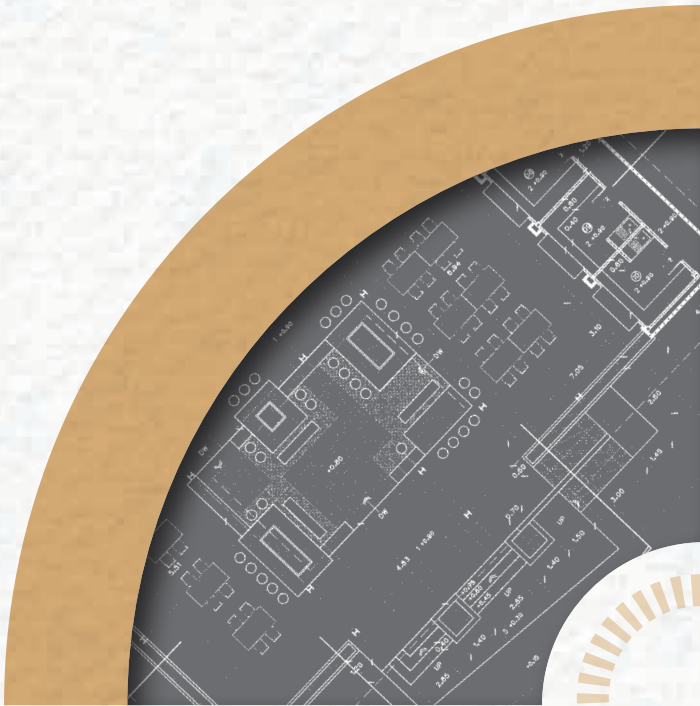




**EVER GLORY
UNITED HOLDINGS
LIMITED**



厚积薄发 STEADY ACCUMULATION

ANNUAL REPORT

2023

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Ever Glory United Holdings Limited (the "**Company**") was listed on Catalist of the Singapore Exchange Securities Trading Limited (the "**SGX-ST**") on 18 May 2023. The initial public offering of the Company was sponsored by Novus Corporate Finance Pte. Ltd. (the "**Sponsor**").

This annual report has been prepared by the Company and reviewed by the Sponsor, in compliance with Rule 226(2)(b) of the SGX-ST Listing Manual Section B: Rules of Catalist.

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

The contact person for the Sponsor is Mr. Pong Chen Yih, Chief Operating Officer, at 7 Temasek Boulevard, #18-03B Suntec Tower 1, Singapore 038987, telephone (65) 6950 2188.

CORPORATE PROFILE

Ever Glory United Holdings Limited (the “**Company**”, and together with its subsidiaries, the “**Group**”) was incorporated in Singapore on 23 December 2021, under the Singapore Companies Act 1967 as a private company limited by shares under the name of Ever Glory United Holdings Pte. Ltd. On 25 April 2023, the Company was converted into a public company and was renamed “Ever Glory United Holdings Limited”.

The Group was listed on the Catalist of the Singapore Exchange Securities Trading Limited (“**SGX-ST**”) on 18 May 2023 (the “**Listing**”).

Our business commenced when Sunbeam M&E Pte. Ltd. (“**Sunbeam**” or “**SBME**”) was incorporated on 14 May 2018 and was initially held by Mr. Xu Ruibing and Mr. Sun Renwang. We have been in operation in the mechanical and electrical (“**M&E**”) engineering industry in Singapore since our inception.

Throughout the years, we believe that we have built a reputation as a quality and reliable M&E engineering contractor in Singapore. Our Executive Director and Chief Executive Officer (“**CEO**”), Mr. Xu Ruibing, has almost 30 years of experience in providing M&E engineering services. Members of our core management team each have over 17 years of experience in providing M&E engineering services.

The Group has grown and expanded beyond its core business and successfully expanded the business into the property industry, and by doing so, the Group can leverage on its existing core business, diversify and reduce the business risks and provide a new income stream to the Group. The Group currently operates principally in the following two (2) business segments:

- (1) Its core business is in the provision of M&E engineering services; and
- (2) Property development.

CORPORATE PROFILE

MECHANICAL AND ELECTRICAL (M&E) ENGINEERING SERVICES

The Company operates through its wholly-owned subsidiary, SBME, which is a Singapore-based M&E engineering contractor, specialising in a wide range of M&E engineering services since 2018. The M&E engineering services include the supply and installation of air-conditioning and mechanical ventilation (“**ACMV**”) systems, electrical engineering systems, fire alarms and fire protection (“**FP**”) systems and plumbing, sanitary and gas (“**PSG**”) systems and the provision of integrated building services (“**IBS**”). Our services involve projects in both private and public sectors, such as the development or redevelopment of HDB residential flats, private residential properties, private schools, mixed-use properties, commercial buildings or industrial buildings in Singapore. We provide M&E engineering services as either a nominated subcontractor or a domestic subcontractor. Our public sector projects and private sector projects accounted for approximately 14% and 86% of Group’s total revenue respectively for the financial year ended 31 December 2023.

Each of our M&E engineering services are described below:

(a) **ACMV systems**

We are a specialist in ACMV systems for both public sector and private sector buildings.

The range of services we provide includes:

- design and build, supply, installation, testing and commissioning of centralised air-conditioning system for commercial, institutional and industrial buildings;
- supply and installation of split or multi-split type and variable refrigerant volume type air-conditioning system for residential and commercial buildings;
- supply and installation of mechanical ventilation system for carpark, plant rooms, corridor and staircase of residential and commercial buildings; and
- supply, installation, testing and commissioning of building management system for residential and commercial buildings.

(b) **Electrical engineering systems**

We supply and install electrical engineering systems for buildings, generally involving the supply, installation, testing and commissioning of networks of high-voltage switchgears, transformers, main switchboards and distribution boards, generators, underground piping works, submain cables including cable supporting systems, final circuit wiring for lightings and powers, extra low voltage systems, light fittings, fans, uninterruptible power supply, earthing systems and lightning protection systems.

(c) **FP systems**

We design, supply and install fire protection systems for buildings. Our range of services includes the design, supply, installation, testing and commissioning of the equipment, piping networks, appliances and fittings for fire protection systems such as the fire hydrant system, wet or dry riser system, fire hose reel system, automatic fire sprinkler system, automated fire alarm system, fireman intercom system, foam system, fire suppression system, fire extinguishing system and other fire specialist systems.

CORPORATE PROFILE

(d) PSG systems

We design, supply and install water supply sanitary and drainage systems, gas supply systems and rainwater drainage systems for buildings. Our range of services includes the design, supply, installation, testing and commissioning of the equipment, piping networks, appliances and fittings for the plumbing, sanitary, gas and drainage systems such as the potable water supply and pumping system, NEWater supply and pumping system, minor sewer system, sanitary drainage and pumping system, gas supply system, detention of storm water pumping system, conventional rainwater system, siphonic rainwater system and other PSG-related systems.

(e) IBS

We are graded “L5” by the Building and Construction Authority (“**BCA**”) which allows us to take on IBS projects in the public sector. This also allows us to tender for projects in the areas of ACMV systems, electrical engineering systems, FP systems and PSG systems as an integrated project instead of submitting individual tenders for each area of specialisation.

We successfully obtained the following registration of M&E work-head by BCA:



ME01 - AIR-CONDITIONING
AND MECHANICAL
VENTILATION SYSTEMS
(GRADE L5)



ME05 - ELECTRICAL
ENGINEERING
SYSTEMS
(GRADE L5)



ME06 - FIRE
PREVENTION AND
PROTECTION SYSTEMS
(GRADE L5)



ME12 - PLUMBING,
SANITARY AND
GAS SYSTEMS
(GRADE L4)



ME15 - INTEGRATED
BUILDING
SERVICES
(GRADE L5)

PROPERTY DEVELOPMENT

The Group has expanded into the property development segment in 2023, with the incorporation of a wholly-owned subsidiary in Singapore known as Ever Capital Pte. Ltd. (“**ECPL**”). The principal business of ECPL is property development business activity, which includes property development construction and property investment.

The Group’s joint development project is a 20 units freehold residential flat project located at District 14 Geylang Singapore, which is scheduled for the issuance of its Temporary Occupation Permit (“**TOP**”) at the end of 2028.

AWARDS AND ACCREDITATIONS

Over the years, in recognition of our quality management and work safety, we have received a number of accreditations and awards. We were accredited with ISO 9001:2015 (Quality Management System), ISO 45001:2018 (Occupational Health and Safety Management System) and bizSAFE Star for workplace safety and health.

CORPORATE MISSION

To provide a one-stop engineering solution for full M&E engineering services in building and construction market with excellent quality, cost effectiveness and total customer satisfaction.

To enhance shareholders' value by expanding into the property, building and construction and engineering markets.

Moving forward, the Group will continue to explore new business opportunities by acquiring new businesses or investing in property development projects to enhance shareholders' return.

BUSINESS OUTLOOK

According to a press release issued by Singapore's Ministry of Trade and Industry ("MTI") on 15 February 2024¹, the Singapore economy expanded by 1.1 per cent in 2023. MTI has maintained the GDP growth forecast for 2024 at 1.0 to 3.0 per cent.

According to MTI, the construction sector's growth was 5.2 per cent year-on-year, up from 3.7 per cent in the third quarter of 2023. On a quarter-on-quarter seasonally-adjusted basis, the sector expanded by 2.0 per cent, extending the 1.9 per cent growth in the preceding quarter. The increase in the quarter was sustained by growth in construction output in both the public and private sectors. However, in the present inflationary environment, the impact of the price pressures from general inflation has contributed to the escalation of construction costs. The anticipated costs pressure presents additional challenges for the Group's M&E engineering services business in the current economic landscape. The Group will continue to monitor the costs during the execution of existing projects. The Group will also follow up closely with its ongoing tenders to increase its orderbook to achieve sustainable revenue growth.

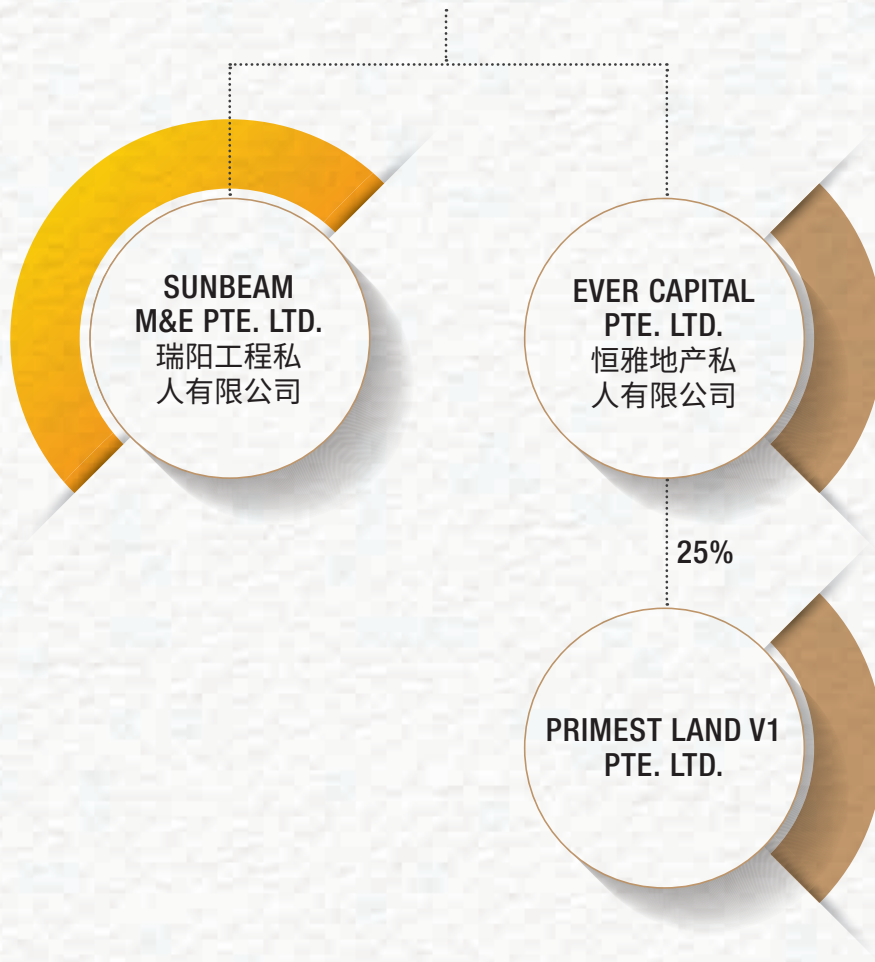
¹ https://www.mti.gov.sg/Newsroom/Press-Releases/2024/02/MTI-Maintains-2024-GDP-Growth-Forecast-at-1_0-to-3_0-Per-Cent#:~:text=MTI%20Maintains%202024%20GDP%20Growth%20Forecast%20at%20%20E2%80%9C1.0,for%202024%20at%201.0%20to%203.0%20per%20cent.

GROUP STRUCTURE

As at 31 December 2023



EVER GLORY UNITED HOLDINGS LIMITED
恒荣集团



CORPORATE MILESTONES

A summary of the key milestones of our Group since incorporation is set out below:

Year	Key milestones
2018	> Sunbeam was incorporated to undertake M&E engineering projects in Singapore.
2019	> Sunbeam was awarded its first major contract, to provide M&E engineering services as a subcontractor for PSA Tuas Terminal Maintenance Base in Singapore with a contract sum of more than S\$20 million.
2021	<ul style="list-style-type: none"> > Sunbeam completed the M&E engineering project for PSA Tuas Terminal Maintenance Base in Singapore. > Sunbeam obtained registration of the <ul style="list-style-type: none"> – ME01 (Air-Conditioning, Refrigeration & Ventilation Works) Work-head – Grade L5 – ME05 (Electrical Engineering) Work-head – Grade L5 – ME06 (Fire Prevention & Protection Systems) Work-head – Grade L3, and – ME12 (Plumbing & Sanitary Works) Work-head – Grade L4 > Sunbeam was awarded bizSAFE L4 certificate. > Incorporation of Holding Company – Ever Glory United Holdings Limited
2022	<ul style="list-style-type: none"> > Sunbeam was accredited with ISO 9001:2015 (Quality Management System) and ISO 45001:2018 (Occupational Health and Safety Management System) > Sunbeam obtained registration of the ME15 (Integrated Building Services) Work-head – Grade L5 > Sunbeam secured two (2) major contracts, to provide M&E engineering services as a subcontractor with an aggregate contract value more than S\$65 million.
2023	<ul style="list-style-type: none"> > Sunbeam obtained bizSAFE STAR certificate > Listed on the Catalist Board of the SGX-ST > Issued 84,700,000 bonus shares on the basis of one (1) bonus share to be credited as fully paid for every one (1) existing ordinary share in the capital of the Company held by our shareholders. > Incorporation of subsidiary – Ever Capital Pte. Ltd. which is principally engaged in property development business. > The Group expanded into the property development segment, pursuant to which ECPL has incorporated an entity with Primest Land Pte Ltd and Sunlit Venture Capital Pte Ltd in relation to a Geylang property development project.
2024	> The Group acquired the entire issued and paid-up share capital of Fire-Guard Engineering Pte Ltd (“ Fire-Guard ”) for a consideration amount of S\$4.20 million. Fire-Guard is graded L5 by BCA for work-head ME06 fire prevention and protection systems.

