11,745	5	11,750
Changes from financing cash flows:			
– Repayments	(3,263)	–	(3,263)
– Interest paid	–	(379)	(379)
Non-cash changes:			
– Interest expense	–	377	377
Effect of changes in foreign exchange rates	(109)	–	(109)
At 31 December 2022	8,373	3	8,376

* Included as accruals (Note 18)

23. TERM LOANS (CONTINUED)

Securities

The term loans are secured by:

(i) legal mortgage on the Group's leasehold building (Note 4);

(ii) legal mortgage on the Group's investment properties, which was discharged during the financial year (Note 17);

(iii) corporate guarantee provided by the Company (Note 35);

(iv) bank balances and deposits pledged by subsidiaries (Note 34);

(v) Standby Letter of Credit issued by financial institution and guaranteed by related companies, which was discharged during the financial year;

(vi) charge over the contracts and contract proceeds and first fixed charge over account in respect of certain sales proceeds, which was discharged during the financial year; and

(vii) first floating charge over certain receivables of a subsidiary, which was discharged during the financial year.

Interest rate

The interest rates of the term loans at the end of the reporting period are 2.75% (2022: 2.75% to 5.50%) per annum.

24. SHARE CAPITAL AND TREASURY SHARES

(a) Share capital

	Group and Company			
	2023		2022	
	No. of shares '000	$'000	No. of shares '000	$'000
Issued and fully paid ordinary shares				
At 1 January and 31 December	**140,767**	**144,099**	140,767	144,099

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			
	2023		2022	
	No. of shares '000	$'000	No. of shares '000	$'000
At 1 January and 31 December	**100**	**25**	100	25

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

There are no acquisition of shares for the financial year ended 31 December 2023 and 31 December 2022.

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25. FOREIGN CURRENCY TRANSLATION RESERVE

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

	Group	
	2023	**2022**
	$'000	**$'000**
At 1 January	**(1,885)**	(3,114)
Net effect of exchange differences arising from translation of financial statements of foreign operations	**482**	731
Share of other comprehensive loss of associates	**(256)**	(229)
Foreign currency translation on loss of control of subsidiary	**(301)**	727
Reserve attributable to disposal group classified as held for sale (Note 17)	**(98)**	–
At 31 December	**(2,058)**	(1,885)

26. CAPITAL RESERVE

The capital reserve relates mainly to an adjustment for changes in an associate's equity arising from other reserve.

27. REVALUATION RESERVE

The revaluation reserve represents increases in the fair value of leasehold building net of tax, and decreases to the extent that such decrease relates to an increase on the same asset previously recognised in other comprehensive income.

	Group	
	2023	**2022**
	$'000	**$'000**
At 1 January	**7,363**	18,993
Surplus on revaluation of leasehold building (Note 4)	**433**	795
Deferred tax liabilities on revaluation surplus of leasehold building (Note 12)	**(73)**	(135)
Reserve attributable to assets classified as held for sale (Note 17)	**–**	(12,290)
At 31 December	**7,723**	7,363

28. OTHER RESERVES

	Group		Company	
	2023	**2022**	**2023**	**2022**
	$'000	**$'000**	**$'000**	**$'000**
Fair value reserve	**(352)**	(157)	**(352)**	(157)
Statutory reserve fund	**–**	247	**–**	–
Premium paid on acquisition of non-controlling interests	**(1,263)**	(1,223)	**–**	–
	(1,615)	(1,133)	**(352)**	(157)

28. OTHER RESERVES (CONTINUED)

Fair value reserve

The fair value reserve represents the cumulative net change in the fair value of equity investments designated at fair value through other comprehensive income.

Statutory reserve fund

In accordance with the Foreign Enterprise Law applicable to the subsidiaries in the PRC, the subsidiary is required to make appropriation to a Statutory Reserve Fund ("SRF"). At least 10% of the statutory after tax profits as determined in accordance with the applicable PRC accounting standards and regulations must be allocated to the SRF until the cumulative total of the SRF reaches 50% of the subsidiary's registered capital. Subject to approval from the relevant PRC authorities, the SRF may be used to offset any accumulated losses or increase the registered capital of the subsidiary. The SRF is not available for dividend distribution to shareholders.

Premium paid on acquisition of non-controlling interests

This represents the differences between consideration paid and the carrying value of the additional interest acquired from non-controlling interests without a change in control.

29. REVENUE

	Group	
	2023	**2022**
	$'000	**$'000**
Point in time		
Sale of products	**46,801**	133,948
Over time		
Charter income from land drilling rig	**2,016**	–
Service concession income	**774**	377
Provision of wastewater treatment services	**712**	811
	50,303	135,136

Sale of products include trading of flowline control products, fire detection and protection systems and environmental protection systems.

The Group applies the practical expedient in SFRS(I) 15 *Revenue from Contracts with Customers* and does not disclose information about its remaining performance obligation as the Group has a right to invoice a customer in an amount that corresponds directly with its performance to date, and it recognises revenue in that amount.

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30. (LOSS)/PROFIT BEFORE TAX

	Group	
	2023	**2022**
	$'000	**$'000**
Cost of sales		
Depreciation of property, plant and equipment	**(897)**	–
Other income		
Fair value gain on investment properties, net	**–**	2,930
Gain on disposal of assets classified as held for sale	**64**	–
Gain on disposal of property, plant and equipment	**9**	5
Gain on disposal of a subsidiary (Note 6(c))	**430**	–
Implicit interest income	**4**	4
Interest income	**186**	51
Management fee income from an associate	**175**	–
Other rental income	**–**	33
Rental income from investment properties	**–**	382
Selling and distribution costs		
Depreciation of property, plant and equipment	**(52)**	(46)
Staff costs		
– salaries and other emoluments	**(3,825)**	(3,874)
– employer's contribution to defined contribution plans including Central Provident Fund in Singapore	**(499)**	(520)
Administrative and general costs		
Amortisation of intangible assets	**(137)**	(136)
Depreciation of property, plant and equipment	**(636)**	(1,597)
Depreciation of right-of-use assets	**(190)**	(234)
Directors' fees	**(190)**	(187)
Staff costs (including directors)		
– salaries and other emoluments	**(3,683)**	(3,559)
– employer's contribution to defined contribution plans including Central Provident Fund in Singapore	**(274)**	(379)
Audit fees		
– auditor of the Company	**(259)**	(259)
– other auditors	**(61)**	(65)
Non-audit fees		
– auditor of the Company	**(54)**	(41)
– other auditors	**(87)**	(71)
Operating lease expense	**(136)**	(168)
Other operating expenses		
Writeback of allowance/(allowance) for slow moving inventories	**40**	(368)
Bad debts written off	**(8)**	–
Foreign currency exchange loss	**(301)**	(1,671)
Inventories written off	**(20)**	(26)
Loss on disposal of a subsidiary (Note 6(c))	**–**	(727)
Loss on disposal of property, plant and equipment	**(1)**	(5)
Loss on settlement of loan to Azmil (Note 10)	**(1,710)**	–
Other expenses	**(65)**	(686)
	(2,065)	(3,483)

30. (LOSS)/PROFIT BEFORE TAX (CONTINUED)

	Group	
	2023	**2022**
	$'000	**$'000**
Net (impairment loss)/writeback of impairment loss on financial assets		
Non-cash adjustment:		
Impairment loss on trade and other receivables (current)	**(274)**	(788)
Write back of impairment loss on trade receivables (current)	**195**	2,100
Write back of impairment loss on other receivables (non-current)	**–**	2,000
	(79)	3,312
Finance costs		
Interest expense on:		
Bank overdrafts	**(25)**	(164)
Term loans	**(143)**	(377)
Trust receipts	**(382)**	(837)
Lease liabilities	**(132)**	(175)
Amount owing to a related party	**(87)**	(55)
	(769)	(1,608)

31. EMPLOYEE BENEFITS

The breakdown of employee benefits expense (including directors) is as follows:

	Group	
	2023	**2022**
	$'000	**$'000**
Salaries and bonuses	**7,508**	7,433
Employer's contribution to defined contribution plans including Central Provident Fund in Singapore	**773**	899
	8,281	8,332

32. INCOME TAX EXPENSE

The major components of income tax expense for the years ended 31 December 2023 and 2022 are:

	Group	
	2023	**2022**
	$'000	**$'000**
Income statement		
Current income tax		
– Current income taxation	**20**	382
– (Over)/under provision in respect of previous years	**(66)**	24
	(46)	406
Deferred income tax		
– Origination and reversal of temporary differences	**803**	336
– (Over)/under provision in respect of previous years	**(99)**	31
	704	367
Income tax expense recognised in income statement	**658**	773

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32. INCOME TAX EXPENSE (CONTINUED)

Tax expense relating to each component of other comprehensive income is as follows:

	2023			2022		
	Before tax $'000	Tax charge $'000	After tax $'000	Before tax $'000	Tax charge $'000	After tax $'000
Group						
Revaluation adjustment on leasehold building	**433**	**(73)**	**360**	795	(135)	660

Relationship between tax expense and accounting (loss)/profit

A reconciliation between tax expense and the product of accounting (loss)/profit multiplied by the applicable corporate tax rate for the years ended 31 December 2023 and 2022 is as follows:

	Group 2023 %	Group 2022 %
Tax at the domestic rates applicable to profits in the countries where the Group operates	**(0.1)**	12.7
Adjustments:		
Non-deductible expenses	**51.2**	44.0
Income not subject to taxation	**(84.3)**	(29.4)
Benefits from previously unrecognised deferred tax assets	**(27.6)**	(23.3)
Deferred tax assets not recognised	**177.4**	25.8
Effect of partial tax exemption	**(2.6)**	(2.2)
(Over)/under provision in respect of previous years	**(24.3)**	1.8
Share of result of associates	**16.0**	(4.5)
Others	**(8.6)**	–
	97.1	24.9

The above reconciliation is prepared by aggregating separate reconciliations for each national jurisdiction.