CHAIRMAN'S AND CEO'S MESSAGE

Dear Shareholders,

On behalf of the Board of Directors (the **"Board"**) of the Company, we would like to present to you our Annual Report for the financial year ended 31 December 2023 (**"FY2023"**).

With our successful listing in May 2023, we have marked a significant milestone in our journey.

The post COVID-19 pandemic has impacted the construction market, however the Group's leading competency as a one-stop M&E engineering solution provider has enabled us to strive through with a satisfactory profit and positive cash flow from our operations in FY2023.

In FY2023, the property development segment did not materially contribute to the Group's revenue or profit, as the joint development agreement was only entered into at the end of 2023. Nevertheless, SBME has achieved revenue growth of 69.7% with strong performance from the M&E engineering segment.

Our Group's order book for our M&E engineering services (including our Group's share in the joint arrangement with Sunley M&E Engineering Pte. Ltd. to jointly provide M&E engineering services for a new hotel development project and design and build for a new business park building project (the **"JV Project"**)) stood at S\$118 million as at 31 December 2023. As our revenue is recognised based on the percentage-of-completion method, our order book excludes the contract amount of the works which have been completed and already recognised as revenue. The value of our order book is not indicative of our revenue for the financial year ending 31 December 2024 as the revenue derived from our order book will be recognised over the next few years and the share of results arising from the JV Project will not be recognised as part of our Group's revenue.

We believe that we have a well-established presence in the M&E engineering market in Singapore and are able to stay ahead of competition. SBME holds a number of licences, registrations, permits or approvals which enable us to carry on our businesses. As at 31 December 2023, SBME holds five (5) work-head registrations with the BCA. SBME was incorporated in 2018 and has been operating in the M&E engineering industry in Singapore for over five (5) years. Since then, we expanded our scale of operations and service offerings to include IBS in October 2022. Our work-head ME06 fire prevention and protection systems has been upgraded to L5 following the completion of acquisition of the entire issued and paid-up share capital of Fire-Guard. Our Executive Director and key management team's experience in the M&E engineering industry has also allowed us to readily establish our presence in the industry. Throughout the years, we believe that we have built up a reputation as a quality and reliable contractor in Singapore with a portfolio of completed and ongoing projects across Singapore.



We have design and build capabilities and provide a comprehensive range of M&E engineering services. We are able to provide our customers with a package of services comprising the supply, installation, testing and commissioning of M&E systems which include some or all of the works carried out under the work-heads of ME01, ME05, ME06, ME12 and ME15, and therefore by engaging our services, our customers would be able to obtain cost-effective, comprehensive and reliable solutions in respect of their needs. We are also able to design all the contracted M&E systems' functionality and connectedness. This allows us to better understand our customers' requirements, assist our customers in modifying and improving the design drawings and ensure that the implementation of the design drawings is within the estimated costs and project schedule.

CHAIRMAN'S AND CEO'S MESSAGE

We believe that our established presence and proven profile in the M&E engineering industry in Singapore, the possession of the relevant BCA gradings and our ability to provide quality, prompt and integrated services give us an advantage in maintaining existing customers and securing new business opportunities, which is crucial to our daily business operations and future business development. In addition, we are also not overly dependent on a single M&E category or customer source for our revenue.

We are led by an experienced and dedicated management team. Our management team has extensive industry knowledge and project experience in providing M&E engineering services. Each of them has established a certain reputation in the industry in Singapore over the years. We believe that based on the experience of our management team and their knowledge of the industry and our customers' needs, our Group is able to deliver quality and satisfactory services to our customers, which is essential to our success and future development.

We are in connection with a wide network of customers, suppliers and subcontractors. Leading M&E contractors usually have established business relationships with other market participants, such as M&E engineering consultants, main contractors, suppliers and subcontractors in Singapore. We are committed to continuously provide high quality and timely services at competitive prices to the satisfaction of our customers and we have maintained good business relationships with our existing customers. As a result, our business continues to grow through repeat business, referrals and recommendations. Our Group's established partnerships with certain suppliers and subcontractors facilitate resources deployment and division of labour, and such established partnerships are based on prior business relationships, track record and ability in project delivery. By leveraging the existing good working relationships built on collaboration with these industry stakeholders, time and costs are saved in our day-to-day operations. Accordingly, SBME, as an existing M&E contractor, generally has better execution capacity than new entrants.

Moving forward, we aim to expand our business to exploring new business opportunities by acquiring new businesses or investing in property development projects to develop new revenue streams and enhance shareholders' return.

In appreciation of our shareholders' continuous support, the Board has distributed interim dividend of 1.5 Singapore cents per share in September 2023 and proposed a final dividend of 1.0 Singapore cent per share to be approved by shareholders at the upcoming Annual General Meeting.

On behalf of the Company, we would like to thank the management and staff for their efforts in ensuring the success of the Group. We would also like to extend our thanks to our shareholders, clients, business associates, consultants, suppliers and subcontractors for their continued loyalty and support. With your continued support, we will be able to grow sustainably.

Mr. Xu Ruibing

Executive Director & CEO

Mr. Sun Renwang

Non-Independent Non-Executive Chairman

BOARD OF DIRECTORS

MR. XU RUIBING

Executive Director and CEO

Mr. Xu Ruibing is our Executive Director and CEO and was appointed to our Board on 23 December 2021.

Mr. Xu is a co-founder of the Group. He has almost 30 years of experience in M&E engineering and project management. He is primarily responsible for the overall management and formulation of business strategies of our Group. He has been involved in all key aspects of the operations and business of the Group including the tendering process and project management processes of the Group. He also establishes and maintains a good network with developers, customers and consultants within the construction industry.

Before he co-founded the Group in 2018, Mr. Xu was an Executive Director of Kin Xin Engineering Pte Ltd (“**Kin Xin**”) and its parent company, Libra Group Limited.

Mr. Xu holds a Bachelor of Engineering, specialising in electrical engineering, from Northwestern Polytechnical University, the People’s Republic of China (“**PRC**”).

MR. SUN RENWANG

Non-Independent Non-Executive Chairman

Mr. Sun Renwang, is our Non-Independent Non-Executive Chairman and was appointed to our Board on 23 December 2021.

In 2018, Mr. Sun co-founded the Group with Mr. Xu. He has almost 30 years of experience in the construction industry.

Since 2000, Mr. Sun has founded various building construction companies such as Chan Rong Fen Building Construction Pte. Ltd. in 2000, Century Building Construction Pte. Ltd. in 2013, and SG United Construction Pte Ltd in 2018. He also ventured into property development and property investments with the incorporation of RWSun Pte. Ltd. in 2012, CPF Land Pte. Ltd. in 2018 and RWSun Development Pte. Ltd. in 2021.

BOARD OF DIRECTORS

MR. CHUA SIONG KIAT

Lead Independent Non-Executive Director

Mr. Chua Siong Kiat is our Lead Independent Non-Executive Director, and was appointed to our Board on 20 April 2023. Mr. Chua chairs the Audit Committee and is a member of the Remuneration Committee and the Nominating Committee.

Mr. Chua is an experienced corporate financial executive and consultant with substantial international broad-based financial and management experience of close to 30 years, with exposure in leadership, business strategy and management, corporate governance and compliance, group restructuring, investor relations, corporate finance and mergers and acquisitions, public listing, financial reporting, controls and planning; and having lived and worked in London, Beijing, Ho Chi Minh City, and Singapore. He is a director of Lighthouse Business Consulting Pte Ltd, a boutique business consulting firm he founded in 2017. He is currently the chief financial officer (“**CFO**”) of Memiontec Holdings Ltd., a SGX-listed company and serves as independent non-executive director to three other publicly listed companies.

Mr. Chua is a Fellow member of Chartered Certified Accountant (FCCA), Certified Internal Auditor (CIA), Chartered Accountant of Singapore (CA, Singapore), Chartered Valuer and Appraiser (CVA) and Senior Accredited Director conferred by Singapore Institute of Directors (SID). He holds a Master of Business Administration and Diploma of the Imperial College in Management (MBA, DIC) from Imperial College London Business School, University of London.

MR. KONG CHEE KEONG

Independent Non-Executive Director

Mr. Kong Chee Keong is our Independent Non-Executive Director, and was appointed to our Board on 20 April 2023. Mr. Kong Chee Keong currently chairs the Remuneration Committee and is a member of the Audit Committee and Nominating Committee.

Mr. Kong commenced work at Ernst & Young LLC in 1991, culminating in the role of Audit Manager by 1997. He then progressed through the private equity arm of ING Barings at Baring Communications Equity Asia Pte Ltd until 2004 when he was a Senior Investment Manager. Following this, he transitioned into leadership roles at NewBiomed Pte Ltd, a biotech development start-up, and worked as its director and CFO, and subsequently worked at Top Global Limited as CFO in 2006. In 2007, he took on similar responsibilities at HealthTrends Medical Investments Pte Ltd, a group specialising in medical aesthetics and specialty treatments, serving as its director senior vice president of the corporate development and CFO. He started Penvest Co Pte Ltd in 2011, where he owned and developed several clean energy projects. He then led Darco Water Technologies Limited as Executive Director and CEO from 2021 to 2022. Currently, Mr. Kong also serves as an Independent Director at JEP Holdings Ltd where he chairs the audit committee and is a member of its remuneration and nominating committees.

Mr. Kong is a Chartered Accountant of Singapore with over three decades of corporate development, accounting, and governance experience across various industries. He holds a Bachelor of Accountancy from the National University of Singapore and an MBA from the University of Manchester. He is a member of the Institute of Singapore Chartered Accountants and a fellow member of the Singapore Institute of Directors (SID).

BOARD OF DIRECTORS

MR. GOH SIONG PHECK FRANCIS

Independent Non-Executive Director

Mr. Goh Siong Pheck Francis is our Independent Non-Executive Director, and was appointed to our Board on 20 April 2023. Mr. Goh currently chairs the Nominating Committee and is a member of the Audit Committee and Remuneration Committee.

Mr. Goh is a qualified mediator, arbitrator and lawyer. He has been practicing law in Singapore for over 30 years. He is currently an equity partner of Harry Elias Partnership LLP where he heads the International Arbitration and Mediation Practice. An early adopter of mediation since 2001, Mr. Goh has incorporated mediation techniques into his dispute resolution practice, both as a mediation advocate and as mediator. He weaves litigation, arbitration and mediation expertise to obtain outcomes enabling clients and parties to 'get back to doing business' in a timely and cost-efficient way. Mr Goh is the Chairman of the Advocacy Committee of the Law Society of Singapore.

Mr Goh is a Fellow of the Chartered Institute of Arbitrators and the Singapore Institute of Arbitrators. Mr Goh is a mediator on the panel of many institutions including the Singapore Mediation Centre, the Singapore International Mediation Centre, Law Society of Singapore Mediation Panel and American Arbitration Association – International Centre for Dispute Resolution (AAA-ICDR). Mr Goh is a certified mediator at Singapore International Mediation Institute and International Mediation Institute ("IMI"). He is also an IMI Certified Mediation Advocate. He holds a Bachelor of Law from National University of Singapore.



KEY MANAGEMENT TEAM

MS. NG CHOU YUAN

Group Financial Controller

Ms. Ng Chou Yuan is the Financial Controller of our Group and is responsible for the finance and accounting matters of our Group. She joined SBME as an assistant Account Manager in September 2018 and was subsequently promoted to Financial Controller in 2022. Ms. Ng is currently a non-executive director of Primest Land V1 Pte. Ltd.

Ms. Ng has more than 12 years of experience in audit and accounting. Prior to her appointment in SBME, she was an accountant at Kin Xin, a wholly-owned subsidiary of Libra Group Limited.

Ms. Ng is qualified as a Chartered Accountant of Singapore and she is a member of the Institute of Singapore Chartered Accountants.

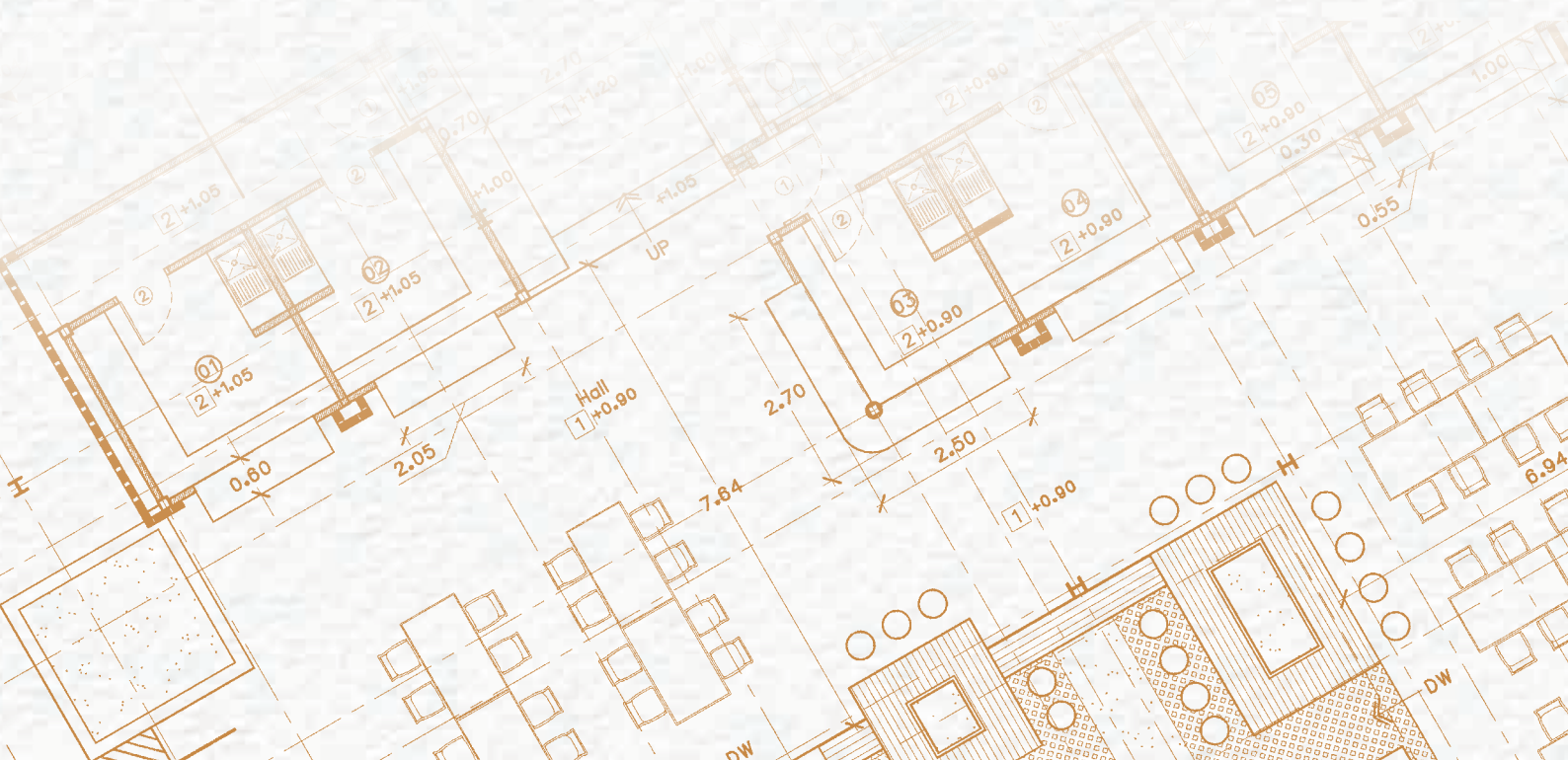
MS. LEI LEI

General Manager of SBME

Ms. Lei Lei is the General Manger of SBME and is responsible for the day-to-day operations of SBME. She joined SBME as a general manager in October 2018. She oversees various projects and ensures the smooth operation and completion of the projects.