The corporate tax rates applicable to companies incorporated in Singapore and foreign subsidiaries of the Group are 17% (2022: 17%) and from 19% to 25% (2022: 19% to 25%) respectively for the year of assessment 2024 onwards.

33. (LOSS)/EARNINGS PER SHARE

Basic (loss)/earnings per share is calculated by dividing (loss)/profit net of tax attributable to owners of the Company by the weighted average number of ordinary shares on issue (excluding treasury shares) during the financial year.

As at 31 December 2023 and 2022, diluted (loss)/earnings per share is similar to basic (loss)/earnings per share as there were no potential dilutive 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 financial year ended 31 December:

	Group	
	2023	**2022**
	$'000	**$'000**
(Loss)/profit net of tax attributable to owners of the Company used in the computation of (loss)/earnings per share	**(17,989)**	2,504

	2023	**2022**
	No. of shares	**No. of shares**
	'000	**'000**
Weighted average number of ordinary shares on issue (excluding treasury shares) for (loss)/earnings per share computation	**140,667**	140,667

34. CASH AND CASH EQUIVALENTS

Cash and bank balances and fixed and bank deposits earn interest at floating rates based on daily bank deposit rates. Fixed deposits are placed with banks and mature within 2 months (2022: 1 month) from the reporting date and earn interests at the respective short-term deposit rates.

For the purpose of the consolidated statement of cash flows, cash and cash equivalents comprise the following at the end of the financial year.

	Group	
	2023	**2022**
	$'000	**$'000**
Cash and bank balances and fixed and bank deposits	**15,932**	7,565
Cash and bank balances of disposal group classified as held for sale	**1,084**	–
Less: Bank balances and deposits pledged	**(7,083)**	(22)
Cash and cash equivalents	**9,933**	7,543

The bank balances and deposits are pledged for banking facility granted to certain subsidiaries of the Group (Note 22 and 23).

35. COMMITMENTS AND CONTINGENCIES

Contingent liability

Guarantees

The Company has provided corporate guarantees of $9.6 million (2022: $25.9 million) to financial institutions in relation to certain subsidiaries' bank facilities.

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36. FAIR VALUE OF ASSETS AND LIABILITIES

A) *Fair value hierarchy*

The Group classifies fair value measurement using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

- Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities;
- 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)

B) *Assets and liabilities measured at fair value*

The following table shows an analysis of each class of assets measured at fair value at each reporting period:

2023	**Level 1 $'000**	**Level 2 $'000**	**Level 3 $'000**	**Total $'000**
Group				
Recurring fair value measurements				
Non-financial assets				
Property, plant and equipment				
– Leasehold building	**–**	**–**	**9,100**	**9,100**
Financial assets at FVOCI				
Quoted equity shares	**8,708**	**–**	**–**	**8,708**
Company				
Recurring fair value measurements				
Financial assets at FVOCI				
Quoted equity shares	**8,708**	**–**	**–**	**8,708**
2022				
Group				
Recurring fair value measurements				
Non-financial assets				
Property, plant and equipment				
– Leasehold building	–	–	9,100	9,100
Financial assets at FVOCI				
Unquoted equity shares	–	–	381	381
Non-recurring fair value measurements				
Assets classified as held for sale				
Investment properties	–	20,830	–	20,830
Company				
Recurring fair value measurements				
Financial assets at FVOCI				
Unquoted equity shares	–	–	381	381

36. FAIR VALUE OF ASSETS AND LIABILITIES (CONTINUED)

B) *Assets and liabilities measured at fair value (Continued)*

Level 3 fair value measurements

Non-financial assets – Property, plant and equipment
The following table shows the significant unobservable inputs used in the valuation model:

Description	Fair value $'000	Valuation technique	Significant unobservable input	Range
2023				
Leasehold building	**9,100**	**Direct comparison method**	**Price per square foot[1]**	**$198 – $228**
2022				
Leasehold building	9,100	Direct comparison method	Price per square foot[1]	$160 – $199

(1) Any significant isolated increases (decreases) in the inputs would result in a significantly higher (lower) fair value measurement.

Financial assets at FVOCI – Unquoted equity shares
In 2022, the fair values of the unquoted equity shares were determined by reference to the equity value of the investee company based on valuation performed by an external valuer. The equity value of the investee company was determined by the external valuer based on discounted cash flow analysis from forecast provided by the investee company covering a three-year period. The weighted average cost of capital applied to the cash flow projection and forecasted growth rate used to extrapolate cash flow projection beyond three-year period were 15% and 1.6% respectively.

C) *Movements in Level 3 assets and liabilities measured at fair value*

The following table shows a reconciliation from the beginning balances to the ending balances for Level 3 fair value measurements:

	Group			
	2023	**2022**	**2023**	**2022**
	Leasehold building $'000	**Freehold land and buildings, and leasehold buildings $'000**	**Equity investments $'000**	**Equity investments $'000**
At beginning of financial year	**9,100**	26,600	**381**	381
Surplus recognised in other comprehensive income	**433**	795	**–**	–
Fair value loss recognised in other comprehensive income	**–**	–	**(139)**	–
Net fair value gain recognised in income statement	**–**	2,930	**–**	–
Depreciation charge	**(433)**	(395)	**–**	–
Reclassification to assets classified as held for sale (transfer to Level 2)	**–**	(20,830)	**–**	–
Transfer to investment in associates	**–**	–	**(242)**	–
At end of financial year	**9,100**	9,100	**–**	381
Total gains for the financial year included:				
Other comprehensive income for the year, net of tax:				
Revaluation adjustment on leasehold building	**360**	660	**–**	–
Fair value loss of equity investments	**–**	–	**(139)**	–

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36. FAIR VALUE OF ASSETS AND LIABILITIES (CONTINUED)

C) Movements in Level 3 assets and liabilities measured at fair value (Continued)

	Company	
	2023 Equity investments $'000	**2022 Equity investments $'000**
At beginning of financial year	**381**	381
Fair value loss recognised in other comprehensive income	**(139)**	–
Transfer to investment in associates	**(242)**	–
At end of financial year	**–**	381

D) Valuation process applied by the Group

For all significant financial reporting valuations using valuation models and significant unobservable input, it is the Group's policy to engage external valuation experts to perform the valuation. The management is responsible for selecting and engaging valuation experts that possess the relevant credentials and knowledge on the subject of valuation, valuation methodologies and SFRS(I) 13 fair value measurement guidance.

For valuation performed by external valuation experts, management reviews the appropriateness of the valuation methodologies and assumptions adopted, including the appropriateness and reliability of the inputs used in the valuations.

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

The carrying amounts of financial assets and liabilities including current trade and other receivables and payables, deposits, cash and cash equivalents, amounts due to banks, term loans, lease liabilities, amounts due from/to subsidiaries, associates, related parties and other receivables (non-current) are reasonable approximation of fair values, either due to their short-term nature or that they are floating rate instruments that are repriced to market interest rates on or near the end of the financial year.

The carrying amount of floating rate loans approximate fair value as the loans are repriced within 1 to 6 months from the end of the financial year. The fair value determination is classified in Level 3 of the fair value hierarchy.

In 2022, the carrying amount of other receivables (non-current) approximated its fair value as the interest rate of 7% per annum was similar to the current market interest rate for similar financial instruments.

37. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group and the Company are exposed to financial risks arising from its operations and the use of financial instruments. The key financial risks comprise credit risk, liquidity risk, interest rate risk and foreign currency risk. The board of directors reviews and agrees policies and procedures for the management of these risks, which are executed by the Chief Financial Officer. The Audit Committee provides independent oversight to the effectiveness of the risk management process.

37. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

The following sections provide details regarding the Group's and Company's exposure to the above-mentioned financial risks and the objectives, policies and processes for the management of these risks.

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

(a) 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, amounts due from subsidiaries and associates. For other financial assets (including fixed and bank deposits and cash and bank balances), 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 on-going basis to reduce the Group's exposure to bad debt. 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 directors. Trade receivables are arranged to be settled via letters of credits issued by reputable banks in countries where the customers are based for first-time customers who wish to trade on credit terms in order to mitigate heightened credit risks arising from revenue growth strategies.

The following sets out the Group's internal credit evaluation practices and basis for recognition and measurement of expected credit losses ("ECL"):

Description of evaluation of financial assets	Basis for recognition and measurement of ECL
Counterparty has a low risk of default and does not have any past due amounts.	12-month ECL
Contractual payments that are more than 60 days past due or where there has been significant increase in credit risk since initial recognition. The presumption of significant increase in credit risk after 30 days past due is not suitable for application in the industries that the Group operates in.	Lifetime ECL – not-credit-impaired
Contractual payments that are more than 120 days past due and there is evidence of credit impairment.	Lifetime ECL – credit-impaired
There is evidence indicating that the Group has no reasonable expectation of recovery of payments such as when the debtor has been placed under liquidation or has entered into bankruptcy proceedings.	Write-off

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37. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(a) Credit risk (Continued)

Significant increase in credit risk

In assessing whether the credit risk on a financial asset has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial asset as at the reporting date with the risk of a default occurring on the financial asset as at the date of initial recognition. In making this assessment, the Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information, such as future economic and industry outlook, that is available without undue cost or effort.

In particular, the Group considers the following information when assessing whether credit risk has increased significantly since initial recognition:

- an actual or expected significant deterioration in the financial instrument's external (if available) or internal credit rating;
- significant deterioration in the value of the security or collateral provided by the debtor; and
- existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations.

The Group regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying significant increase in credit risk before the amount becomes past due.

Regardless of the evaluation of the above factors, the Group presumes that the credit risk on a financial asset has increased significantly since initial recognition when contractual payments are more than 60 days past due, unless the Group has reasonable and supportable information that demonstrates otherwise.

The Group also assumes that the credit risk on a financial instrument has not increased significantly since initial recognition if the financial asset is determined to have low credit risk at the reporting date. A financial instrument is determined to have low credit risk if the borrower has a strong capacity to meet its contractual cash flow obligations in the near term and adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations.

Definition of default

The Group considers the following as constituting an event of default for internal credit risk management purposes as historical experience indicates that receivables that meet the following criteria are generally not recoverable.

- Information developed internally or obtained from external sources indicates that the debtor (without collaterals held by the Group) is in significant financial difficulty such that it will have insufficient liquid assets to pay its creditors, including the Group, in full, including:
  - Failure of projects carried out by the debtor, in which the Group is acting as the supplier for the debtor under the project; and
  - Loss of sole or primary source of recurring income by the debtor.

Irrespective of the above analysis, the Group considers that default has occurred when a financial asset is more than 120 days past due unless the Group has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

37. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(a) *Credit risk (Continued)*

Credit-impaired financial assets

A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred such as evidence that the borrower is in significant financial difficulty, there is a breach of contract such as default or past due event; there is information that it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation; the disappearance of an active market for that financial asset because of financial difficulties; or the purchase or origination of a financial asset at a deep discount that reflects the incurred credit losses.

Estimation techniques and significant assumptions

There has been no change in the estimation techniques or significant assumptions made during the current financial year for recognition and measurement of credit loss allowances.

Exposure to credit risk

As the Group and the Company does not hold any collateral except for the pledged shares as security for the loan to shareholder of PTG (Note 10) in 2022, the maximum exposure to credit risk is represented by:

– the carrying amount of each class of financial assets recognised in the statements of financial position; and

– a nominal amount of $9.6 million (2022: $25.9 million) relating to corporate guarantees provided by the Company to financial institutions in relation to certain subsidiaries' bank facilities.

Credit risk concentration profile

The Group determines concentrations of credit risk by monitoring the country and industry sector profile of its trade receivables on an on-going basis. The credit risk concentration profile of the Group's trade receivables[1] from third parties and associates at the end of the financial year is as follows:

	Group			
	2023		2022	
	$'000	% of total	$'000	% of total
By country:				
Indonesia	**18,298**	**66.0**	24,905	74.7
People's Republic of China	**228**	**0.8**	1,523	4.6
Singapore	**2,676**	**9.7**	3,817	11.4
Thailand	**5,697**	**20.5**	748	2.2
Vietnam	**417**	**1.5**	1,888	5.7
Others	**414**	**1.5**	467	1.4
	27,730	**100.0**	33,348	100.0
By industry sectors:				
Oil and Gas	**23,872**	**86.1**	26,846	80.5
Infrastructure	**1,782**	**6.4**	2,306	6.9
Marine	**–**	**–**	222	0.7
Others	**2,076**	**7.5**	3,974	11.9
	27,730	**100.0**	33,348	100.0

(1) Included in the Group's trade receivables of $27,730,000 are amounts due from third parties of $11,772,000 (Note 14) and amounts due from associates of $15,958,000 (Note 16).

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37. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(a) Credit risk (Continued)

Credit risk concentration profile (Continued)

At the end of the financial year, approximately:

– 84.5% (2022: 79%) of the Group's trade receivables are due from 5 major customers who are from the oil and gas, infrastructure and others industries located in the Asia Pacific region, of which 57.5% (2022: 66.5%) are due from the Group's largest customer;

– 58.8% (2022: 4.8%) of the Group's trade and other receivables are due from related parties while 100% (2022: 33.3%) of the Company's other receivables are due from related parties; and

– In 2022, 67% of the Group's other receivables and 64% of the Company's other receivables were due from 1 external debtor.

Trade receivables

The Group has applied the simplified approach to measure the lifetime expected credit loss allowance for trade receivables. Trade receivables that shared the same credit risk characteristics and days past due are grouped together in measuring the expected credit losses. The Group estimates the expected credit loss rates for each category of past due status of the debtors based on historical credit loss experience, adjusted as appropriate to reflect current conditions and forecasts of future economic conditions on the ability of the customers to settle the receivables.

There have been no changes in the estimation techniques or significant assumptions made during the current financial year.

The Group recognised a loss allowance of 100% against trade receivables that are regarded as credit impaired where one or more credit impairment events have occurred.

A trade receivable is written off when there is information indicating that there is no realistic prospect of recovery from the debtor.

37. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(a) *Credit risk (Continued)*

Trade receivables (Continued)

The Group's credit risk exposure in relation to trade receivables from third parties, except for trade amounts due from the Group's associate or PTG, under SFRS(I) 9 *Financial Instruments* as at 31 December 2023 and 31 December 2022 are set out in the provision matrix below:

	Weighted average loss rate %	Gross carrying amount $'000	Credit loss allowance $'000	Net carrying amount $'000
Group				
2023				
Current (not past due)	**0.3**	**6,612**	**(20)**	**6,592**
1 – 120 days past due	**–**	**1,728**	**–**	**1,728**
More than 120 days past due	**68.0**	**10,797**	**(7,345)**	**3,452**
		19,137	**(7,365)**	**11,772**
2022				
Current (not past due)	–	2,607	–	2,607
1 – 120 days past due	–	4,558	–	4,558
More than 120 days past due	66.6	11,950	(7,955)	3,995
		19,115	(7,955)	11,160

The Group segregates the trade amounts due from the Group's associate or PTG where the associated credit risk is not significant and the management considers the need for any loss allowance on these balances by monitoring the associate's financial position and performance on a periodic basis to manage the Group's exposure.

Management have further assessed that the expected credit loss from trade amounts due from the Group's associate is minimal as the associate is committed to make repayment from surplus cash generated from its secured projects, secured change orders from the associate's customer, draft indicative term sheets received by the associate from local bank, and repayments received from the associate during the year, and the management are confident that the associate also has the ability to repay.

Trade amounts due from the Group's associate (or PTG) where the associated credit risk is not significant amounted to $15,958,000 (2022: $22,188,000).

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37. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(a) *Credit risk (Continued)*

Credit quality of financial assets

The table below details the credit quality of the Group's financial assets (other than trade receivables) as at 31 December 2023 and 31 December 2022:

Group	12-month or lifetime ECL	Gross carrying amount $'000	Credit loss allowance $'000	Net carrying amount $'000
2023				
Other receivables	Lifetime	**2,385**	**(2,102)**	**283**
Deposits	Not applicable (Exposure limited)	**34**	**–**	**34**
Amounts due from associates	Lifetime	**2,019**	**(40)**	**1,979**
Fixed and bank deposits	Not applicable (Exposure limited)	**7,000**	**–**	**7,000**
Cash and bank balances	Not applicable (Exposure limited)	**8,932**	**–**	**8,932**
2022				
Other receivables	Lifetime	18,689	(2,135)	16,554
Deposits	Not applicable (Exposure limited)	18	–	18
Financial receivable	Lifetime	3,256	(3,256)	–
Amounts due from associates	12-month	2,546	–	2,546
	Lifetime	91	(91)	–
Fixed and bank deposits	Not applicable (Exposure limited)	22	–	22
Cash and bank balances	Not applicable (Exposure limited)	7,543	–	7,543

37. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(a) *Credit risk (Continued)*

Credit quality of financial assets (Continued)

The table below details the credit quality of the Company's financial assets as at 31 December 2023 and 31 December 2022:

Company	12-month or lifetime ECL	Gross carrying amount $'000	Credit loss allowance $'000	Net carrying amount $'000
2023				
Loans to subsidiaries	Lifetime	**91,718**	**(87,892)**	**3,826**
Deposits	Not applicable (Exposure limited)	**4**	**–**	**4**
Amounts due from subsidiaries	12-month	**2,316**	**–**	**2,316**
	Lifetime	**3,735**	**(1,387)**	**2,348**
Amounts due from associates	Lifetime	**204**	**(40)**	**164**
Cash and bank balances	Not applicable (Exposure limited)	**1,401**	**–**	**1,401**
2022				
Loans to subsidiaries	Lifetime	96,485	(92,073)	4,412
Other receivables	Lifetime	13,567	–	13,567
Deposits	Not applicable (Exposure limited)	4	–	4
Amounts due from subsidiaries	12-month	4,712	–	4,712
	Lifetime	4,475	(2,425)	2,050
Amounts due from associates	Lifetime	41	(41)	–
Cash and bank balances	Not applicable (Exposure limited)	870	–	870

The credit loss exposure for deposits, fixed and bank deposits, cash and bank balances, are immaterial as at 31 December 2023 and 31 December 2022.

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37. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(a) *Credit risk (Continued)*

Other receivables

In 2022, loan to a shareholder of PTG of $13,022,000 was included within other receivables. In measuring the ECL, management considered the fair value of the pledged shares by reference to the equity value of PTG based on valuation performed by an external valuer. In 2022, impairment loss of $2,000,000 was written back after taking into consideration the increase in fair value of the pledged shares as at 31 December 2022.

Loans to subsidiaries and amounts due from subsidiaries

For the loans to subsidiaries and amounts due from subsidiaries where impairment loss allowance is measured using lifetime ECL, the Company assessed the latest performance and financial position of the respective counterparties, adjusted for the future outlook of the industry in which the counterparties operate in, and concluded that there has been significant increase in the credit risk since the initial recognition of the financial assets. Accordingly, the Company measured the impairment loss allowance using lifetime ECL.