Ms. Lei has over 18 years of experience in the M&E engineering services industry, specialising in providing ACMV works. Prior to her appointment in SBME, she was a general manager of Kin Xin.

Ms. Lei holds a Master's Degree of Science (Mechanical Engineering) from Nanyang Technological University and a Bachelor of Engineering (specialising in construction environment and equipment engineering) from Central South University, PRC.



KEY MANAGEMENT TEAM

MR. SU CHANG

Deputy General Manager and Project Director of SBME

Mr. Su Chang is the Deputy General Manager and Project Director of SBME and is responsible for the management and operation of certain projects undertaken by SBME. He joined SBME as a project director in April 2020 and was subsequently promoted to Deputy General Manager and Project Director in 2023.

Mr. Su has over 18 years of experience in the M&E engineering services industry, specialising in providing PSG works. Prior to his appointment in SBME, he co-founded Sintop M&E Pte Ltd, which was engaged in providing M&E engineering services.

Mr. Su holds a Bachelor of Engineering from Tongji University, PRC. He is a licensed plumber with the Public Utilities Board of Singapore.

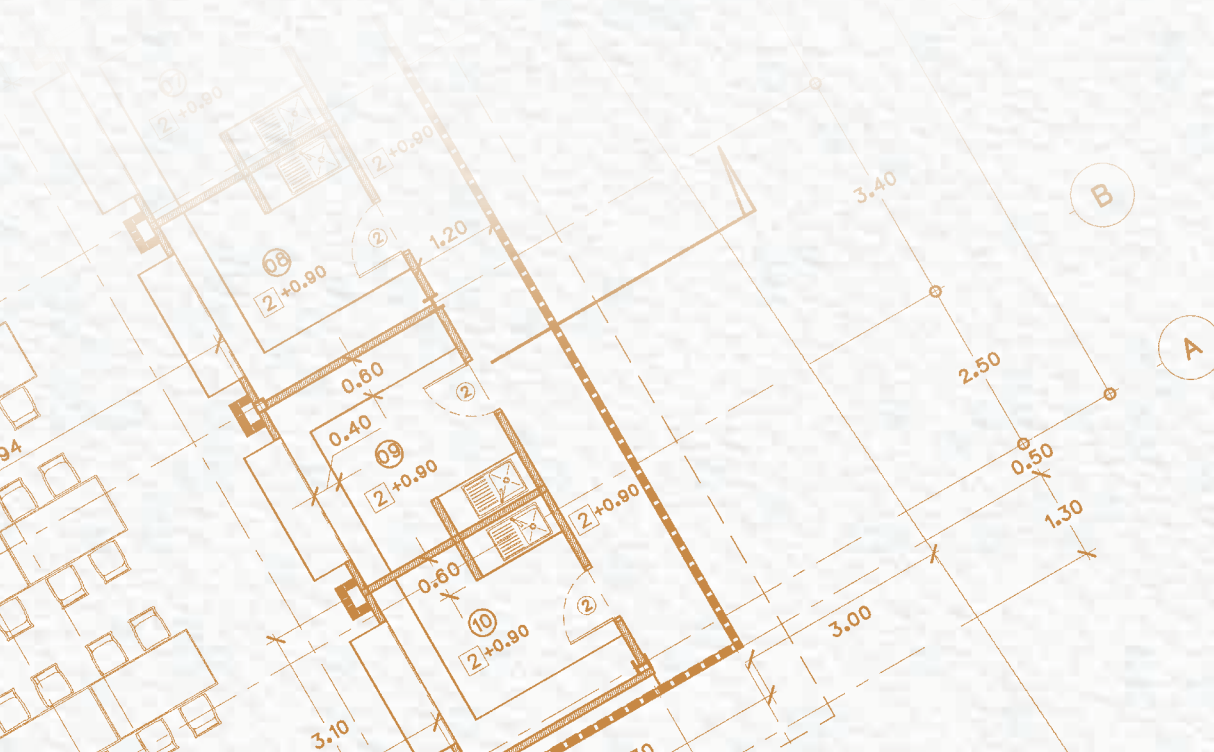
MR. YANG WENBO

Head of Department (PSG and Fire Protection) of SBME

Mr. Yang Wenbo is the Head of Department (PSG and Fire Protection) of SBME and is responsible for managing projects in respect of PSG and FP works undertaken by SBME. He joined SBME in July 2019 as a senior project manager and was subsequently promoted to the Head of Department (PSG and Fire Protection) in 2022.

Mr. Yang has over 30 years of experience in the M&E engineering services industry, specialising in providing PSG works. Prior to his appointment in SBME, he was a project manager at Newcon Builders Pte. Ltd., and was briefly a senior project manager of AAL Engineering Pte. Ltd.

Mr. Yang holds a higher education in water supply and drainage from HuBei Radio and Television University, PRC.



KEY MANAGEMENT TEAM

MS. HAU CHIU SI

Procurement Manager of SBME

Ms. Hau Chiu Si is the Procurement Manager of SBME and is in charge of the procurement department. She joined SBME as the Procurement Manager in July 2018.

Ms. Hau has more than 18 years of experience in the area of procurement. Prior to her appointment in SBME, she was an assistant procurement manager at Kin Xin.

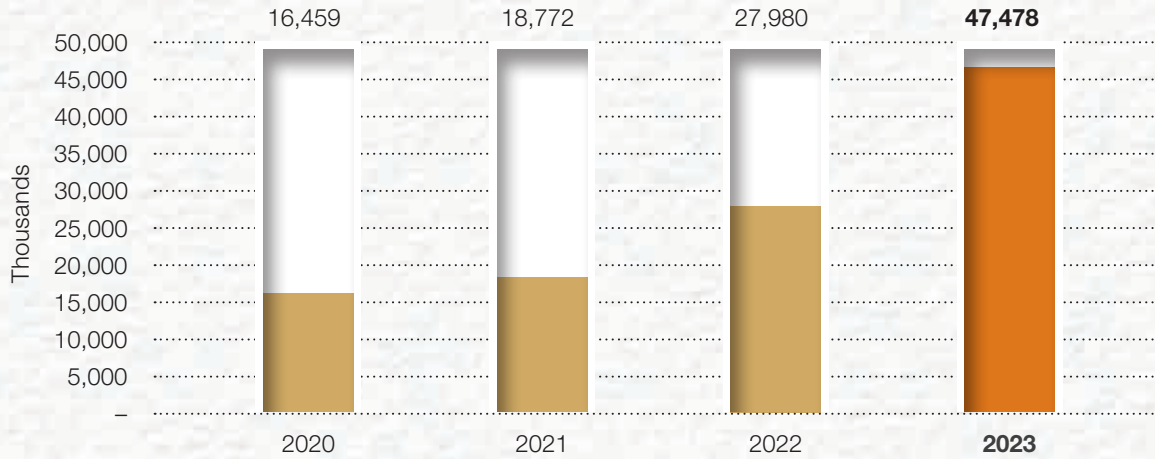
Ms. Hau holds an Executive Diploma in Business Administration from University of Technology, Sydney.



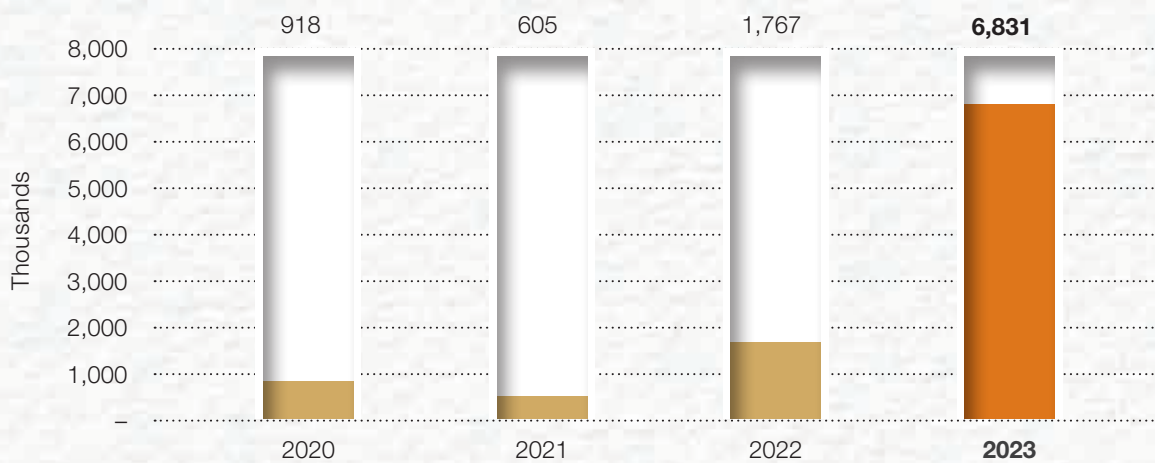
FINANCIAL HIGHLIGHTS

FINANCIAL PERFORMANCE

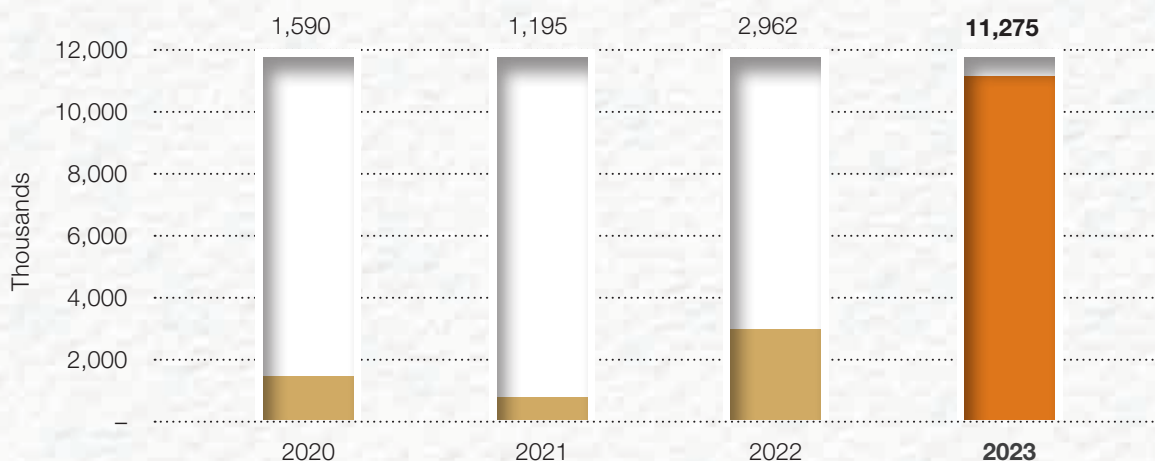
GROUP REVENUE



PROFIT ATTRIBUTABLE TO OWNERS OF THE COMPANY



SHAREHOLDERS' EQUITY



FINANCIAL REVIEW

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	FY2023	FY2022	Increase/ (Decrease)	Increase/ (Decrease)
	S\$'000	S\$'000	S\$'000	%
Revenue	47,478	27,980	19,498	69.7%
Cost of Sales	(36,524)	(25,090)	(11,434)	45.6%
Gross profit	10,954	2,890	8,064	>100%
Other income	405	131	274	>100%
General and administrative expenses	(1,525)	(879)	(646)	73.5%
Other expenses	(1,268)	–	(1,268)	>100%
Finance costs	(39)	(28)	(11)	39.3%
Share of results of an associate, net of tax	–**	–	–**	NM*
Share of results of a joint venture, net of tax	62	14	48	>100%
Profit before income tax	8,589	2,128	6,461	>100%
Income tax expense	(1,758)	(361)	(1,397)	>100%
Profit for the year, representing total comprehensive income for the year	6,831	1,767	5,064	>100%

* NM denotes 'not meaningful'

** Amount is less than S\$1,000

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	FY2023	FY2022	Increase/ (Decrease)	Increase/ (Decrease)
	S\$'000	S\$'000	S\$'000	%
Non-current assets	1,289	362	927	>100%
Current assets	23,612	12,458	11,155	89.5%
Non-current liabilities	474	344	129	37.4%
Current liabilities	13,152	9,514	3,640	38.3%
Net asset value	11,275	2,962	8,313	>100%

CONSOLIDATED STATEMENTS OF CASH FLOWS

	FY2023	FY2022
	S\$'000	S\$'000
Cash and cash equivalents at beginning of year	498	1,886
Net cash generated from/(used in) operating activities	5,966	(763)
Net cash used in investing activities	(710)	(85)
Net cash used in financing activities	(598)	(540)
Cash and cash equivalents at the end of the year	5,156	498

FINANCIAL REVIEW

REVIEW OF INCOME STATEMENT

REVENUE

The Group's revenue increased by approximately S\$19.50 million or 69.7% from approximately S\$27.98 million in FY2022 to approximately S\$47.48 million in FY2023.

The increase in revenue was mainly due to an increased number of on-going M&E engineering projects and higher-margin M&E engineering projects undertaken in FY2023 compared to FY2022.

GROSS PROFIT

The Group's gross profit increased by approximately S\$8.06 million from approximately S\$2.89 million in FY2022 to approximately S\$10.95 million in FY2023.

The increase in gross profit derived from M&E engineering was mainly due to higher-margin projects undertaken in FY2023.

OTHER INCOME

The Group's other income increased by approximately S\$0.27 million from approximately S\$0.13 million in FY2022 to approximately S\$0.40 million in FY2023.

The increase was mainly due to (i) the increase in sales of scrap metal of approximately S\$0.03 million, (ii) the increase in government grant of approximately S\$0.15 million, (iii) the increase in management fees of joint venture project of approximately S\$0.06 million, and (iv) the increase in fixed deposit interest income of approximately S\$0.03 million.

GENERAL AND ADMINISTRATIVE EXPENSES

The Group's general and administrative expenses increased by approximately S\$0.65 million or 73.5% from approximately S\$0.88 million in FY2022 to approximately S\$1.53 million in FY2023.

The increase was mainly due to (i) the increase in employee benefit expenses of approximately S\$0.47 million arising from increased staff headcount, (ii) the increase in depreciation expenses of approximately S\$0.02 million mainly arising from additional right-of-use assets as well as plant and equipment, and (iii) the increase in the remaining expenses of approximately S\$0.16 million consisting mainly professional fees, listing and application fees, and other office and general expenses.

OTHER EXPENSES

The Group's other expenses increased by approximately S\$1.27 million in FY2023, due to one-off listing expenses.

FINANCE COSTS

The Group's finance costs increased by approximately S\$0.01 million in FY2023 or 39.3% from approximately S\$0.03 million in FY2022 to approximately S\$0.04 million in FY2023.

The increase was mainly due to the increase in utilisation of trust receipts and the increase in lease liabilities.

SHARE OF RESULTS OF A JOINT VENTURE

The Group's share of results of a joint venture, net of tax relates to the Company's joint arrangement with Sunley M&E Engineering Pte. Ltd. in FY2022 to jointly provide M&E engineering services for a new hotel development project.

The Company's share of profit of a joint venture increased by approximately S\$0.05 million from approximately S\$0.01 million in FY2022 to approximately S\$0.06 million in FY2023. The increase was mainly due to higher revenue generated from the joint project in FY2023.

INCOME TAX EXPENSE

The Group's income tax expense increased by approximately S\$1.40 million in FY2023, mainly due to higher estimated chargeable income, consistent with higher operating profit recorded during in FY2023.

PROFIT AFTER TAX FOR THE FINANCIAL YEAR

As a result of the above, profit after tax for FY2023 increased by approximately S\$5.06 million, from approximately S\$1.77 million in FY2022 to approximately S\$6.83 million in FY2023.

FINANCIAL REVIEW

REVIEW OF FINANCIAL POSITION

The Group's net asset value attributable to owners of the Company increased by approximately S\$8.31 million, from approximately S\$2.96 million as at 31 December 2022 to approximately S\$11.27 million as at 31 December 2023. The increase was due to the issue of placement shares of S\$1.81 million pursuant to the Listing, initial public offering fee of S\$1.27 million, and increase in the Group's profit of S\$5.56 million, partially offset by increase in treasury shares of S\$0.08 million and grant income pursuant to the Listing of S\$0.25 million.

The Group's non-current assets increased by approximately S\$0.93 million, from approximately S\$0.36 million as at 31 December 2022 to approximately S\$1.29 million as at 31 December 2023. The increase was mainly due to increase in investment in an associate of S\$0.42 million, addition of right-of-use assets of S\$0.20 million, increase in carrying amount of plant and equipment and intangible assets of S\$0.07 million and increase in investment in a joint venture of S\$0.24 million, in which S\$0.18 million was capital contribution and S\$0.06 million was share of results from joint venture.

The Group's current assets increased by approximately S\$11.15 million, from approximately S\$12.46 million as at 31 December 2022 to approximately S\$23.61 million as at 31 December 2023. The increase was due to the increases in cash and bank balances equivalents of S\$3.66 million, fixed deposit of S\$2.50 million, trade and other receivables of S\$0.99 million, and contract assets of S\$4.43 million, and partially offset by the decrease in prepayment of S\$0.43 million.

The Group's non-current liabilities increased by approximately S\$0.13 million, from approximately S\$0.34 million as at 31 December 2022 to approximately S\$0.47 million as at 31 December 2023. The increase was mainly due to an increase in lease liabilities and utilisation of trust receipts in FY2023.

The Group's current liabilities increased by approximately S\$3.64 million, from approximately S\$9.51 million as at 31 December 2022 to approximately S\$13.15 million as at 31 December 2023. This was mainly due to an increase in trade and other payables of S\$3.50 million, lease liabilities of S\$0.08 million, bank borrowings of S\$0.49 million and income tax payables of S\$1.44 million, partially offset by decrease in contract liabilities of S\$1.77 million and provisions of S\$0.10 million.

REVIEW OF CASH FLOWS

The Group reported a net increase in cash and cash equivalents mainly due to net cash generated from operating activities, partially offset by net cash used in investing activities and financing activities.

The Group's net cash generated from operating activities amounted to approximately S\$5.97 million in FY2023, comprising operating cash flows before movements in working capital of S\$9.77 million, net working capital outflow of S\$3.48 million and income tax paid of S\$0.32 million.

The Group's net cash used in investing activities amounted to approximately S\$0.71 million in FY2023, mainly due to investment in an associate of S\$0.42 million, investment in joint venture of S\$0.18 million, purchase of plant and equipment of S\$0.10 million and purchase of intangible assets of S\$0.01 million.

The Group's net cash used in financing activities amounted to approximately S\$0.60 million in FY2023, mainly due to proceeds from issuance of share capital of S\$1.95 million and proceeds from bank borrowings of S\$0.71 million, partially offset by fixed deposit pledged of S\$1.50 million, purchase of treasury shares of S\$0.08 million, dividends paid of S\$1.27 million, repayments of bank borrowings and lease liabilities (including interest) of S\$0.41 million.

As a result of the above, overall cash and cash equivalents increased by approximately S\$4.66 million, from approximately S\$0.50 million as at 31 December 2022 to approximately S\$5.16 million as at 31 December 2023.

SUBSEQUENT EVENTS

On 7 February 2024, the Group acquired the entire issued and paid-up share capital of Fire-Guard Engineering Pte Ltd ("Fire-Guard") for S\$4.20 million.

On 5 March 2024, the Company has increased its cost of investment in Sunbeam M&E Pte. Ltd, by subscribing for an additional 499,998 ordinary shares for S\$499,998. Consequently, the ordinary shares held by the Company in the subsidiary increased from 1,000,002 ordinary shares to 1,500,000 ordinary shares.

CORPORATE GOVERNANCE REPORT

INTRODUCTION

The Board of Directors (the “**Board**” or “**Directors**”) of Ever Glory United Holdings Limited (the “**Company**”, and together with its subsidiaries, the “**Group**”) is committed in upholding high standards of corporate governance and practices throughout the Group, as a fundamental part of its responsibilities to protect shareholders’ interests, enhance shareholders’ value and the financial performance of the Group.

This report describes the Group’s corporate governance practices and structures that were in place since its listing on the Catalist Board of the Singapore Exchange Securities Trading Limited (the “**SGX-ST**”) on 18 May 2023 (the “**IPO**”) with specific reference made to the principles and provisions of the Code of Corporate Governance 2018 (the “**Code**”) pursuant to Rule 710 of the SGX-ST Listing Manual Section B: Rules of Catalist (the “**Catalist Rules**”).

The Board is pleased to report that since the Company’s IPO up to the date of this report, the Company has adhered to all principles set out in the Code. Where there were deviations from any provisions of the Code, appropriate disclosures and explanations for the deviations and how the practices adopted are consistent with the intent of the relevant principles are provided in this report.

BOARD MATTERS

The Board, as at the date of this Annual Report, comprises the following members:

Name of Director	Designation	Board Committee Membership		
		AC	NC	RC
Mr. Sun Renwang	Non-Independent Non-Executive Chairman	–	–	–
Mr. Xu Ruibing	Executive Director and Chief Executive Officer (“ CEO ”)	–	–	–
Mr. Chua Siong Kiat	Lead Independent Non-Executive Director	Chairman	Member	Member
Mr. Goh Siong Pheck Francis	Independent Non-Executive Director	Member	Chairman	Member
Mr. Kong Chee Keong	Independent Non-Executive Director	Member	Member	Chairman

The profiles of each Director are presented under the “Board of Directors” section of the Annual Report.

The Board’s Conduct of Affairs

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

Provision 1.1 of the Code: Directors’ duties and responsibilities

The Board is entrusted with the responsibility for the overall management of the Company.

The principal functions of the Board, in addition to carrying out its statutory responsibilities are, *inter alia*, as follows:

- overseeing the Company’s business and its performance and being collectively responsible for the long-term success of the Company;
- overall responsible for establishing and maintaining a framework of good corporate governance in the Group, including the risk management system and internal controls to safeguard shareholders’ interests and the Group’s assets and to take into account the interests of key stakeholder groups in its decision making;
- providing their independent judgement, diverse knowledge and experience to bear on issues of strategy, performance, resources and standards of conduct and ethics;

CORPORATE GOVERNANCE REPORT

- regularly reviewing the Group's strategic business plans, the assessment of key risks by Management and the operational and financial performance of the Group to enable the Group to meet its objectives;
- responsible for shaping the Company's strategic direction and integrating sustainability components including the consideration of Environmental, Social and Governance ("ESG") factors into all the Company's business and operations. The Board will work alongside the Management to advance sustainability efforts within the Company;
- acting objectively in the best interests of the Company and holding Management accountable for performance; and
- putting in place a code of conduct and ethics, setting forth an appropriate tone and desired organisational culture, and ensuring proper accountability within the Company.

All Directors recognise that they must discharge their duties and responsibilities at all times as fiduciaries in the interests of the Company. The Board is a representation of the shareholders in the Company and is accountable to them through effective governance of the business. All Directors are required to avoid situations where their own personal or business interests may conflict or appear to conflict with the interests of the Company.

Where a Director has a conflict of interest in the matter discussed, or it appears that the Director might have a conflict of interest in relation to the matter discussed, the Director must immediately declare his personal or business interests at the Board meeting or send a written notice to the Company containing details of his personal or business interests in the matter and the actual or potential conflict of interest.

Any Director facing a conflict of interest in the matter discussed will recuse himself from the discussions and abstain from participating in any Board decisions and voting on resolutions regarding the matter and refrain from exercising any influence over other members of the Board, unless the Board is of the opinion that his presence and participation is necessary to enhance the efficacy of such discussions.

Provision 1.2 of the Code: Induction, training and development

A formal letter is provided to each Director upon their appointment, setting out their relevant duties and obligations, to acquaint them with their responsibilities as Directors of the Company.

The Company conducts an orientation programme for new directors where they are briefed by Management to familiarise themselves with the Group's businesses, governance policies and practices. The orientation programme aims to provide the new directors with an understanding of the Group's businesses to enable them to assimilate into their new roles and to get acquainted with Management, thereby facilitating Board interaction and independent access to Management.

To keep abreast with developments in relevant sectors and to ensure that the Directors are kept informed of relevant new laws, regulations and changing commercial risks that will affect the Group, the Company encourages its Directors to attend relevant instructional or training courses at the Company's expense. In particular, the Board is regularly kept informed of and updated on courses and seminars offered by the Singapore Institute of Directors ("SID") which are relevant to the training and professional development of the Directors. The Directors are also briefed on updates to the Catalist Rules, Companies Act 1967 and other regulatory requirements from time to time by the company secretary, the Company's auditors and the Company's sponsor.

CORPORATE GOVERNANCE REPORT

As stipulated under Rule 406(3)(a) of the Catalist Rules, Directors who are appointed and who have no prior experience as directors of a listed company in Singapore will have to attend the Listed Entity Director (“LED”) courses organised by the SID within one (1) year of their appointment. Mr. Xu Ruibing, Mr. Chua Siong Kiat and Mr. Kong Chee Keong, have had prior experience as directors to companies listed on SGX-ST. The remaining directors with no prior experience as a director of a listed company in Singapore have completed the mandatory training as of the date of this report. In addition, all Directors have completed LED 9 – Environmental, Social & Governance Essentials organised by Singapore Institute of Directors.

Provision 1.3 of the Code: Matters requiring Board’s approval

Notwithstanding that the daily operations and management of the Company is delegated to the Executive Director and CEO, the Board has put in place internal guidelines on matters which require Board’s approval, including but not limited to the followings:

- nomination of directors and appointment of key executives;
- appointment of the auditors, the company secretary and the sponsor;
- any major transactions such as, *inter alia*, capital funding, acquisitions and disposals of assets;
- release of the Group’s financial results announcements, convening of shareholders’ meeting, and the issuance of circulars to shareholders and related announcements through SGXNet;
- corporate/financial restructuring and corporate exercise;
- approving interested person transactions exceeding a certain threshold;
- policies and procedures, delegation of authority matrix and code of conduct and ethics;
- any material regulatory matters and litigation cases; and
- compliance matters associated with the Catalist Rules, Securities and Futures Act 2001 or other relevant laws and regulations.

Clear directions have been disseminated to the Management that reserved matters must be approved by the Board.

Provision 1.4 of the Code: Board Committees

The Board objectively discharges its duties and responsibilities at all times and makes decisions in the interests of the Group. The Board has delegated specific responsibilities to the various committees established by the Board, namely the Audit Committee (“AC”), the Nominating Committee (“NC”) and the Remuneration Committee (“RC”) (collectively known as the “Board Committees”). Each Board Committee has the authority to examine issues relevant to their terms of references and to make fair, proper and appropriate recommendations to the Board when required. The ultimate responsibility for the final decision on all matters, however, lies with the entire Board.

More details on each of the Board Committees, including the names of the committee members, the terms of reference, any delegation of the Board’s authority to make decisions and a summary of their activities, are set out in the further sections of this report.

CORPORATE GOVERNANCE REPORT

Provision 1.5 of the Code: Board and Board Committee Meetings

The Board meets regularly on a bi-annual basis and ad-hoc Board Committee and/or Board meetings are convened as and when required. In between Board meetings, any important matter will be tabled for the Board's approval by way of circulating resolutions in writing.

The Constitution of the Company allows Directors to participate in Board meetings via electronic means. The Directors are free to discuss any information or view as presented by any member of the Board and Management.

When necessary or appropriate, members of the Board exchange views outside the formal environment of Board meetings. Each Board member is expected to objectively discharge his duties and responsibilities at all times as fiduciaries in the best interests of the Company.

All Directors are required to declare their board appointments. When a Director has multiple board representations, the NC will consider whether or not the Director is able to and has adequately carried out his duties as a Director of the Company, taking into consideration the Director's number of listed company board representations and other principal commitments. In support of their candidature for directorship or re-election, Directors are to provide the NC with details of their other commitments and an indication of the time involved. The NC is satisfied that sufficient time and attention has been given by the Directors to the affairs of the Company, notwithstanding that some of the Directors have multiple board representations.

The attendance record of each Director at meetings of the Board and Board Committees held since the Company's IPO in May 2023 up to the date of this report is disclosed below:-

Name of Director	Board Meeting		AC Meeting		NC Meeting		RC Meeting	
	No. Held	No. Attended	No. Held	No. Attended	No. Held	No. Attended	No. Held	No. Attended
Mr. Sun Renwang	2	2	2	2*	2	2*	2	2*
Mr. Xu Ruibing	2	2	2	2*	2	2*	2	2*
Mr. Chua Siong Kiat	2	2	2	2	2	2	2	2
Mr. Goh Siong Pheck								
Francis	2	2	2	2	2	2	2	2
Mr. Kong Chee Keong	2	2	2	2	2	2	2	2

* *By invitation.*

Provision 1.6 of the Code: Access to information

The Company recognises that the flow of relevant, complete and accurate information on a timely basis is critical for the Board to discharge its duties effectively. The Management provides the Board in advance with key information that is complete and adequate to enable the Directors to make timely decisions, effectively discharge their duties and make a balanced and informed assessment of the performance, position and prospects of the Company.