Movements in credit loss allowance

There are no movement in the impairment loss allowance of financial assets under SFRS(I) 9 *Financial Instruments* during the financial year except for the following:

	Trade receivables $'000	Other receivables $'000	Financial receivable $'000	Amounts due from associates $'000
Group				
At 1 January 2022	9,955	4,347	3,553	91
Loss allowance measured/(reversed):				
Lifetime ECL				
– Simplified approach	788	–	–	–
Written back	(2,100)	(2,000)	–	–
Receivables written off as uncollectable	(4)	–	–	–
Exchange differences	(684)	(212)	(297)	–
At 31 December 2022 and 1 January 2023	**7,955**	**2,135**	**3,256**	**91**
Loss allowance measured/(reversed):				
Lifetime ECL				
– Simplified approach	**238**	**–**	**–**	**–**
– Credit impaired	**–**	**36**	**–**	**–**
Written back	**(195)**	**–**	**–**	**–**
Receivables written off as uncollectable	**(163)**	**–**	**–**	**(50)**
Reclassification to assets of disposal group classified as held for sale	**(407)**	**(58)**	**(3,121)**	**–**
Exchange differences	**(63)**	**(11)**	**(135)**	**(1)**
At 31 December 2023	**7,365**	**2,102**	**–**	**40**

37. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(a) *Credit risk (Continued)*

Movements in credit loss allowance (Continued)

	Loans to subsidiaries $'000	Other receivables $'000	Amounts due from subsidiaries $'000	Amounts due from associates $'000
Company				
At 1 January 2022	84,388	2,000	2,178	41
Loss allowance measured/(reversed):				
Lifetime ECL				
– Credit impaired	8,193	–	304	–
Written back	–	(2,000)	–	–
Exchange differences	(508)	–	(57)	–
At 31 December 2022 and 1 January 2023	**92,073**	**–**	**2,425**	**41**
Loss allowance measured/(reversed):				
Lifetime ECL				
– Credit impaired	**–**	**–**	**244**	**–**
Written back	**–**	**–**	**–**	**–**
Receivables written off as uncollectable	**(3,790)**	**–**	**(1,300)**	**–**
Exchange differences	**(391)**	**–**	**18**	**(1)**
At 31 December 2023	**87,892**	**–**	**1,387**	**40**

Financial guarantee

The Company has issued financial guarantees to banks for borrowings of its subsidiaries. These guarantees are subject to the impairment requirements of SFRS(I) 9 *Financial Instruments*. The Company has assessed that its subsidiaries have strong financial capacity to meet the contractual cash flow obligations and does not expect significant credit losses arising from these guarantees.

(b) *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.

The Group's and the Company's liquidity risk management policy is that the maturity of loans and borrowings would match that of the estimated future cash flows of the projects and trading activities. The Group maintains sufficient liquid financial assets and stand-by credit facilities with 3 (2022: 4) different financial institutions. At the end of the financial year, approximately 94% (2022: 93%) of the Group's loans and borrowings (Note 22 and 23) will mature in less than one year based on the carrying amount reflected in the financial statements.

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37. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(b) Liquidity risk (Continued)

The table below summarises the maturity profile of the Group's and the Company's financial liabilities at the end of the financial year based on contractual undiscounted repayment obligations:

	2023				2022			
	1 year or less $'000	1 to 5 years $'000	Over 5 years $'000	Total $'000	1 year or less $'000	1 to 5 years $'000	Over 5 years $'000	Total $'000
Group								
Financial liabilities:								
Trade and other payables	**10,489**	**–**	**–**	**10,489**	15,879	–	–	15,879
Amounts due to related parties	**–**	**–**	**–**	**–**	1,675	–	–	1,675
Loans and borrowings	**7,593**	**485**	**–**	**8,078**	25,392	1,872	–	27,264
Lease liabilities	**277**	**804**	**2,677**	**3,758**	274	876	2,773	3,923
Total undiscounted financial liabilities	**18,359**	**1,289**	**2,677**	**22,325**	43,220	2,748	2,773	48,741
Company								
Financial liabilities:								
Other payables	**645**	**–**	**–**	**645**	538	–	–	538
Amounts due to subsidiaries	**853**	**–**	**3,550**	**4,403**	865	–	6,641	7,506
Total undiscounted financial liabilities	**1,498**	**–**	**3,550**	**5,048**	1,403	–	6,641	8,044

The table below shows the contractual expiry by maturity of the Company's contingent liabilities and commitments. The maximum amount of the financial guarantee contracts is allocated to the earliest period in which the guarantee could be called.

	2023				2022			
	1 year or less $'000	1 to 5 years $'000	Over 5 years $'000	Total $'000	1 year or less $'000	1 to 5 years $'000	Over 5 years $'000	Total $'000
Company								
Financial guarantees(1)	**9,560**	**–**	**–**	**9,560**	25,876	–	–	25,876

(1) At each reporting period, the maximum exposure of the Company in respect of the intra-group financial guarantee based on facilities drawndown by the subsidiaries is $9,560,000 (2022: $25,876,000). The Company does not consider it probable that a claim will be made against the Company under the intra-group financial guarantee.

37. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(c) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of the Group's and the Company's financial instruments will fluctuate because of changes in market interest rates. The Group's and the Company's exposure to interest rate risk arises primarily from their loans and borrowings.

The Group's policy is to manage interest cost by using a mix of fixed and floating rate debts. At the end of the financial year, 20% (2022: 20%) of the Group's borrowings are at fixed rates of interest.

Sensitivity analysis for interest rate risk

The sensitivity analysis for interest rate is not disclosed as the effect on the income statement is considered not significant.

(d) Foreign currency risk

The Group has transactional currency exposures arising from sales or purchases that are denominated in a currency other than the respective functional currencies of Group entities, primarily SGD, United States Dollar ("USD") and British Pound ("GBP"). The foreign currencies in which these transactions are denominated are mainly USD and SGD.

The Group and the Company also hold cash and cash equivalents denominated in foreign currencies for working capital purposes. At the end of the financial year, such foreign currency balances are mainly in USD for the Group and the Company.

The Group does not use derivative financial instruments to protect against the volatility associated with its foreign currency investments. The Group is also exposed to currency translation risk arising from its net investments in foreign operations, including United Kingdom, Indonesia and the PRC. The Group's investment in its Singapore incorporated subsidiaries are hedged by USD denominated bank borrowings, which mitigates structural currency in exposures arising from the subsidiaries' net assets. The Group's net investments in subsidiaries in USD, GBP, IDR, and Renminbi ("RMB") functional currency are not hedged as these currencies positions are considered to be long-term in nature.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023

37. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(d) *Foreign currency risk (Continued)*

The Group's and the Company's major foreign currency exposure against the respective functional currencies of the Group and the Company entities based on the information provided by management is as follows:

Group	**Denominated in USD $'000**
2023	
Financial assets	
– Trade receivables	**7,257**
– Other receivables	**65**
– Amounts due from associates	**15,586**
– Cash and bank balances	**4,817**
	27,725
Financial liabilities	
– Trade payables	**4,074**
– Other payables	**595**
– Amounts due to banks	**5,275**
– Amounts due to related companies	**3,815**
	13,759
Currency exposure on net financial assets	**13,966**
2022	
Financial assets	
– Trade receivables	24,120
– Other receivables	2,245
– Amounts due from related companies	4,168
– Cash and bank balances	4,457
	34,990
Financial liabilities	
– Trade payables	1,855
– Other payables	1,454
– Amounts due to banks	15,024
– Amounts due to related companies	3,878
	22,211
Currency exposure on net financial assets	12,779

37. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(d) Foreign currency risk (Continued)

Company	**Denominated in USD $'000**
2023	
Financial assets	
– Amounts due from associates	**139**
– Loans to subsidiaries	**3,826**
– Cash and bank balances	**542**
	4,507
Financial liabilities	
– Other payables	**188**
– Amounts due to subsidiaries	**3,931**
	4,119
Currency exposure on net financial assets	**388**
2022	
Financial assets	
– Other receivables	532
– Amounts due from subsidiaries	1,332
– Loans to subsidiaries	4,412
– Cash and bank balances	523
	6,799
Financial liabilities	
– Other payables	191
– Amounts due to subsidiaries	7,029
	7,220
Currency exposure on net financial liabilities	(421)

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023

37. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(d) Foreign currency risk (Continued)

Sensitivity analysis for foreign currency risk

The following table demonstrates the sensitivity of a reasonably possible change in the USD exchange rates (against SGD), with all other variables held constant, of the Group's and the Company's (loss)/profit net of tax.

		Decrease/ (increase) loss net of tax 2023 $'000	Increase/ (decrease) profit net of tax 2022 $'000
Group			
USD	– strengthened 5.0% (2022: 5.0%)	**580**	530
	– weakened 5.0% (2022: 5.0%)	**(580)**	(530)

		Decrease/ (increase) loss net of tax 2023 $'000	(Decrease)/ increase profit net of tax 2022 $'000
Company			
USD	– strengthened 5.0% (2022: 5.0%)	**16**	(17)
	– weakened 5.0% (2022: 5.0%)	**(16)**	17

38. CAPITAL MANAGEMENT

The primary objective of the Group's capital management is to ensure that it maintains a strong credit rating and healthy capital ratio 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 adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes during the years ended 31 December 2023 and 2022.

As disclosed in Note 28, subsidiaries in the PRC are required by the Foreign Enterprise Law of the PRC to contribute to and maintain a non-distributable statutory reserve fund whose utilisation is subject to approval by the relevant PRC authorities. This externally imposed capital requirement has been complied with by the above-mentioned subsidiaries for the financial years ended 31 December 2023 and 2022.