The Management provides members of the Board with quarterly management accounts, as well as relevant background and explanatory information relating to the matters that would be discussed in the Board meetings, prior to the scheduled meetings. All Directors are also furnished with timely updates on the financial position and any material development of the Group as and when necessary. Any additional materials or information requested by the Directors are promptly furnished. If necessary, management staff who are able to explain and provide insights to the matters to be discussed are invited to present to the Board and answer any queries that the Directors may have.

CORPORATE GOVERNANCE REPORT

Provision 1.7 of the Code: Access to Management and Company Secretary

The Directors are updated regularly on corporate governance requirements, changes in listing rules and regulations, and the performance of the Group. The Directors have separate and independent access to Management, including the CEO, the Financial Controller (“**FC**”) and other key management personnel (“**KMP**”) as well as the Group’s internal and external auditors, and Company Secretary at all times.

The Company Secretary and/or her representative attends all Board and Board Committees meetings and ensures the Board procedures and the performance of the Group’s compliance obligations pursuant to the relevant statutes and regulations are followed. Under the direction of the CEO, the Company Secretary ensures good information flow within the Board and Board Committees and between senior management and Non-Executive Directors, and facilitates orientation and assists with professional development if required. The appointment and removal of the Company Secretary is subject to the approval of the Board as a whole.

The Directors, either individually or as a whole, have direct access to the Group’s independent professional advisers, if necessary, to enable each Director to discharge his responsibility effectively. Any cost of obtaining professional advice will be borne by the Company.

Board Composition and Guidance

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

Provision 2.1 of the Code: Directors’ independence

Provision 2.2 of the Code: Independent Directors make up a majority of the Board where the Chairman is not independent

Provision 2.3 of the Code: Non-Executive Directors make up a majority of the Board

As at the date of this Annual Report, the Board consists of five (5) directors, comprising one (1) Non-Independent Non-Executive Chairman, one (1) Executive Director and CEO and three (3) Independent Directors. With more than half of the Board made up of Independent Non-Executive Directors, including independence from the substantial shareholders of the Company, the Board is capable of exercising independent and objective judgement on corporate affairs of the Group. It also ensures that key issues and strategies are critically reviewed, constructively challenged, fully discussed and thoroughly examined, taking into consideration the long-term interests of the Group and its stakeholders. No individual or small group of individuals dominates the Board’s decision making.

The independence of each Director is assessed and reviewed annually by the NC. In the review and deliberation of the independence of the three (3) Independent Directors, the NC has considered the guidelines for independence set out in Provision 2.1 of the Code as well as the Catalist Rules, including whether a Director has business relationships with the Group, its substantial shareholders or its officer and if so, whether such relationships could interfere, or be reasonably perceived to interfere, with the exercise of the Director’s independence business judgement in the interests of the Group.

Each Independent Director is required to complete an annual declaration to confirm his independence based on the applicable Catalist Rules and the guidelines as set out in the Code. The Directors must also confirm whether they consider themselves independent despite not having any relationship identified under the applicable Catalist Rules and the Code.

For the year under review, the NC has assessed and is satisfied that all three (3) Independent Directors are independent.

CORPORATE GOVERNANCE REPORT

The Board recognises that Independent Directors may over time develop significant insights in the Group's business and operations and can continue to provide noteworthy and valuable contribution objectively to the Board as a whole. The independence of the Independent Directors must be based on the substance of their professionalism, integrity, and objectivity, and not merely based on form.

Pursuant to Rule 406(3)(d)(iv) of the Catalist Rules, a director will not be independent if he has been a director of the issuer for an aggregate period of more than nine (9) years. As at the date of this Annual Report, none of the Independent Directors has served on the Board beyond nine (9) years from their respective date of appointment.

Provision 2.4 of the Code: Board size and diversity

The profiles of the Directors and key information are set out on pages 9 to 11 of this Annual Report.

The NC is responsible for examining the size and composition of the Board and Board Committees. Having considered the scope and nature of the Group's businesses, the requirements of the business and the need to avoid undue disruptions from changes to the composition of the Board and Board Committees, the Board, in concurrence with the NC, considers that a board size of five (5) members, of which three (3) of them are Independent Non-Executive Directors, is appropriate.

The Group's existing Board Diversity Policy considers the benefits of all aspects of diversity, including diversity of background, skills, 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 current Board does not have any female directors and the Board targets to appoint a female director to the Board within 3 years and in order to do so, will ensure that female candidates are put up for consideration as directors, whenever there is an opening for new directors.

In respect of age diversity, currently one (1) out of five (5) Directors of the Board is above 60 years of age. The Board targets to maintain a wide range of age on the Board to tap on the different energies and experience that can be brought onboard. The Board will continue promoting age diversity in the Company.

In addition, the current Board comprises of Directors who have vast skills and experience in various fields including engineering experience, property development and investment experience, financial and legal knowledge and management experience, which provides diversity and allows for informed and constructive discussion and effective decision making at the Board meetings. Accordingly, the Board is satisfied that the current board size, the existing composition and balance of skills and knowledge of the Board is sufficiently diverse to effectively serve the Group and are adequate to support the Group's strategy and business. Nonetheless, the Board will actively seek new candidates with a diverse background to effectively contribute their unique insights for the Company's benefit.

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 that there is diversity including gender diversity on the Board.

Provision 2.5 of the Code: Meeting of Non-Executive Directors without Management

The Independent Directors, led by the Lead Independent Director ("**LID**"), meet amongst themselves at least once a year without the presence of the Management to discuss and evaluate the performance of the Management as well as the remuneration of the executive director. The feedback and views expressed by the Independent Directors were communicated by the LID to the Board and/or the Chairman, as appropriate.

Since the Company's IPO, the Independent Directors met once in the absence of Management.

CORPORATE GOVERNANCE REPORT

Chairman and Chief Executive Officer

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

Provision 3.1 of the Code: Separation of the roles of the Chairman and the Chief Executive Officer

The Chairman of the Board and the CEO are separate persons to ensure clear distinction of responsibilities, appropriate balance of power and increased accountability. Mr. Sun Renwang serves as the Non-Independent Non-Executive Chairman (“NINEC”), whereas Mr. Xu Ruibing is the Group’s CEO.

All major proposals and decisions made by the CEO are discussed and reviewed by the AC. His performance and appointment are reviewed periodically by the NC and the packages are reviewed periodically by the RC. As the AC, NC and RC consist of all Independent Directors, the Board believes that there are sufficient strong and independent elements and adequate safeguards in place to ensure independent decision making.

Provision 3.2 of the Code: Division of responsibilities between the Chairman and CEO

The NINEC, Mr. Sun Renwang, plays an instrumental role in developing the business of the Group and provides the Group with strong leadership and vision. He leads the Board in its review of the Group’s strategies for sustainable growth, ensuring diversity of the Board.

In addition to setting of business strategies for the Group and the monitoring of the translation of the Board’s decisions and directions into executive action, he is to ensure that each member of the Board and the Management works well together with integrity and competency. As the Chairman, he, with the assistance of the Company Secretary, schedules Board meetings as and when required and prepares the agenda for Board meetings and ensures sufficient allocation of time for thorough discussion of each agenda item, in particular strategic issues. He promotes an open environment for debate and ensures that Independent Directors are able to speak freely and contribute effectively.

In addition, he sets guidelines and exercises control over the quality, quantity, accuracy and timeliness of information flow between the Board and the Management. He plays a pivotal role in fostering constructive dialogue among stakeholders and provides close oversight, guidance and advice to the CEO and the Management. He also takes a leading role in ensuring the Group’s drive to achieve and maintain a high standard of corporate governance and sustainability practices with the full support of the Board, the Company Secretary and the Management.

As the Group’s CEO, Mr. Xu Ruibing manages the members of the Management and is responsible for implementing and reviewing the business directions and strategies for the Group as endorsed by the Board, for operational performance and organisational excellence.

Provision 3.3 of the Code: Lead Independent Director

Taking cognisance that the Chairman of the Board is not independent, the Board has designated a LID who serves as a sounding board for the Chairman and as an intermediary between the Independent Non-Executive Directors and the NINEC. The current LID is Mr. Chua Siong Kiat who was appointed on 20 April 2023. The role of the LID is to co-ordinate and to lead the Independent Directors to provide a non-executive perspective and contribute to balanced viewpoints on the Board.

Mr. Chua Siong Kiat, as LID, is available to shareholders and stakeholders should they have concerns which cannot be resolved or are inappropriate or inadequate to raise through the normal communication channels with the Chairman or the Management.

In FY2023, there was no query or any matters raised which required the LID’s attention.

CORPORATE GOVERNANCE REPORT

Board Membership

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

Provision 4.1 of the Code: Role of the NC

Provision 4.2 of the Code: Composition of NC

The NC comprises the following three (3) members, all of whom including the Chairman, are Independent Directors and the LID is one of the members of the NC:-

- Mr. Goh Siong Pheck Francis (Chairman)
- Mr. Chua Siong Kiat (Member)
- Mr. Kong Chee Keong (Member)

The written terms of reference of the NC have been approved and adopted, which includes but is not limited to the following:-

- recommending to the Board on (i) the appointment of new directors and executive officers, including re-nominations of existing Directors for re-election in accordance with the constitution of the Company, taking into account the Director's contribution, performance and ability to commit sufficient time, resources and attention to the affairs of the Group; and (ii) the objective performance criteria and process for evaluation of the effectiveness of the Board as a whole, and of each of the Board Committees separately, as well as the contribution of each individual Director to the Board;
- developing and maintaining a formal and transparent process for the selection, nomination, appointment, re-nomination and re-election of Directors (including alternate Directors, if any), taking into account the need for progressive renewal of the Board as whole;
- reviewing succession plans for Directors, in particular the appointment and/or replacement of the Chairman, the CEO and key management personnel;
- ensuring that each Director submits himself for re-nomination and re-election at least once every three (3) years;
- reviewing and ensuring that the Board and its committees comprise Directors who, as a group, provide the appropriate balance and mix of skills, experience, core competencies, knowledge and other aspects of diversity such as gender and age, so as to avoid groupthink and foster constructive debate;
- reviewing and approving any new employment of persons related to the Directors and/or the Company's substantial shareholders and proposed terms of their employment;
- determining on an annual basis, and as and when circumstances require, whether or not a Director is independent, in accordance with the Code;
- establishing guidelines on what a reasonable and maximum number of the directorships and principal commitments for each Director (or type of director) should be;
- determining and recommending to the Board the maximum number of listed company board representations which any Director may hold and disclosing this in the Company's annual report;

CORPORATE GOVERNANCE REPORT

- reviewing and deciding whether or not a Director is able to and has been adequately carrying out his duties as Director, having regard to the competing time commitments that are faced by the Director when serving on multiple boards and discharging his duties towards other principal commitments;
- reviewing the training and professional development programs for the Board and the Directors; and
- undertaking a formal annual assessment of the performance and effectiveness of the Board as a whole and that of each of the Board Committees and each individual Director.

The NC is responsible for identifying and nominating candidates for the Board, determining annually, whether a Director is independent in accordance with the guidelines set out in the Code, filling board vacancies as well as to put in place plans for succession.

Provision 4.3 of the Code: Director appointment and re-nomination

Process for Selection and Appointment of New Directors

The NC is responsible for identifying candidates and reviewing all nominations for the appointments of new directors in the following order: (i) determining the desirable competencies for the appointment, and after consultation with the Management, (ii) assessing the suitability of the candidates and conducting an open dialogue to ensure that each candidate is aware of his role and obligations and (iii) submitting a final shortlist for recommendation to the Board.

The search and nomination process for new directors, led by the NC, is as follows:

- The NC evaluates the balance, skills, knowledge and experience of the existing Board and the requirements of the Group. In light of such evaluation, the NC determines the role and key attributes that an incoming director should have.
- After endorsement by the Board of the key attributes required, the NC taps on the networking resources of the existing Directors and seeks recommendations from them in relation to the potential candidates, and goes through a shortlisting process. If candidates identified from this process are not suitable, executive recruitment agencies may be appointed to aid in the search process.
- The NC meets with the shortlisted candidate(s) to assess suitability and to ensure that the candidate(s) is/are aware of the expectations and the level of commitment required.
- The NC recommends the most suitable candidate to the Board for appointment as Director.

Process for Re-Appointment of Directors

The role of the NC also includes the responsibility of reviewing the re-nomination of directors who retire by rotation, taking into consideration the director's integrity, independent mindedness, contribution and performance (such as attendance, participation, preparedness and candour) and any other factors as may be determined by the NC.

Pursuant to Regulation 97 of the Constitution of the Company, one-third of the Board are to retire from office by rotation and be subject to re-appointment at the Company's Annual General Meeting ("**AGM**"). In addition, Regulation 103 of the Constitution of the Company stipulates that a director newly appointed by the Board during the financial year must retire and submit himself/herself for re-appointment at the next AGM following his/her appointment. Thereafter, the director is subject to be re-appointed at least once every three (3) years at the Company's AGM.

CORPORATE GOVERNANCE REPORT

Retiring Directors are eligible to offer themselves for re-election. Each member of the NC abstains from voting on any resolutions and making any recommendations and/or participating in any deliberations of the NC in respect of the assessment of his performance or re-nomination as Director.

At the forthcoming AGM of the Company, the following directors will be retiring pursuant to Regulation 97 of the Company's Constitution:-

Regulation 97

1. Mr. Sun Renwang
2. Mr. Chua Siong Kiat

The NC has recommended re-election of these two (2) Directors and the Board had accepted the NC's recommendation. In recommending the re-election of these two (2) Directors, the NC has considered the Directors' overall contributions and performance. The details of the Directors seeking re-election as required under Appendix 7F of the Catalist Rules are set out on page 111 to 122 of this Annual Report.

Provision 4.4 of the Code: Circumstances affecting a director's independence

As described under Provision 2.1 above, the Company has put in place a process to ensure the continuous monitoring of the independence of the Directors. Each Independent Director is required annually to confirm his independence. Further, the NC determines annually, and as and when circumstances require, whether a Director is independent, taking into consideration the disclosures by the Directors of any relationships with the Company, its related corporations, its substantial shareholders or its officers and the checklist completed by each Independent Director. Having carried out its review, the NC is of the view that all Independent Directors have satisfied the criteria for independence.

During FY2023, there was no alternate director on the Board.

Provision 4.5 of the Code: Multiple directorships

The NC ensures that new directors are aware of their duties and obligations. For re-nomination and re-appointment of directors, the NC takes into consideration the competing time commitments faced by directors and their ability to devote adequate time and attention to the Group.

Each Director is required to confirm annually to the NC as to whether he has any issue with competing time commitments which may impact his ability to provide sufficient time and attention to his duties as a Director of the Company. Based on the Directors' annual confirmation and the Directors' commitments and contributions to the Company, which are also evident in their level of attendance and participation at Board and Committee meetings, the NC and the Board consider that the various Board representations held presently by the Directors do not impede their performance in carrying out their duties to the Company and are satisfied that all the Directors were able to and have been adequately carrying out their duties as Directors of the Company in FY2023. The NC concluded that there is no need to impose a limit on the number of board representations at this stage.

Key information for each Director is disclosed in their profiles as set out in the section entitled "Board of Directors" of the Annual Report. The dates of initial appointment and last re-election of each Director, together with details of his other listed company directorships and principal commitments, are set out in "Particulars of Directors" pursuant to the Code on page 109 to 110 of this Annual Report.

CORPORATE GOVERNANCE REPORT

Board Performance

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

Provision 5.1 of the Code: Performance criteria and process for evaluation of the effectiveness of the Board

Provision 5.2 of the Code: Disclosure of assessment of the Board, Board Committees and each Director

Board Evaluation Process

The Board, through the NC, has used its best efforts to ensure that directors appointed to the Board and the Board Committees, whether individually or collectively, possess the background, experience and the relevant skills set which are critical to the Group's business. It has also ensured that each director, with his special contributions, brings to the Board an independent and objective perspective to enable sound, balanced and well-considered decisions to be made.

Based on the recommendations by the NC, the Board has established processes and objective performance criteria for evaluating the effectiveness of the Board as a whole and its Board Committees and for assessing the contribution by the Chairman and individual Directors to the effectiveness of the Board.

Each Director is required to complete an assessment form to evaluate the Board, Board Committees and individual Directors, which takes into consideration factors such as commitment of time for meetings, level of participation and contribution at such meetings and the technical knowledge of the Directors. The evaluation of individual Directors aims to assess whether each Director continues to contribute effectively and demonstrate commitment to the role, including commitment of time for Board and Board Committee meetings, and any other duties.

The results of the Board's and Directors' evaluations would be collated by the Company Secretary and provide the summary observations to the Chairman of the NC and the Board Chairman for their review and consideration. The Chairman of the Board will act on the results of the performance evaluation and the recommendation of the NC, and where appropriate, in consultation with the NC, new members may be appointed or in the case of resignation, new directors may be sought.

The NC is responsible for assessing the effectiveness of the Board, the Board Committees and each individual Director. All NC members have abstained from voting or review process of any matters in connection with the assessment of his own performance.

The Board is of the view that it has satisfactorily met its performance objectives for FY2023 and there was no external consultant involved in the evaluation process for each individual Director, Board and Board Committees for FY2023. Where relevant and when the need arises, the NC will consider such engagement.

CORPORATE GOVERNANCE REPORT

Board Evaluation Criteria

Part of the evaluation process is through the review of the appraisal and evaluation forms, which considered an assessment of the following key performance criteria:

- Board size and composition of the Board
- Board independence
- Board processes
- Board information and accountability
- Board performance in discharging principal functions
- Board Committee performance
- Board time commitment
- Board diversity
- Overall contribution

The primary objective of the board evaluation exercise is to create a platform for the Board and its Board Committees' members to provide constructive feedback on the board procedures and processes and the changes which should be made to enhance the effectiveness of the Board and its Board Committees.

REMUNERATION MATTERS

Procedures for Developing Remuneration Policies

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

Provision 6.1 of the Code: Role of the RC

Provision 6.2 of the Code: Composition of RC

RC Composition and Role

The RC comprises the following three (3) members, all of whom including the Chairman, are Independent Directors.

- Mr. Kong Chee Keong (Chairman)
- Mr. Chua Siong Kiat (Member)
- Mr. Goh Siong Pheck Francis (Member)

The RC is responsible for ensuring a formal and transparent procedure for developing policies on director and executive remuneration, and for determining the remuneration packages of individual Directors and KMP.

CORPORATE GOVERNANCE REPORT

The written terms of reference of the RC have been approved and adopted, which include and are not limited to the following:–

- Executive Remuneration Policy
 - (i) consider and recommend the Company's policy and framework for executive remuneration (including the remuneration of the Company's Executive Director and CEO, FC, and other KMP);
 - (ii) review and ensure that the remuneration policies, frameworks, guidelines and other benefit programmes and systems of the Group, as approved by the Board (the "**Policies**"), support the Group's objectives and strategies, and are consistently being administered and being adhered to within the Group;
 - (iii) review the obligations arising in the event of termination of the service agreements entered into with the CEO and FC ("**Service Agreements**") or service contracts of other KMP and ensure that such Service Agreements and service contracts contain fair and reasonable termination clauses which are not overly generous; and
 - (iv) propose, for adoption by the Board, measurable, appropriate and meaningful performance targets for assessing the performance of the KMP, individual Directors and of the Board as a whole.
- Executive Remuneration Package
 - (i) consider, review and recommend the entire specific remuneration package and all service contract terms for each KMP and each employee related to the Company's Directors, CEO or substantial shareholders (the "**Related Employee**"), if any (including but not limited to provisions relating to salaries, allowances, bonuses, payments, options, benefits in kind, termination, retirement rights and severance packages), and ensure that such remuneration packages are fair, reasonable, in accordance with the Policies and commensurate with such persons' respective job scopes and level of responsibility;
 - (ii) consider, review and approve bonuses, termination payments, retirement payments, gratuities, ex-gratia payments, severance payments and other similar payments to KMP and Related Employees, if any;
 - (iii) consider, review and approve payment increments and promotions for Related Employees;
- Equity-Based Plans
 - (i) review and approve the design, terms and rules (including but not limited to eligibility criteria) of all option plans, stock plans and/or other equity-based plans;
 - (ii) for each equity-based plan, determine whether awards will be made or options will be granted (as the case may be) under that plan;
 - (iii) administer the Ever Glory Performance Share Plan and the Ever Glory Employee Share Option Scheme;
 - (iv) review, approve and keep under review performance conditions and period and/or fulfillment of performance conditions and period (if any) for each equity-based plan;
 - (v) review the terms of performance-related remuneration scheme or incentive schemes (if any) and determine the eligibility criteria of the employees who can participate in such scheme;

CORPORATE GOVERNANCE REPORT

- Non-Executive Directors' Remuneration: consider, review and recommend the Company's remuneration policy and framework as well as the specific remuneration packages (including Directors' fees) for non-executive Directors; and
- Other Duties and Activities: perform all other duties and activities (with advice from internal and/or external experts or consultants, where necessary) that the RC or the Board considers appropriate in the context of these terms of reference (including but not limited to all aspects of remuneration and recommending measurable, appropriate and meaningful performance targets for the assessment of the Board as a whole, each Director and each KMP). In the event that internal or external experts and/or consultants are engaged for these purposes, the RC shall ensure that such experts and consultants are independent and objective in rendering their advice, notwithstanding any existing relationships between the Company and such experts or consultants.

Provision 6.3 of the Code: RC to consider and ensure that all aspects of remuneration are fair

The RC reviews the reasonableness of the contracts of service of Executive Director and KMPs to ensure that their compensation is commensurate with the responsibilities and risks involved in being a Director or KMP and that their remuneration packages are comparable within the industry and include a performance-related element with appropriate and meaningful measures of assessing performance.

The Independent Directors are entitled to Directors' fees in accordance with their contributions, taking into account factors such as effort and time spent and their responsibilities. The Directors' fees are recommended by the RC and endorsed by the Board, and subject to shareholders' approval at AGM. Except as disclosed in this Annual Report, the Independent Directors are not entitled to any other remuneration from the Company.

The Executive Director has entered into a service agreement with the Company ("**Service Agreement**"), under which the terms of his employment are stipulated, including a monthly base salary, annual performance bonus and benefits commensurate with the position. The Executive Director is not entitled to Directors' fees and there are no post-retirement and severance benefits except the common practice of giving notice or salary in lieu of notice in the event of termination. The Service Agreement is valid for three (3) years and subject to renewal.

All recommendations made by the RC on remuneration of Directors and KMPs will be submitted for endorsement by the Board. None of the members of the RC is involved in setting his own remuneration package. Each RC member shall abstain from reviewing, deliberating and voting on any resolution in respect of his remuneration package or that of any employees who are related to him.

Provision 6.4 of the Code: Expert advice on remuneration

The RC has explicit authority within its terms of reference to seek appropriate expert advice in the field of executive compensation outside the Company on remuneration matters where necessary. There being no specific necessity, the RC did not seek the service of an external remuneration consultant to advise on remuneration matters in FY2023.

CORPORATE GOVERNANCE REPORT

Level and Mix of Remuneration

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

Provision 7.1 and 7.3 of the Code: Remuneration of Executive Directors and key management personnel are appropriately structured to link rewards to performance.

The annual reviews of compensation are carried out by the RC to ensure that the remuneration of the Executive Director and KMPs are commensurate with their performance and that of the Company's, giving due regard to the financial and commercial health and business needs of the Group. The performance of the CEO (together with other KMPs) is reviewed periodically by the RC and the Board. In structuring the compensation framework, the RC also takes into consideration the risk policies of the Group, the need for the compensation to be symmetric with the risk outcomes and the time horizon of risks.

The Executive Director does not receive directors' fees but is remunerated as a member of Management. The remuneration packages of the Executive Director and the KMPs are linked to the performance of the Group as a whole, as well as the individual performance. This is to align the remuneration with the interests of shareholders and link rewards to corporate and individual performance to promote the long-term sustainability of the Group.

The service contract for the Executive Director is for a fixed appointment period and does not contain onerous removal clauses.

The Company advocates a performance-based remuneration system that is flexible and responsive to the market, and the performance of the Group's business units and individual employees. In designing the compensation structure, the Company seeks to ensure that the level and mix of remuneration is transparent, competitive, relevant and appropriate in finding a balance between the current and longer-term objectives of the Company so as to be able to attract, retain and motivate the Directors to provide good stewardship of the Company and KMPs to successfully manage the Company in the long term, and thereby maximise value for shareholders.

The Company has in place Performance Incentive Schemes such as the Ever Glory Employee Share Option Scheme and Ever Glory Performance Share Plan. These schemes serve to motivate eligible participants towards better performance through the award of shares to align themselves with the performance of the Company.

Provision 7.2 of the Code: Remuneration of Non-Executive Directors

Non-Executive Directors have no service agreements (except for the letter of appointment) with the Company and their terms in office are specified in the Constitution. When reviewing the structure and level of directors' fee for the Non-Executive Directors, the RC takes into consideration the Directors' effort and time spent, as well as their respective roles and responsibilities in the Board and its Board Committees and the frequency of Board and Board Committee meetings.

Each of the Non-Executive Directors receives a base director's fee.

The structure of the fees payable to the Non-Executive Directors of the Company for FY2023 is disclosed under Principle 8 below.

The RC is mindful that the remuneration for Independent Non-Executive Directors should not be excessive, so as not to compromise or reasonably be perceived to compromise their independence. No Director is involved in deciding his remuneration.

CORPORATE GOVERNANCE REPORT

The Directors' fees are proposed by the RC and are appropriate and not excessive, taking into consideration the level of contributions by the Directors and factors such as effort and time spent for serving on the Board and Board Committees, as well as the responsibilities and obligations of the Directors. Directors' fees are recommended by the Board for approval by the shareholders at the AGM of the Company.

Disclosure on Remuneration

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

Provision 8.1 and 8.3 of the Code: Remuneration disclosures of Directors and key management personnel

Provision 8.2 of the Code: Remuneration of employees who are substantial shareholders or are immediate family members of a Director, the CEO or substantial shareholder

The compensation packages for employees including the Executive Director and the KMP comprised of a fixed component (in the form of a basic salary) and a variable component (which normally consists of a cash-based annual bonus) and benefits-in-kind, where applicable, considering amongst other factors, the individual's performance, the performance of the Group and industry practices.

In its deliberations, the RC will take into consideration industry practices and norms in compensation in addition to the Company's relative performance in the industry and the performance of the individual Directors, taking into consideration specific key performance indicators (involving financial and non-financial indicators) tracked over time as compared to the targets to be achieved by the Group based on its short-term and long-term objectives. The Board exercises its discretion and independent judgement in ensuring that the amount and mix of compensation are aligned with the interests of shareholders and promotes the long-term success of the Group. The remuneration packages recommended by the RC are ultimately approved by the Board and no Director is involved in deciding his own remuneration.

During the financial year under review, there was no termination, retirement or post-employment benefits granted to any Director or KMP.

Disclosure of Remuneration

(i) Remuneration of Directors

The breakdown of the total remuneration of the Directors of the Company for FY2023 is set out below:

Name of Directors	Salary & Allowance ⁽¹⁾	Bonus	Directors' Fees ⁽²⁾	Benefits ⁽³⁾	Total
Mr. Xu Ruibing	S\$317,340	S\$245,059	–	S\$34,878	S\$597,277
From S\$100,001 to S\$200,000					
Mr. Sun Renwang	71% ⁽⁴⁾	–	29%	–	100%
Below S\$100,000					
Mr. Chua Siong Kiat	–	–	100%	–	100%
Mr. Kong Chee Keong	–	–	100%	–	100%
Mr. Goh Siong Pheck Francis	–	–	100%	–	100%

CORPORATE GOVERNANCE REPORT

Notes:

- (1) Includes contributions made by the Company to the Director's Central Provident Fund.
- (2) The Directors' fees are subject to shareholders' approval at the AGM.
- (3) Benefits refers to annual leave encashment.
- (4) Mr. Sun was appointed as an NINEC of the Company on 28 April 2023 and he received salary before the appointment.

Taking into account the disclosure of the exact fees for the CEO and the remuneration policies, composition of remuneration and performance metrics which go towards determination of the total remuneration packages of the CEO, the Board has determined that there is sufficient transparency and information on the remuneration policies, level and mix of remuneration, the procedure for setting remuneration and the relationships between remuneration, performance and value creation consistent with the intent of Principle 8 of the code.

(ii) Remuneration of KMPs

The Group has five (5) KMPs who are not Directors or the CEO during FY2023. The details of the remuneration for FY2023 are set out below:

Name of KMP	Salary & Allowance ⁽¹⁾	Bonus	Benefits ⁽²⁾	Total
	%	%	%	%
From S\$250,001 to S\$500,000				
Ms. Lei Lei	87	6	7	100
Below S\$250,000				
Ms. Ng Chou Yuan	92	7	1	100
Ms. Hau Chiu Si	93	7	–	100
Mr. Su Chang	92	6	2	100
Mr. Yang Wenbo	89	7	4	100

Note:

- (1) Includes contributions made by the Company to the KMP's Central Provident Fund.
- (2) Benefits refers to annual leave encashment.

Given the confidentiality and commercial sensitivity attached to remuneration matters, the Board is of the view that the detailed and specific disclosure of remuneration of top key management personnel is not in the best interest of the Company and may adversely affect talent attraction and retention. The remuneration of top key management personnel is, however, disclosed in the bands of S\$250,000 with a breakdown showing the level and mix of remuneration in percentage terms. The Board is of the view that the information disclosed is sufficient for shareholders to have adequate understanding of the Company's remuneration policies and practice for key management personnel, as well as the link between performance and remuneration.