38. CAPITAL MANAGEMENT (CONTINUED)

The Group monitors capital using a gearing ratio, which is total debt divided by equity. The Group's policy is to ensure that the gearing ratio does not exceed 2.0. The Group's total debt includes the total of current liabilities and non-current liabilities, excluding contract liabilities, provision for taxation and deferred tax liabilities. Equity includes the amount attributable to the owners of the Company.

	Group	
	2023	**2022**
	$'000	**$'000**
Current liabilities	**25,876**	47,269
Non-current liabilities	**4,145**	5,651
Total liabilities	**30,021**	52,920
Less:		
Contract liabilities	**(503)**	(2,765)
Provision for taxation	**(20)**	(423)
Deferred taxation	**(1,300)**	(1,370)
Total debt	**28,198**	48,362
Equity attributable to the owners of the Company	**66,517**	84,416
Gearing ratio	**0.42**	0.57

39. CATEGORIES OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES

Set out below are the carrying amounts of the Group's and the Company's financial assets and financial liabilities that are carried on the statements of financial position:

	Group		Company	
	2023	**2022**	**2023**	**2022**
	$'000	**$'000**	**$'000**	**$'000**
Financial assets				
At FVOCI (Note 9)	**8,708**	381	**8,708**	381
At amortised cost	**45,958**	60,031	**10,059**	25,615
	54,666	60,412	**18,767**	25,996
Financial liabilities				
At amortised cost	**20,821**	46,901	**4,997**	7,997

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023

40. SEGMENT INFORMATION

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

I. Trading segment is a supply of assembly and distribution of flowline control products, distribution of oilfield drilling equipment for use on onshore and offshore rigs and drilling platforms, provision of complete fire protection and detection systems, as well as electrical products for the marine, coal mining, oil and gas, petrochemical and pharmaceutical industries. In these respects, the Group offers products and related services in the areas of oil and gas, power, petrochemical and pharmaceutical industries.

II. Manufacturing/Design/Research and Development segment is involved in research, development, design and manufacture of flowline control products, high pressure and temperature valves and related oilfield products.

III. Marine Logistics segment is in the business of chartering of vessels to the offshore oil and gas and other related industries.

IV. Energy and Utilities segment is involved in procurement and construction projects of waste water treatment facility and provision of wastewater treatment services to the end-users.

V. Resources segment is in the business of sales and mining of coal and other natural resources.

VI. Corporate and Others segment is involved in Group level corporate services and treasury functions and operating and maintenance of oil and gas facility services.

Geographical Information

The Group's geographical segments are based on the location of the Group's assets. Sales to external customers disclosed in geographical segments are based on the geographical location of its customers. Others include countries such as Malaysia, Philippines and United States of America, etc.

Non-current assets consist of property, plant and equipment, investment properties, right-of-use assets, investment in associates and intangible asset as presented in the Group's statements of financial position.

Information about major customers

During the financial year, there was 1 customer (2022: 1 customer) which contributed at least 10% of the Group's revenue at $15,245,000 (2022: $95,355,000). The revenue was attributable to the trading segment.

40. SEGMENT INFORMATION (CONTINUED)

Business segments

	Trading		Manufacturing/ Design/Research and Development		Marine Logistics		Energy and Utilities		Resources		Corporate/Others		Eliminations		Note	Group	
	2023 $'000	2022 $'000	2023 $'000	2022 $'000	2023 $'000	2022 $'000	2023 $'000	2022 $'000	2023 $'000	2022 $'000	2023 $'000	2022 $'000	2023 $'000	2022 $'000		2023 $'000	2022 $'000
Revenue:																	
External customers	**44,247**	130,787	**1,986**	2,344	**–**	–	**2,054**	2,005	**–**	–	**2,016**	–	**–**	–		**50,303**	135,136
Intersegment sales	**67**	48	**662**	477	**–**	–	**–**	–	**–**	–	**2,880**	2,820	**(3,609)**	(3,345)	A	**–**	–
Total revenue	**44,314**	130,835	**2,648**	2,821	**–**	–	**2,054**	2,005	**–**	–	**4,896**	2,820	**(3,609)**	(3,345)		**50,303**	135,136
Result:	**138**	9,721	**93**	177	**(795)**	(1,078)	**88**	(151)	**1,491**	(2,200)	**1,035**	(96)	**(531)**	1,870	B	**1,519**	8,243
Depreciation and amortisation	**(901)**	(922)	**(106)**	(123)	**–**	–	**(4)**	(4)	**–**	–	**(901)**	(988)	**–**	24		**(1,912)**	(2,013)
Other non-cash income/ (expenses)	**51**	(366)	**(39)**	(27)	**–**	–	**–**	–	**–**	–	**–**	–	**–**	–	C	**12**	(393)
Net (impairment loss)/ writeback of impairment loss on financial assets	**14**	1,346	**–**	–	**–**	–	**(93)**	(34)	**–**	–	**–**	2,000	**–**	–	D	**(79)**	3,312
Finance costs	**(759)**	(1,842)	**(8)**	(24)	**–**	–	**(2)**	–	**–**	–	**–**	–	**–**	258		**(769)**	(1,608)
Interest income																**190**	55
Share of results of associates																**(638)**	815
Writeback of impairment loss/(impairment loss) on investment in associate																**1,000**	(5,300)
(Loss)/profit before tax																**(677)**	3,111
Income tax expense																**(658)**	(773)
(Loss)/profit net of tax																**(1,335)**	2,338
Assets:	**80,593**	113,751	**2,184**	1,876	**1,304**	3,454	**4,282**	3,366	**–**	–	**72,739**	80,897	**(75,604)**	(91,269)	E	**85,498**	112,075
Investment in associates	**–**	–	**–**	–	**3,034**	2,962	**–**	–	**–**	–	**4,149**	1,302	**–**	–		**7,183**	4,264
Unallocated assets																**982**	1,836
Total assets																**93,663**	118,175
Liabilities:	**(45,849)**	(73,713)	**(6,096)**	(5,600)	**(83,780)**	(86,556)	**(10,495)**	(9,767)	**–**	(53,957)	**(24,047)**	(43,585)	**141,566**	222,051	F	**(28,701)**	(51,127)
Unallocated liabilities																**(1,320)**	(1,793)
Total liabilities																**(30,021)**	(52,920)
Other segment information:																	
Additions to non-current assets																	
– Property, plant and equipment	**57**	513	**16**	6	**–**	–	**4**	5	**–**	–	**5**	–	**–**	–		**82**	524
– Right-of-use assets	**109**	70	**–**	–	**–**	–	**–**	–	**–**	–	**–**	–	**–**	–		**109**	70
– Associates	**–**	–	**–**	–	**–**	–	**–**	–	**–**	–	**2,813**	–	**–**	–		**2,813**	–

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023

40. SEGMENT INFORMATION (CONTINUED)

Business segments (Continued)

Notes:

A Inter-segment revenue are eliminated on consolidation.

B The following items are deducted from segment profit to arrive at the segment results:

	2023 $'000	2022 $'000
Interest income from inter-segments	**39**	365
Interest expense from inter-segments	**(39)**	(366)
Profit/(loss) from inter-segments operation	**344**	(1,554)
Exchange differences on quasi-equity loans	**325**	4,925
Dividend from subsidiaries	**(1,200)**	(1,500)
	(531)	1,870

C Other non-cash income/(expense) consist of writeback of allowance/(allowance) for slow moving inventories, inventories written off and bad debts written off as presented in the respective notes to the financial statements.

D Net (impairment loss)/writeback of impairment loss on financial assets consist of impairment loss on trade and other receivables (current), writeback of impairment loss on trade receivables (current) and other receivables (non-current), as presented in the respective notes to the financial statements.

E The elimination refers to inter-segment assets.

F The elimination refers to inter-segment liabilities.

Geographical segments

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

	Revenue		Non-current assets	
	2023 $'000	2022 $'000	2023 $'000	2022 $'000
Indonesia	**6,301**	99,850	**5,890**	3,941
Japan	**29**	48	**1,336**	1,302
People's Republic of China	**12,248**	9,020	**–**	15
Singapore	**10,538**	12,535	**11,886**	12,230
Thailand	**16,602**	5,177	**–**	–
United Kingdom	**328**	466	**258**	337
Vietnam	**464**	2,908	**–**	–
Others	**3,793**	5,132	**–**	–
	50,303	135,136	**19,370**	17,825

Non-current assets information presented above consist of property, plant and equipment, investment properties, right-of-use assets, investment in associates and intangible assets as presented in the Group's statement of financial position.

41. RELATED PARTY TRANSACTIONS

(a) *Other related party transactions*

In addition to those related party information disclosed elsewhere in the financial statements, the following significant transactions between the Group and related parties took place at terms agreed between the parties during the financial year:

	Group	
	2023	**2022**
	$'000	**$'000**
Purchases of goods and services from an associate	**–**	(2)
Rental paid to a director of certain subsidiaries	**(35)**	(37)
Sales of goods and services to an associate	**2**	1
Secretarial and professional fee paid to director-related firms[(1)]	**(18)**	(39)
Additions to/(repayments of) amount due to a director of certain subsidiaries	**1,078**	(327)
Repayment of amount due from a director of certain subsidiaries	**–**	200
Repayment of advances due to a director of the Company	**–**	(20)
Repayment of loan received from an associate	**2,530**	339

(1) During the current financial year, secretarial and professional services were provided by entity which is controlled by one of the independent directors of the Company. $Nil (31 December 2022: $Nil) was outstanding at the end of current financial year.

(b) *Compensation of key management personnel ("KMP")*

	Group	
	2023	**2022**
	$'000	**$'000**
Directors' fees	**190**	187
Short-term employee benefits	**2,022**	1,947
Defined contributions	**79**	99
Other short-term benefits	**66**	70
Total compensation paid to KMP	**2,357**	2,303
Comprise of amounts paid to:		
Directors of the Company	**1,227**	1,182
Other KMP	**1,130**	1,121
	2,357	2,303

42. SUBSEQUENT EVENT

On 29 January 2024, the Company had received $500,000 from George Deng ("GD") in relation to the first tranche of the Settlement Amount of $2,300,000 due from FEE to the Company. Upon the receipt of $500,000 from GD in accordance with the Deed of Settlement, the Group has ceased control over FEE (and entities controlled by FEE) and FIS. The Group estimate a gain on disposal of FEE group and FIS amounting to approximately $2.9 million.

43. AUTHORISATION OF FINANCIAL STATEMENT FOR ISSUE

The financial statements for the year ended 31 December 2023 were authorised for issue in accordance with a resolution of the directors on 31 March 2024.

STATISTICS OF SHAREHOLDINGS

AS AT 21 MARCH 2024

Class of shares	:	Ordinary shares
Total number of shares (including treasury shares)	:	140,767,484 ordinary shares
Total number of shares (excluding treasury shares)	:	140,667,484 ordinary shares
Number and percentage of treasury shares held	:	100,000 (0.07%)
Number of subsidiary holdings held	:	Nil
Voting rights (excluding treasury shares)	:	One vote per ordinary share

DISTRIBUTION OF SHAREHOLDINGS

Size of Shareholding	Number of Shareholders	%	Number of Shares	%
1 – 99	200	5.47	3,324	0.00
100 – 1,000	684	18.71	367,839	0.26
1,001 – 10,000	1,845	50.48	8,263,392	5.87
10,001 – 1,000,000	915	25.04	47,776,065	33.97
1,000,001 and above	11	0.30	84,256,864	59.90
	3,655	100.00	140,667,484	100.00

TWENTY LARGEST SHAREHOLDERS

No.	Name of Shareholders	Number of Shares	%
1.	Koh Kian Kiong	29,004,000	20.61
2.	DBS Nominees Pte Ltd	18,687,578	13.29
3.	Citibank Nominees Singapore Pte Ltd	16,981,616	12.07
4.	KGI Securities (Singapore) Pte. Ltd	5,123,100	3.64
5.	Gu Jian Lin	3,250,700	2.31
6.	Phillip Securities Pte Ltd	2,959,135	2.11
7.	Koh May Ling Judy (Xu Meiling Judy)	2,264,200	1.61
8.	UOB Kay Hian Pte Ltd	1,817,265	1.29
9.	United Overseas Bank Nominees Pte Ltd	1,503,570	1.07
10.	Koh Tin Yock	1,450,300	1.03
11.	Koh Yan Yock	1,215,400	0.86
12.	Raffles Nominees (Pte) Limited	926,904	0.66
13.	OCBC Nominees Singapore Pte Ltd	909,012	0.65
14.	Foo Tiang Ann	800,000	0.57
15.	Chan Keng Mun	798,500	0.57
16.	Tang Joo Kok	787,700	0.56
17.	Chan Tat Soon	780,000	0.55
18.	Phang Yeh Fenn	754,300	0.54
19.	Koh Maggie	695,300	0.49
20.	Tan Heng Ching	602,000	0.43
	Total	91,310,580	64.91

STATISTICS OF SHAREHOLDINGS

AS AT 21 MARCH 2024

SHAREHOLDING OF THE SUBSTANTIAL SHAREHOLDERS
(As recorded in the Register of Substantial Shareholders as at 21 March 2024)

	Direct Interest	%	Deemed Interest	%
Koh Kian Kiong	29,004,000	20.61	–	–
Fame Asia Limited[(i)]	16,055,989	11.41	–	–
Leung Kwok Hung, Jonathan[(ii)]	–	–	16,055,989	11.41
Yafin Tandiono Tan[(iii)]	14,114,374	10.03	–	–

Notes:

(i) Fame Asia Limited has 16,055,989 ordinary shares held under the name of Citibank Nominees Singapore Pte Ltd.

(ii) Mr Leung Kwok Hung, Jonathan has a deemed interest in 16,055,989 ordinary shares held by Fame Asia Limited.

(iii) Mr Yafin Tandiono Tan's 14,114,374 ordinary shares are held under the name of DBS Nominees Pte Ltd.

PERCENTAGE OF SHAREHOLDING IN PUBLIC'S HANDS

Based on information available to the Company as at 21 March 2024, there were approximately 53.61% of the Company's total number of issued ordinary shares (excluding preference shares, convertible equity securities and treasury shares) held in the hands of public. Accordingly, the Company has complied with Rule 723 of the Listing Manual of the Singapore Exchange Securities Trading Limited.

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Annual General Meeting ("**AGM**") of FEDERAL INTERNATIONAL (2000) LTD (the "**Company**") will be held on Tuesday, 30 April 2024 at 10:00 a.m. at 12 Chin Bee Drive, Singapore 619868 for the following purposes:

AS ORDINARY BUSINESS

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

2. (a) To re-elect Mr Koh Kian Kiong, a Director of the Company retiring pursuant to Regulation 91 of the Constitution of the Company. **(Resolution 2)**

   (b) To re-elect Mr Murali Krishna Ramachandra, a Director of the Company retiring pursuant to Regulation 91 of the Constitution of the Company. [See Explanatory Note (i)] **(Resolution 3)**

3. To approve the Directors' fees of S$180,000 to Non-Executive and Independent Directors of the Company for the financial year ending 31 December 2024, to be paid quarterly in arrears (FY2023: S$190,000). **(Resolution 4)**

4. To re-appoint Baker Tilly TFW LLP as the Auditor of the Company and to authorise the Directors of the Company to fix its remuneration. **(Resolution 5)**

5. To transact any other ordinary business which may be properly transacted at the Annual General Meeting of the Company.

AS SPECIAL BUSINESS

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

6. Authority to issue shares

That pursuant to Section 161 of the Companies Act 1967 ("**Companies Act**") 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 ("**shares**") whether by way of rights, bonus or otherwise; and/or

(ii) make or grant offers, agreements or options (collectively, "**Instruments**") that might or would require shares to be issued, including but not limited to the creation and issue of (as well as adjustments to) options, warrants, debentures or other instruments convertible into shares,

at any time and upon such terms and conditions and for such purposes and to such persons as the Directors 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 in pursuance of any Instruments made or granted by the Directors of the Company while this Resolution was in force,

NOTICE OF ANNUAL GENERAL MEETING

provided that:

(1) the aggregate number of shares (including shares to be issued in pursuance of the Instruments, made or granted pursuant to this Resolution) to be issued pursuant to this Resolution 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 to be issued other than on a pro rata basis to 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 that may be issued, the total number of issued shares (excluding treasury shares and subsidiary holdings) shall be based on the total number of issued shares (excluding treasury shares and subsidiary holdings) 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 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 share options or share 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;

(3) in exercising the authority 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, such authority shall continue in force until the conclusion of the next Annual General Meeting of the Company or the date by which the next Annual General Meeting of the Company is required by law to be held, whichever is earlier.
[See Explanatory Note (ii)] **(Resolution 6)**

By Order of the Board
Sam Kwai Hoong
Noraini Binte Noor Mohamed Abdul Latiff

Company Secretaries
Singapore, 15 April 2024

NOTICE OF ANNUAL GENERAL MEETING

Explanatory Note

(i) Mr Murali Krishna Ramachandra will, upon re-election as a Director of the Company, remain as the Independent Director, the Chairman of the Remuneration Committee and a member of the Audit Committee and the Nominating Committee of the Company. Mr Murali Krishna Ramachandra will be considered independent for the purpose of Rule 704(8) of the Listing Manual of the SGX-ST.

(ii) Resolution 6, if passed, will empower the Directors of the Company, effective until the conclusion of the next Annual General Meeting of the Company, or the date by which the next Annual General Meeting of the Company is required by law to be held 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 the aggregate 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% of the total number of issued shares (excluding treasury shares and subsidiary holdings) may be issued other than on a pro-rata basis to shareholders of the Company, after adjusting for new shares arising from the conversion or exercise of any convertible securities or share options or vesting of share awards which are outstanding or subsisting at the time when Resolution 6 is passed and any subsequent bonus issue, consolidation or subdivision of shares.

Notes:

The AGM will be held physically and members are invited to attend the AGM physically ("Physical AGM"). There will be no option for members to participate the Physical AGM virtually.

1. **Access to Documents or Information Relating to the AGM**

Printed copies of this Notice of AGM, Proxy Form, and Annual Report will be despatched to members. These documents are also available to members via publication on the SGX website at https://www.sgx.com/securities/company-announcements or at https://federal-int.com.sg.

2. **Submission of Proxy Form to Vote**

A member of the Company entitled to attend and vote at the AGM is entitled to appoint not more than 2 proxies to attend and vote in his/her stead. A proxy need not be a member of the Company.

A member who is not a relevant intermediary (as defined in section 181 of the Singapore Companies Act 1967) is entitled to appoint not more than 2 proxies and where 2 proxies are appointed, shall specify the proportion of shareholding to be represented by each proxy.

A member who is a relevant intermediary is entitled to appoint more than 2 proxies and where such member's proxy form appoints more than 1 proxy, the number of and class of shares in relation to which each proxy has been appointed shall be specified in the proxy form. Each proxy must be appointed to exercise the rights attached to the different share or shares held by such member.

In any case where more than 1 proxy is appointed, the proportion of the shareholding concerned to be represented by each proxy shall be specified in the proxy form. If no such proportion or number is specified, the first named proxy may be treated as representing 100 per cent of the shareholding and any second named proxy as an alternate to the first named.