CORPORATE GOVERNANCE REPORT

(iii) Remuneration of employees who are substantial shareholders of the Company, or immediate family members of a director, the CEO or a substantial shareholder of the Company

Save for Mr Sun Renwang and Mr Xu Ruibing, the Company does not have any employee who is a substantial Shareholder, or is an immediate family member of a Director, the CEO or a substantial Shareholder whose remuneration in FY2023 exceeded S\$100,000 per annum.

After careful consideration and taking into account the highly competitive business environment, commercially sensitive and confidential nature of the remuneration policies of the Company, the Board is of the view that it currently will not be able to disclose details of the Directors' and KMP's remuneration as required under Provision 8.1. Notwithstanding the deviation from Provision 8.1 of the Code, the Company believes that it complies with Principle 8 as it is transparent on its remuneration policies, which has been disclosed not only as part of compliance with Principle 8 but also in respect of Principle 7 of the Code. In particular, the Company has elaborated on the remuneration policy governing the remuneration of the Executive Director and the factors taken into account for the remuneration of the Independent Directors. The Company has also disclosed the remuneration paid to each Director and KMP using remuneration bands, as well as the breakdown of the components of their remuneration, for transparency. Accordingly, the Board is of the view that the non-disclosure of the exact quantum of the remuneration of each Director and KMP will not be prejudicial to the interest of shareholders and complies with the intent of Provision 8.1 of the Code.

(iv) Details of Share Plans

Long-term incentive schemes are provided in the form of Ever Glory Employee Share Option Scheme ("**Ever Glory ESOS**") and Ever Glory Performance Share Plan ("**Ever Glory PSP**") for eligible employees including Executive Director (collectively, the "**Share Plans**"). The administration committee for the Share Plans ("**Administration Committee**") is the RC, comprising Mr. Kong Chee Keong, Mr. Chua Siong Kiat and Mr. Goh Siong Pheok Francis.

Ever Glory ESOS

Summary of Ever Glory ESOS	Ever Glory ESOS provides eligible participants an opportunity to participate in the equity of the Company, thereby aligning the interests of the Participants with the interests of the Company and the shareholders, motivating them towards long-term growth and profitability of the Group and promoting better performance through increased dedication and incentives. The Ever Glory ESOS also provides the Group greater flexibility in structuring compensation packages of the eligible participants to offer compensation packages that are competitive to motivate and retain the employees, Directors (including Independent Directors) and controlling shareholders and foster a long-term commitment and dedication to the business of the Group.
Participants of the Ever Glory ESOS	Ever Glory ESOS allows for participation by full time employees of the Group (including Executive Directors) and Non-Executive Directors and controlling shareholders or associates of controlling shareholders.

CORPORATE GOVERNANCE REPORT

Administration of the Ever Glory ESOS	The Ever Glory ESOS shall be administered by the Administration Committee which shall have the power, from time to time, to make or vary such arrangements, guidelines and/or regulations (not being inconsistent with this Scheme) for the implementation and administration of the Ever Glory ESOS as it thinks fit including, but not limited to, imposing restrictions on the number of options that may be exercised within particular sections of the relevant option period.
Awards Entitlement	The right to subscribe for Shares granted or to be granted to an Employee pursuant to this Scheme and for the time being subsisting, which will be either via a Market Price Option or Incentive Option.
Size of Ever Glory ESOS	The aggregate number of Shares which may be offered under the Share Plans shall not exceed 15.0% of the Company's total number of issued Shares (excluding treasury shares) on the day preceding the date of the relevant grant.
Exercise Period	No minimum exercise period is prescribed under Ever Glory ESOS for options and the length of the exercise period in respect of each option will be determined on a case-by-case basis by the Administration Committee.
Exercise Price of Options under the Ever Glory ESOS	<p>The Exercise price for each option shall be determined by the Administration Committee, in its absolute discretion, on the date of grant, at:-</p> <p>(a) a price equal to the market price; or</p> <p>(b) a price which is set at a discount to the market, provided</p> <p>(i) the maximum discount shall not exceed 20% of the Market Price (or such other percentage or amount as may be determined by the Administration Committee and permitted by the SGX-ST); and</p> <p>(ii) the shareholders in general meeting shall have authorised, in a separate option, the making of offers and grants of options under the Ever Glory ESOS at a discount not exceeding the maximum discount as aforesaid.</p>

No options have been granted or exercised under the Ever Glory ESOS since the commencement of the Ever Glory ESOS to 31 December 2023. Accordingly, there were no options granted under Ever Glory ESOS to (i) Directors of the Company; (ii) participants who are controlling shareholders of the Company and their associates; and (iii) participants other than the Directors of the Company and controlling shareholders of the Company and their associates, who received five per cent (5.0%) or more of the total number of options available under the Ever Glory ESOS since the commencement of the Ever Glory ESOS to 31 December 2023.

The Company does not have a parent company.

CORPORATE GOVERNANCE REPORT

Details of the Ever Glory ESOS are set out in the Company's offer document dated 11 May 2023 ("**Offer Document**").

Ever Glory PSP

Summary of Ever Glory PSP	The Ever Glory PSP is designed to reward its eligible participants by the issue and/or transfer of fully paid shares according to the extent to which they complete certain time-based service conditions or achieve their performance conditions over set performance periods. The objective of Ever Glory PSP is to align the executives' interests with that of shareholders and to make total employee remuneration sufficiently competitive.
Participants of the Ever Glory PSP	Ever Glory PSP allows for participation by full time employees of the Group (including Executive Directors) and Non-Executive Directors and controlling shareholders or associates of controlling shareholders.
Administration of the Ever Glory PSP	Ever Glory PSP shall be administered by the Administration Committee, which shall have the power, from time to time, to make and vary such arrangements, guidelines and/or regulations (not being inconsistent with this Plan) for the implementation and administration of this Plan, to give effect to the provisions of the Ever Glory PSP and/or to enhance the benefit of the awards and the released awards to the eligible participants, as it may, in its absolute discretion, think fit.
Awards Entitlement	Awards represent the right of a Participant to receive fully paid Shares free of charge.
Size of Ever Glory PSP	The aggregate number of Shares which may be offered under the Share Plans shall not exceed 15.0% of the total number of issued Shares (excluding treasury shares) on the day preceding the date of the relevant grant.
Vesting Period	No minimum vesting periods are prescribed under the Ever Glory PSP for awards, and the length of the vesting period in respect of each award will be determined on a case-by-case basis.

No awards have been granted under the Ever Glory PSP since the commencement of the Ever Glory PSP to 31 December 2023. Accordingly, there were no awards granted under Ever Glory PSP to (i) Directors of the Company; (ii) participants who are controlling shareholders of the Company and their associates; and (iii) participants other than the Directors of the Company and controlling shareholders of the Company and their associates, who received awards comprising shares representing five per cent (5.0%) or more of the total number of new shares available under the Ever Glory PSP since the commencement of the Ever Glory PSP to 31 December 2023.

Details of the Ever Glory PSP are set out in the Company's Offer Document.

The aggregate number of shares which may be offered under the Share Plans should not exceed 15.0% of the Company's total issued share capital (excluding treasury shares) on the date preceding the date of the relevant grant. The Share Plans were adopted on 20 April 2023 for a period of ten (10) years and will expire on 19 April 2033.

CORPORATE GOVERNANCE REPORT

ACCOUNTABILITY AND AUDIT

Risk Management and Internal Controls

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

Provision 9.1 of the Code: Board determines the nature and extent of significant risks

The Board regularly reviews and improves its business and operational activities to identify areas of significant business risks as well as determine the Company's levels of risk tolerance and risk policies. In addition, the Board also regularly oversees the Management in the design, implementation and monitoring of the risk management and internal control systems to control, manage and mitigate these risks. The Management reviews the risk management and internal control systems and highlights all significant matters to the AC and Board from time to time. The Company does not have a Risk Management Committee. However, the Management regularly reviews the Company's business and operational activities to identify areas of significant business risks as well as appropriate measures to control and mitigate these risks. The Management reviews all significant control policies and procedures and highlights all significant matters to the AC and the Board. During FY2023, there were no material weaknesses identified.

The Board acknowledges that it is responsible for the governance of risks and the overall internal control framework but recognises no cost-effective internal control system will preclude all errors and irregularities, as a system is designed to manage rather than eliminate the risk of failure to achieve business objectives, and can provide only reasonable and not absolute assurance against the occurrence of materials errors or poor judgement in decision-making. In addition, it is essential to maintain adequate accounting records, develop and maintain an effective control environment within the Group.

The Group has implemented a system of internal controls designed to provide reasonable but not absolute assurance that assets are safeguarded, proper accounting records are maintained, operational controls are adequate and business risks are suitably managed. The Board determines the nature and extent of the significant risks which the Company is willing to take in achieving its strategic objectives and value creation. The Company's risk management framework and internal control system covers financial, operational, compliance and information technology risks and internal controls. The AC oversees the Management in the design, implementation and monitoring of the risk management and internal control systems, and reviews the adequacy and effectiveness of such systems at least annually.

Provision 9.2 of the Code: Assurance from the Board and KMP

The AC reviewed and assessed the adequacy and effectiveness of the Group's internal controls that address the Group's financial, operational, compliance and information technology risks, with the assistance of the internal and external auditors and the Management.

For the financial year under review:

- (i) written assurance was received from the CEO and the FC that the Group's financial records have been properly maintained and the financial statements give a true and fair view of the Group's operations and finances; and
- (ii) written assurance was received from the CEO and the FC that the Group's risk management and internal controls systems in place were adequate and effective to address the financial, operational, compliance and information technology risks within the current scope of the Group's business operations.

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The process of reviewing and strengthening the Group's control environment is an evolving process. Management will continue to devote resources and expertise towards improving its internal policies and procedures to maintain a high level of governance and internal controls.

Through these reports, the Board aims to provide shareholders with a balanced and understandable assessment of the Group's financial performance, position and prospects.

The Management provides all members of the Board with sufficient and timely information on its financial performance and potential issues prior to all scheduled Board and Board Committees meetings.

The Company has implemented risk management policies and processes. Based on the Group's framework of management controls in place, the internal control policies and procedures established and maintained by the Group, the reviews performed by the external auditors and internal auditors, as well as the written representation by the Management, the Board, with the concurrence of the AC, is of the opinion that the risk management and internal control systems of the Group, addressing the financial, operational, compliance and information technology risks are adequate and effective as at 31 December 2023 to address the risks that the Group considers relevant and material to its operations.

Audit Committee

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

Provision 10.1 of the Code: Duties of Audit Committee

Provision 10.2 of the Code: Composition of Audit Committee

Provision 10.3 of the Code: Audit Committee does not comprise former partners or directors of the Company's auditing firm

The AC comprises the following three (3) members, all whom including the Chairman, are Independent Directors and the LID is the Chairman of the AC:-

- | | | |
|---|-----------------------------|------------|
| - | Mr. Chua Siong Kiat | (Chairman) |
| - | Mr. Kong Chee Keong | (Member) |
| - | Mr. Goh Siong Pheck Francis | (Member) |

Mr. Chua Siong Kiat and Mr. Kong Chee Keong, the Chairman and a member of the AC respectively, possess recent and relevant accounting or related financial management knowledge, whilst Mr Goh Siong Pheck Francis has a regulatory and governance background. With the current composition, the Board believes that the AC members are appropriately qualified to discharge their responsibilities as defined under the terms of reference, which have been approved by the Board.

The AC is authorised by the Board and has explicit authority to investigate any matter within its terms of reference. It has direct and unrestricted access to, and the co-operation of the Management and full discretion to invite any Executive Director or KMP to attend its meetings. The AC has adequate resources, including access to external consultants, lawyers or other professionals as it sees fit to provide independent counsel and advice, to assist in the review or investigation on such matters within its terms of reference as it deems appropriate at the Company's expense.

CORPORATE GOVERNANCE REPORT

The internal auditors and external auditors were also invited to be present at AC meetings, as and when required, held during the year to, *inter alia*, answer or clarify any matter on accounting and auditing or internal controls. The AC is of the opinion that the independence and objectivity of the external auditors have not been affected based on the amount of non-audit fees paid in FY2023. Details of the non-audit fees paid to the external auditors are set out further in this section.

The AC met two (2) times since the Company's IPO in May 2023. The NINEC, Executive Director and FC were invited to attend the meetings.

The written terms of reference of the AC have been approved and adopted, and they include the following:–

- assist the Board in the discharge of its responsibilities on financial and reporting matters, including overseeing the integrity of the Group's system of accounting and financial reporting, and maintaining a high standard of transparency and reliability in the Group's corporate disclosure;
- review, with the external auditors and internal auditors (together, the "Auditors"), the audit plans, the adequacy, effectiveness, independence, scope and results of the external audit and the Company's internal audit function, and review at regular intervals with the Management on the implementation by the Group of the internal control recommendations made by the Auditors;
- review and report to the Board, at least annually, the effectiveness, sufficiency and adequacy of the internal controls and risk management systems, addressing financial, operational, information technology and compliance risks and discuss issues and concerns, if any, arising from the internal audits may, if necessary, outsource internal audit function to ensure the effectiveness, sufficiency and adequacy of such procedures;
- review, with the Auditors, the Group's management letters and the Management's responses;
- review and ensure that the internal audit function has unfettered access to all the Group's documents, records, offices and personnel (including but not limited to the AC) and has appropriate standing within the Company;
- review and ensure that the internal audit function is adequately resourced and staffed with persons with the relevant qualifications and experience and that the internal auditors comply with the standards set by internationally recognised professional bodies, where applicable;
- review the periodic financial statements and results announcements before submission to the Board for approval, focusing in particular, on changes in policies and practices, major risk areas, significant adjustments resulting from the audit, the going concern statement, compliance with financial reporting standards as well as compliance with the Catalist Rules and any other statutory or regulatory requirements, concerns and issues arising from their audits, including any matters which the Auditors may wish to discuss in the absence of the Management, where necessary, before submission to the Board for approval;
- review the significant financial reporting issues and judgement so as to ensure the integrity of the financial statements of the Group and any announcements relating to the Group's financial performance;
- review the Group's key financial risk areas, with a view to providing an independent oversight of the Group's financial reporting, the outcome of such review to be disclosed in the annual reports or, if the findings are material, to be immediately announced via SGXNET;
- review the assurance from the Company's CEO and FC on the financial records and financial statements;
- appraise the performance of the FC on an annual basis;