Investors holding shares under the Central Provident Fund Investment Schemes ("**CPF Investors**") and/or Supplementary Retirement Scheme ("**SRS Investors**") should approach their respective CPF Agent Banks or SRS Operators to submit their votes at least 7 working days before the AGM (i.e. by 10.00 a.m. on 18 April 2024). CPF/SRS Investors should contact their respective CPF Agent Banks or SRS Operators for any queries they may have with regard to the appointment of proxy for the AGM.

The instrument appointing a proxy, together with the power of attorney or other authority under which it is signed (if applicable) or a duly certified copy thereof, must be submitted in the following manner:

(a) if submitted by post, be deposited to the registered office of the Company at 12 Chin Bee Drive, Singapore 619868; or

(b) if submitted by email, be sent to FIshareholders_queries@federal-int.com.sg using a clear scanned signed form in PDF,

in each case, **no later than 10.00 a.m. on 28 April 2024** being not less than 48 hours before the time appointed for the holding of the AGM.

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 (as defined in Section 81F of the SFA), 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/her name in the Depository Register as at 72 hours before the time appointed for holding the AGM (i.e. **no later than 10.00 a.m. on 27 April 2024**), as certified by The Central Depository (Pte) Limited to the Company.

A corporation which is a member of the Company may authorise by resolutions of its directors or other governing body, such person as it thinks fit to act as its representative at the meeting.

The instrument appointing a proxy must be signed by the appointor or his/her attorney duly authorised in writing. Where the instrument appointing a proxy is executed by a corporation, it shall be executed either under its common seal or under the hand of any officer or attorney duly authorised. The power of attorney or other authority, if any, under which the instrument of proxy is signed on behalf of the member or duly certified copy of that power of attorney or other authority (failing previous registration with the Company) shall be attached to the instrument of proxy, failing which the instrument may be treated as invalid.

NOTICE OF ANNUAL GENERAL MEETING

3. **Submission of Questions in Advance**

Members may submit their questions in relation to the business of the AGM by email to FIshareholders_queries@federal-int.com.sg. All questions must be submitted at least 7 calendar days from the date of this Notice of AGM, i.e. **no later than 10.00 a.m. on 23 April 2024 ("Cut-Off Time")**. After the Cut-Off Time, if there are subsequent clarifications or follow-up on the questions submitted, these will be addressed at the Physical AGM.

The Company will endeavor to address questions which are substantial and relevant and received from members who are verifiable against the Depository Register or the Register of Members.

Verified members and Proxy(ies) attending the Physical AGM will be able to ask questions in person at the AGM venue. The Company will, within 30 days after the date of the AGM, publish the minutes of the AGM on SGXNET and the Company's website and the minutes will include the responses to the questions referred to above.

4. **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/her name in the Depository Register as at seventy-two (72) hours before the time appointed for holding the AGM of the Company, as certified by The Central Depository (Pte) Limited to the Company.

Members are strongly encouraged to submit completed proxy forms electronically via email.

PERSONAL DATA PRIVACY

By attending the Physical AGM and/or any adjournment thereof and/or submitting the Proxy Form appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the Physical AGM and/or any adjournment thereof, a member of the Company (a) consents to the collection, use and disclosure of the member's personal data by the Company (or its agents or service providers) for the purpose of the processing and administration by the Company (or its agents or service providers) of proxies and representatives appointed for the AGM (including any adjournment thereof) and the preparation and compilation of the attendance lists, 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"), and (b) 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 (c) agrees that the member will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the member's breach of warranty.

SUPPLEMENTAL INFORMATION ON **DIRECTORS SEEKING RE-ELECTION**

AT THE AGM ON TUESDAY, 30 APRIL 2024
PURSUANT TO SGX-ST LISTING MANUAL – RULE 720(6) AND APPENDIX 7.4.1

Name of Director	**Mr Koh Kian Kiong**	**Mr Murali Krishna Ramachandra**
Date of Appointment	13 November 1999	1 July 2021
Date of last re-appointment (if applicable)	28 April 2022	28 April 2022
Age	77	53
Country of principal residence	Singapore	Singapore
The Board's comments on this appointment (including rationale, selection criteria, and the search and nomination process)	The Board has considered the Nominating Committee recommendation and assessments of Mr Koh's qualifications and experiences and is satisfied that he will continue to contribute relevant knowledge, skills and experience to the Board.	The Board has considered the Nominating Committee recommendation and assessments of Mr Krishna Ramachandra's qualifications and experiences and is satisfied that he will continue to contribute relevant knowledge, skills and experience to the Board.
Whether appointment is executive, and if so, the area of responsibility	Executive Mr Koh is the Executive Chairman and Chief Executive Officer of the Company. He is one of the founders of the Group and has more than 48 years of experience in the oil and gas industry. Mr Koh oversees the formulation of the Group's corporate strategies and expansion plans	Non-executive
Job Title (e.g. Lead ID, AC Chairman, AC Member etc.)	Executive Committee Nominating Committee (Member)	Independent Director Remuneration Committee (Chairman) Audit Committee (Member) Nominating Committee (Member)
Professional qualifications	–	Master of Laws (LL.M.)
Working experience and occupation(s) during the past 10 years	From 1999 to present: Chairman of the Company From 1999 to present: Director of Subsidiaries and associated companies of the Federal Group From 2016 to present: Director of Gunanusa Utama Pte Ltd From 2021 to 2023: President Commissioner of PT Gunanusa Utama Fabricators. From 2023 to present: Board of Commissioner of PT Gunanusa Utama Fabricators.	From 2022 to present: Founder and Chairman of Digital Insights Group of Companies Chairman Legal Insights LLC From 2011 to 2022: Managing Director of the Duane Morris & Selvam LLP From 2005 to 2022: Director of Selvam LLC

SUPPLEMENTAL INFORMATION ON DIRECTORS SEEKING RE-ELECTION

AT THE AGM ON TUESDAY, 30 APRIL 2024
PURSUANT TO SGX-ST LISTING MANUAL – RULE 720(6) AND APPENDIX 7.4.1

Name of Director	Mr Koh Kian Kiong	Mr Murali Krishna Ramachandra
Shareholding interest in the listed issuer and its subsidiaries	Yes	No
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	Yes	No
Conflict of interest (including any competing business)	No	No
Undertaking (in the format set out in Appendix 7.7) under Rule 720(1) has been submitted to the listed issuer	Yes	Yes
Other Principal Commitments: including Directorships	No	Digital Insights Group of Companies Christ College, Cambridge Fund (Singapore) Limited Legal Insights LLC
Past (for the last 5 years)	No	Duane Morris & Selvam LLP Selvam LLC
Present	Listed companies: Federal International (2000) Ltd Other principal directorships: Subsidiaries and associated companies of the Federal Group Gunanusa Utama Pte Ltd Commissioner of PT Gunanusa Utama Fabricators Major Appointments (other than directorships): Nil	Listed companies: Federal International (2000) Ltd Other principal directorships: Digital Insights Group of Companies Major Appointments (other than directorships): Nil
Information required Disclose the following matters concerning an appointment of director, chief executive officer, chief financial officer, chief operating officer, general manager or other officer of equivalent rank. If the answer to any question is "yes", full details must be given.		
(a) Whether at any time during the last 10 years, an application or a petition under any bankruptcy law of any jurisdiction was filed against him/her or against a partnership of which he/she was a partner at the time when he/she was a partner or at any time within 2 years from the date he/she ceased to be a partner?	No	No

SUPPLEMENTAL INFORMATION ON DIRECTORS SEEKING RE-ELECTION

AT THE AGM ON TUESDAY, 30 APRIL 2024
PURSUANT TO SGX-ST LISTING MANUAL – RULE 720(6) AND APPENDIX 7.4.1

Name of Director	Mr Koh Kian Kiong	Mr Murali Krishna Ramachandra
(b) Whether at any time during the last 10 years, an application or a petition under any law of any jurisdiction was filed against an entity (not being a partnership) of which he/she was a director or an equivalent person or a key executive, at the time when he/she was a director or an equivalent person or a key executive of that entity or at any time within 2 years from the date he/she ceased to be a director or an equivalent person or a key executive of that entity, for the winding up or dissolution of that entity or, where that entity is the trustee of a business trust, that business trust, on the ground of insolvency?	No	No
(c) Whether there is any unsatisfied judgment against him/her?	No	No
(d) Whether he/she has ever been convicted of any offence, in Singapore or elsewhere, involving fraud or dishonesty which is punishable with imprisonment, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he/she is aware) for such purpose?	No	No
(e) Whether he/she has ever been convicted of any offence, in Singapore or elsewhere, involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he/she is aware) for such breach?	No	No

SUPPLEMENTAL INFORMATION ON DIRECTORS SEEKING RE-ELECTION

AT THE AGM ON TUESDAY, 30 APRIL 2024
PURSUANT TO SGX-ST LISTING MANUAL – RULE 720(6) AND APPENDIX 7.4.1

Name of Director	Mr Koh Kian Kiong	Mr Murali Krishna Ramachandra
(f) Whether at any time during the last 10 years, judgment has been entered against him/her in any civil proceedings in Singapore or elsewhere involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or a finding of fraud, misrepresentation or dishonesty on his/her part, or he/she has been the subject of any civil proceedings (including any pending civil proceedings of which he/she is aware) involving an allegation of fraud, misrepresentation or dishonesty on his/her part?	No	No
(g) Whether he/she has ever been convicted in Singapore or elsewhere of any offence in connection with the formation or management of any entity or business trust?	No	No
(h) Whether he/she has ever been disqualified from acting as a director or an equivalent person of any entity (including the trustee of a business trust), or from taking part directly or indirectly in the management of any entity or business trust?	No	No
(i) Whether he/she has ever been the subject of any order, judgment or ruling of any court, tribunal or governmental body, permanently or temporarily enjoining him/her from engaging in any type of business practice or activity?	No	No
(j) Whether he/she has ever, to his/her knowledge, been concerned with the management or conduct, in Singapore or elsewhere, of the affairs of:		
(i) any corporation which has been investigated for a breach of any law or regulatory requirement governing corporations in Singapore or elsewhere; or	No	No

SUPPLEMENTAL INFORMATION ON DIRECTORS SEEKING RE-ELECTION

AT THE AGM ON TUESDAY, 30 APRIL 2024
PURSUANT TO SGX-ST LISTING MANUAL – RULE 720(6) AND APPENDIX 7.4.1

Name of Director	**Mr Koh Kian Kiong**	**Mr Murali Krishna Ramachandra**
(ii) any entity (not being a corporation) which has been investigated for a breach of any law or regulatory requirement governing such entities in Singapore or elsewhere; or	No	No
(iii) any business trust which has been investigated for a breach of any law or regulatory requirement governing business trusts in Singapore or elsewhere; or	No	No
(iv) any entity or business trust which has been investigated for a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, in connection with any matter occurring or arising during that period when he/she was so concerned with the entity or business trust?	No	No
(k) Whether he/she has been the subject of any current or past investigation or disciplinary proceedings, or has been reprimanded or issued any warning, by the Monetary Authority of Singapore or any other regulatory authority, exchange, professional body or government agency, whether in Singapore or elsewhere?	No	No

FEDERAL INTERNATIONAL (2000) LTD
(Company Registration No. 199907113K)
(Incorporated In the Republic of Singapore)

PROXY FORM

This form of proxy has been made available on SGXNet and the Company's website and can be accessed at https://federal-int.com.sg.

IMPORTANT:
This Proxy Form is not valid for use by investors who hold shares in the Company through relevant intermediaries (as defined in Section 181 of the Singapore Companies Act), including CPF/SRS investors, and shall be ineffective for all intents and purposes if used or purported to be used by them. Such investors (including CPF/SRS investors), if they wish to vote, should contact their respective relevant intermediaries as soon as possible to specify voting instructions. CPF/SRS investors should approach their respective CPF Agent Banks or SRS Operators at least 7 working days before the AGM to specify voting instructions.

I/We*,____ (Name)

__________________________________ (NRIC/Passport/Company Registration No.*)

of ____ (Address)

being a member/members* of **FEDERAL INTERNATIONAL (2000) LTD** (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 ("**AGM**") of the Company, as my/our proxy/proxies to attend and to vote for me/us on my/our behalf at the AGM to be held on Tuesday, 30 April 2024, at 10.00 a.m. at 12 Chin Bee Drive, Singapore 619868 and at any adjournment thereof.

I/We direct my/our proxy/proxies to vote for or against the resolution to be proposed at the AGM as indicated hereunder. In the absence of specific directions, the proxy/proxies will vote or abstain as he/she/they may think fit, as he/she/they will on any other matters arising at the AGM.

No.	Ordinary Resolutions relating to:	No. of Shares For**	No. of Shares Against**	No. of Shares Abstain**
1.	To receive and adopt Directors' Statement and Audited Financial Statements of the Company for financial year ended 31 December 2023 together with Auditor's Report thereon			
2.	To re-elect Mr Koh Kian Kiong as a Director of the Company			
3.	To re-elect Mr Murali Krishna Ramachandra as a Director of the Company			
4.	To approve the Directors' fees of S$180,000 to Non-Executive and Independent Directors of the Company for financial year ending 31 December 2024, to be paid quarterly in arrears			
5.	To re-appoint Baker Tilly TFW LLP as Auditor of the Company and to authorise the Directors to fix its remuneration			
6.	To approve the authority to issue shares			

* *Delete where inapplicable*
** *Voting will be conducted by poll. If you wish to exercise all your votes "For" or "Against", please tick within the box provided. Alternatively, please indicate the number of votes as appropriate. If you tick the abstain box for a particular resolution, you are directing your proxy not to vote on that resolution.*

Dated this _________day of _______________ 2024

Total No. of Shares in:	No. of Shares
(a) Depository Register	
(b) Register of Members	

____
Signature of Shareholder(s)/
Common Seal of Corporate Shareholder

IMPORTANT: PLEASE READ NOTES OVERLEAF BEFORE COMPLETING THIS PROXY FORM.

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 SFA), 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, this Proxy Form shall be deemed to relate to all the Shares held by you.

2. A member of the Company entitled to attend and vote at the AGM is entitled to appoint 1 or 2 proxies to attend and vote in his/her stead. A proxy need not be a member of the Company. Where a member appoints more than 1 proxy, the member must specify the proportion of shareholdings (expressed as a percentage of the whole) to be represented by each proxy. If no proportion of shareholdings is specified, the proxy whose name appears first shall be deemed to carry 100% of the shareholdings of his/her appointor and the proxy whose name appears after shall be deemed to be appointed in the alternate.

3. If the instrument appointing a proxy is returned without any indication as to how the proxy shall vote, the proxy will vote or abstained as he/she thinks fit. If the instrument appointing a proxy is returned without the name of the proxy indicated, the instrument appointing a proxy shall be invalid.

4. If the appointor is an individual, the instrument appointing a proxy shall be signed by the appointor or his/her attorney. If the appointor is a corporation, the instrument appointing a proxy shall be either given under its common seal or signed on its behalf by an attorney or a duly authorised officer of the corporation. A corporation which is a member may authorise by resolution of its directors or other governing body such person as it thinks fit to act as its representative at the AGM.

5. The signature on the instrument appointing a proxy need not be witnessed. Where an instrument appointing a proxy is signed on behalf of the appointor by an attorney, the letter or power of attorney or a duly certified copy thereof must (failing previous registration with the Company) be lodged with the instrument appointing a proxy, failing which the instrument may be treated as invalid.

6. CPF or SRS investors who wish to vote should approach their respective CPF Agent Banks or SRS Operators to submit their votes at least seven (7) working days before the AGM in order to allow sufficient time for their respective relevant intermediaries to submit a proxy form to vote on their behalf by the cut-off date. "Relevant intermediary" has the meaning as defined in section 181 of Companies Act 1967 of Singapore.

7. The instrument appointing a proxy of the Meeting must be submitted to the Company in the following manner:

   (a) if in hard copy by post, be lodged at the registered office of the Company located at 12 Chin Bee Drive, Singapore 619868; or

   (b) if by email, be received by FIshareholders_queries@federal-int.com.sg.

   in either case, **no later than 10.00 a.m., on 28 April 2024**.

   A member who wishes to submit an instrument of proxy must first download, complete and sign the proxy form, before submitting it by post to the address provided above, or scanning and sending it by email to the email address provided above.

8. Members are strongly encouraged to submit completed proxy forms electronically via email.

9. The instrument appointing a proxy must be under the hand of the appointor or of his attorney duly authorised in writing and where such instrument 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 an instrument appointing a proxy is submitted by email, it must be authorised in the following manner:

   (a) by way of the affixation of an electronic signature by the appointor or his duly authorised attorney or, as the case may be, an officer or duly authorised attorney of a corporation; or

   (b) by way of the appointor or his duly authorised attorney or, as the case may be, an officer or duly authorised attorney of a corporation signing the instrument under hand and submitting a scanned copy of the signed instrument by email.

   Where an instrument appointing a proxy is signed or, as the case may be, authorised on behalf of the appointor by an attorney, the letter or power of attorney or a duly certified copy thereof must (failing previous registration with the Company) be lodged with the instrument appointing the Chairman of the Meeting as proxy, failing which the instrument may be treated as invalid.

PERSONAL DATA PRIVACY

By submitting an instrument appointing a proxy or proxies, the member accepts and agrees to the personal data privacy terms set out in the Notice of AGM dated 15 April 2024.

CORPORATE INFORMATION

DIRECTORS

Executive

MR KOH KIAN KIONG
(Chairman & Chief Executive Officer)

MS MAGGIE KOH

Non-Executive & Independent

MR HOON TAI MENG
(Lead Independent Director)

MR MURALI KRISHNA RAMACHANDRA
MR HENG YEOW TECK, MALCOLM

AUDIT COMMITTEE
Mr Heng Yeow Teck, Malcolm (Chairman)
Mr Hoon Tai Meng
Mr Murali Krishna Ramachandra

NOMINATING COMMITTEE
Mr Hoon Tai Meng (Chairman)
Mr Koh Kian Kiong
Mr Murali Krishna Ramachandra

REMUNERATION COMMITTEE
Mr Murali Krishna Ramachandra (Chairman)
Mr Hoon Tai Meng
Mr Heng Yeow Teck, Malcolm

COMPANY SECRETARIES
Mr Sam Kwai Hoong
Ms Noraini Binte Noor Mohamed Abdul Latiff

REGISTERED OFFICE
12 Chin Bee Drive
Singapore 619868
Tel: (65) 6747 8118
Fax: (65) 6743 0690
Email: admin@federal-int.com.sg
Website: www.federal-int.com.sg

SHARE REGISTRAR
B.A.C.S. Private Limited
77 Robinson Road
#06-03 Robinson 77
Singapore 068896
Tel: (65) 6593 4848

AUDITOR
BAKER TILLY TFW LLP
600 North Bridge Road
#05-01 Parkview Square
Singapore 188778

PARTNER-IN-CHARGE
Mr Low See Lien
(Appointed with effect from financial year ended 31 December 2021)

PRINCIPAL BANKERS
United Overseas Bank Limited
DBS Bank Limited

(REGISTRATION NO. 199907113K)
12 Chin Bee Drive, Singapore 619868
Tel: (65) 6747 8118
Fax: (65) 6743 0690
Corporate website: www.federal-int.com.sg