CORPORATE GOVERNANCE REPORT

- review the independence and objectivity of the Auditors as well as consider and recommend to the Board on the proposals to the shareholders on the appointment, re-appointment and removal of the Auditors and the remuneration and terms of engagement of the Auditors;
- meet, at least annually, with the Auditors without the presence of the Management to review the cooperation given by Management to the Auditors, where applicable;
- review, discuss with the Auditors (including but not limited to any commissioned findings of internal investigations and the Management's response), and report to the Board on any suspected fraud or irregularity, or suspected infringement of any relevant laws, rules or regulations which has or is likely to have a material impact on the Group's operating results or financial position, and the Management's response;
- review and approve transactions falling within the scope of Chapter 9 and Chapter 10 of Catalyst Rules (if any);
- review any potential conflict of interests, including those with the Company's controlling shareholders and assess from time to time whether additional processes are required to be put in place to manage any potential conflict of interests and where appropriate, set out a framework to resolve or mitigate any potential conflict of interests (including monitoring, reviewing and exercising oversight over the Company's controlling shareholders compliance with the undertaking given by Mr Xu Ruibing and Mr Sun Renwang, the Executive Officer's compliance with the undertakings given by Mr Su Chang and Sintop M&E Pte. Ltd., and any potential conflict of interests between the Group and Mr. Sun Renwang in respect of the Company's property development and investment business). The details of the undertakings have been set out in the Company's Offer Document;
- monitor and exercise oversight over the Group's compliance with the terms and conditions of its loan facilities (including loan covenants);
- review and approve all hedging policies and instruments (if any) to be implemented by the Group;
- monitor the Company's controlling shareholders' compliance with the minimum shareholder interest undertaking given to the Oversea-Chinese Banking Corporation Limited in relation to the Company's loan facility of which details have been set out in the Company's Offer Document;
- undertake such other reviews and projects as may be requested by the Board, and report to the Board its findings from time to time on matters arising therefrom and requiring the attention of the AC;
- review and establish procedures and arrangements for concerns about possible improprieties in financial reporting or other matters to be safely raised (including but not limited to procedures for receipt, retention and treatment of complaints received by the Group, involving, amongst others, criminal offences involving the Group or its employees, questionable accounting, auditing, business, safety or other matters that impact negatively on the Group) and ensure that there are arrangements in place for independent investigation and appropriate follow-up action(s) and the Company publicly discloses, and clearly communicates to its employees, the existence of a whistle-blowing policy and the procedures for raising such concerns;
- review, at least annually, and ensure that the procedures and policies in place are in compliance with all laws, rules and regulations (including but not limited to laws and regulations in respect of which the Group had contravened in the past) and commensurate with the Group's operations and expansion plans from time to time;

CORPORATE GOVERNANCE REPORT

- review the risk profile of the Group (including but not limited to the monitoring and exercise of oversight over the Group's venture into the property development and investment businesses) and the appropriate steps to be taken to mitigate and manage risks at acceptable levels as determined by the Board; and
- in general, undertake such other functions and duties as may be required by statute or the Catalist Rules, and by such amendments made thereto from time to time.

Whistleblowing Policy

The Group has put in place a whistleblowing framework, endorsed by the AC, which provides the mechanisms where whistleblowers may, in confidence, raise concerns or observations about possible corporate malpractices and improprieties in financial reporting or other misconduct or wrongdoing relating to the Company and its officers directly to any member of the whistleblowing committee members at alexskchua@gmail.com, ckkong@penvest-co.com and/or FrancisGoh@harryelias.com. Details of the whistleblowing policy, together with the dedicated whistleblowing communication channels (such as email addresses) have been made available to all employees. It has a well-defined process which ensures independent investigation of the whistleblowing reports made in good faith with appropriate follow-up action, and provides assurance that the identity of the whistleblower will be kept confidential and the whistleblower will be protected against detrimental or unfair treatment. All reporting will be attended to and the identity of the whistleblower will be kept confidential.

The whistleblowing policy and procedures are reviewed by the AC from time to time to ensure that they remain relevant. The AC is responsible for oversight and monitoring of whistleblowing.

The AC reports to the Board on such matters at the Board meetings. Should the AC receive reports relating to serious offences and/or criminal activities in the Group, the AC and the Board have access to the appropriate external advice where necessary. Where appropriate or required, a report shall be made to the relevant government authorities for further investigation or action.

A copy of the whistleblowing policy is also disseminated to all employees of the Group. During FY2023, there was no complaint, concerns of issue and whistleblowing report received through the whistle-blowing channel.

Financial Reporting Matters

The AC reviews the financial statements, SGXNet announcements and all related disclosures to shareholders before submission to the Board for approval. In this process, the AC reviews the key areas of management judgement applied for adequate provisioning and disclosure, critical accounting policies and any significant changes made that would have an impact on the Group's financial performance to ensure the integrity and fairness of the financial statements.

The AC considered the report from the external auditors ("EA"), including their findings on the significant risks and audit focus areas. Significant matters that were discussed with Management and the EA have been included as Key Audit Matters ("KAM") in the Independent Auditors' Report for FY2023 from pages 57 to 61 of this Annual Report. In assessing the KAM, the AC took into consideration the approach and methodology applied as well as the reasonableness of estimates and key assumptions used. The AC concluded that Management's accounting treatment and estimates in the KAM were appropriate.

Internal Controls and Regulatory Compliance

The AC assists the Board in discharging its responsibility to safeguard the Group's assets, maintain adequate accounting records and develop and maintain effective systems of internal control, with the overall objective of ensuring that the Management creates and maintains an effective control environment. The AC provides a channel of communication between the Board, the Management, and the internal and external auditors on audit matters.

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

Any change to accounting standards and issues which has a direct impact on financial statements will be highlighted to the AC from time to time by the external auditors. The external auditors will work with the Management to ensure that the Group complies with the new accounting standards, if applicable.

The AC reviews the adequacy and effectiveness of the Group's internal controls, including financial, operational, compliance and information technology controls and risk management systems through discussion with Management and its auditors and report to the Board annually.

The AC reviews the assurance from the CEO and FC on the financial records and financial statements.

External Audit

The AC reviews the scope and results of the audit carried out by the EA, Messrs. BDO LLP, the cost effectiveness of the audit and the independence and objectivity of the external auditors. It always seeks to balance the maintenance of objectivity of the external auditors and their ability to provide value-for-money professional services.

The AC, in determining the independence and objectivity of the EA, reviewed all aspects of their relationships with them, including the processes, policies and safeguards adopted by the Group and EA relating to audit independence. The AC also considered the nature and volume of the provision of the non-audit services in FY2023. Save for the fees paid for audit engagement, the non-audit services provided by the Company's external auditors, Messrs. BDO LLP are immaterial and would not affect the independence of the auditors. The AC is of the opinion that the external auditors are independent and were adequate and effective in performing its audit.

	S\$'000	% of fees
Audit fees	98	31
IPO audit fees	215	68
Non-audit fees		
– Grant for Equity Market Singapore for Grant Scheme of the financial Sector Development administered by Monetary Authority of Singapore S\$3,500	4	1
Total fees	317	100

The consolidated financial statements of the Company and its subsidiaries for FY2023 are audited by Messrs. BDO LLP. The AC and the Board are of the view that the audit firm is adequately resourced, of appropriate standing within the international affiliation, have reviewed and are satisfied that the appointment would not compromise the standard and effectiveness of the audit of the Company and that the Company has complied with Rule 712 and Rule 715 of the Catalist Rules of the SGX-ST.

In reviewing the nomination of Messrs. BDO LLP for re-appointment for the financial year ending 31 December 2024, the AC has considered the adequacy of the resources, experience and competence of Messrs. BDO LLP, and has taken into account the Accounting and Corporate Regulatory Authority's ("**ACRA**") Audit Quality Indicators Disclosure Framework relating to Messrs. BDO LLP at the firm level and on the audit engagement level. Consideration was also given to the experience of the engagement partner and key team members in handling the audit. The AC also considered the audit team's ability to work in a co-operative manner with Management whilst maintaining integrity and objectivity and its ability to deliver their services professionally and within agreed timelines.

The AC has recommended to the Board that the external auditors, Messrs. BDO LLP, be nominated for re-appointment as the external auditors of the Company at the forthcoming AGM of the Company to be held on 29 April 2024.

CORPORATE GOVERNANCE REPORT

None of the AC members are former partners or directors of the Company's external firm within the last 24 months and none of the AC members hold any financial interest in the external audit firm.

Provision 10.4 of the Code: Internal Audit Function

The primary role of the internal audit is to assist the Board to evaluate the reliability, adequacy and effectiveness of the internal controls and risk management processes of the Group, review the internal controls of the Group to ensure prompt and accurate recording of transactions and proper safeguarding of assets, review whether the Group complies with the relevant laws, regulations and policies established, and highlight the areas where internal control weaknesses exist, if any.

The internal auditors independently plans its internal audit schedule in consultation with the Management. The AC examines the internal audit plan, determines the scope of audit examination and approves the internal audit budget. It also oversees the implementation of the improvements required on internal control weaknesses identified and ensures that Management provides the necessary co-operation to enable the internal auditors to perform its function. In addition, the internal auditors may be involved in ad-hoc projects initiated by the AC which require the assistance or/and assurance of the internal auditors in specific areas of concerns.

The Board is overall responsible for the management of risk within the Group. It ensures that the Management maintains a sound system of risk management and internal controls to safeguard shareholders' interests and the Company's assets. It also determines the nature and extent of the significant risks which the Board is willing to take in achieving its strategic business objectives.

Messrs. RSM Risk Advisory Pte Ltd, the Company's internal auditors ("IA") report primarily to the Chairman of the AC and have unrestricted access to the documents, records, properties and personnel (including the AC) of the Company and of the Group. The AC works with the IA to identify any relevant scope of work which will help to further enhance the robustness of the Company. Management has adopted a risk management framework and the Enterprise Risk Management ("ERM") manual. The IA has facilitated an enterprise risk assessment with the Management and relevant employees to identify key risks that would impact the achievement of the Group's business objectives in FY2023. The risk assessment exercise shall cover pertinent risks in strategic, operational, financial, regulatory compliance and information technology areas. The effectiveness of the Group's system of internal controls in place to address the key financial, operational, compliance and information technology risks affecting the operations, are reviewed by the AC together with the Board.

The Management is responsible for ensuring that the risks identified are relevant to the business environment, and that controls or mitigating factors are in place. The Board reviews and approves policies and procedures for managing the identified risks. The AC provides independent oversight to the effectiveness of the risk management process.

In compliance with Rule 1204(10) of the Catalist Rules, the Board, with the concurrence of the AC, is of the opinion that the Company has a robust and effective internal controls system. The internal controls including financial, operational, compliance and information technology controls and risk management systems are adequate and effective, based on the internal controls established and maintained by the Group, and reports from the internal auditors and external auditors. There were no material internal control weaknesses identified by the Board and the AC for FY2023.

The Board notes that the system of internal controls provides reasonable but not absolute assurance that the Group will not be affected by any event that could be reasonably foreseen as it strives to achieve its business objectives. In this regard, the Board also notes that no system can provide absolute assurance against the occurrence of material errors, poor judgement in decision-making, human error, fraud or other irregularities.

CORPORATE GOVERNANCE REPORT

The AC has reviewed the independence, adequacy and effectiveness of the internal audit function at least annually to ensure that it is adequately resourced and has appropriate standing within the Company. Based on the review, the AC was of the view that the internal audit function has appropriate standing within the Company, is independent, effective and adequately resourced.

The AC approves the hiring, removal, evaluation and compensation of the IA.

Code of Conduct and Ethics

The Company has established a Code of Conduct and Ethics that sets the principles of the code of conduct and ethics which applies to all employees of the Group. This code covers areas such as conduct in workplace, business conduct, protection of the Company's assets, confidentiality of information and conflict of interest. Directors, KMP and employees are expected to observe and uphold high standards of integrity which are in compliance with the Company's policies and the law and regulations of the countries in which it operates.

Provision 10.5 of the Code: Audit Committee meets the auditors without the presence of Management annually.

The AC shall meet the EA and IA without the presence of the Management at least once a year so that any matter can be raised directly. For FY2023, the AC has met with the EA and IA without the presence of the Management. These meetings enable the auditors to raise any issues in the course of their work directly to the AC.

SHAREHOLDER RIGHTS AND ENGAGEMENT

Shareholder Rights and Conduct of General Meetings

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

Provision 11.1 of the Code: Shareholders' Voting Rights

Provision 11.2 of the Code: Resolutions

The Board is committed to being open and transparent in the conduct of the Company's affairs, while preserving the commercial interests of the Company. The Board is mindful of its obligations to provide timely and fair disclosure of material information in accordance with the Corporate Disclosure Policy. Financial results, annual reports and other material information are released via SGXNet.

Notices of general meeting are despatched to shareholders together with explanatory notes or a circular on items of special business (if necessary), at least fourteen (14) days (without special resolution) or twenty-one (21) days (with special resolution) prior to the meeting date.

All shareholders are entitled to attend the general meetings of the Company and are afforded the opportunity to participate effectively at such meetings. All shareholders are entitled to vote in accordance with the established voting rules and procedures. The Company conducts poll voting for all resolutions tabled at the general meetings either through manual or electronic polling. The rules, including the voting procedures, will be clearly explained by the scrutineers at such general meetings. Announcement of the detailed results showing the number of votes cast for and against each resolution and the respective percentage to the audience at the general meeting will be released on SGX-ST on the same day.

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If any shareholders are unable to attend the general meetings of the Company, he/she is allowed to appoint up to two (2) proxies to vote on his/her behalf at the general meeting through proxy forms sent in advance. The Company's current Constitution does not allow corporations which provide nominee or custodial services to appoint more than two (2) proxies. In line with the amendments to the Companies Act, 'relevant intermediary' which provide nominee or custodial services to third parties are entitled to appoint more than two (2) proxies to attend and vote on their behalf at general meetings provided that each proxy is appointed to exercise the rights attached to different shares held by shareholders.

The Company practices having separate resolutions tabled at general meetings on each substantially separate issue. "Bundling" of resolutions are kept to a minimum and are done only where the resolutions are interdependent so as to form one significant proposal. Where the resolutions are "bundled", the reasons and material implications will be explained in the notice of general meeting.

Provision 11.3 of the Code: Attendance at General Meetings

Shareholders are encouraged to attend the general meetings to ensure a high level of accountability and to stay informed of the Company's strategy and goal. The Company encourages active shareholders' participation. During the general meetings, shareholders may raise questions or share their views regarding the proposed resolutions, and the Company's businesses and affairs. The respective Chairman of the AC, NC, RC and KMP will attend to address questions relating to the progress and performance of the Group. The EA would also be present to assist the Directors in addressing any relevant queries by shareholders about the conduct of the external audit and the preparation and content of the Independent Auditors' report.

The Company was listed on the Catalist Board of the SGX-ST on 18 May 2023 and there was no general meeting held since its listing.

Provision 11.4 of the Code: Voting procedures

Shareholders are encouraged to participate at the Company's general meetings. For those who hold their shares through nominee or custodial services, they are allowed, upon prior request through their nominee, to attend the general meetings as observers without being constrained by the two-proxy rule.

The company is not currently implementing voting in absentia voting method such as voting via mail, electronic mail or facsimile at the general meetings may only be possible following careful study to ensure that integrity of the information and authentication of the identity of shareholders through the web is not compromised.

Provision 11.5 of the Code: Minutes of general meeting

The Company Secretary prepares minutes of general meetings that include substantial and relevant comments or queries raised by the shareholders relating to the agenda of the meeting during the meeting, and responses from the Board and the Management. These minutes are available to shareholders on SGXNet as soon as practicable, and within one (1) month after the general meeting.

For FY2023, the Company will publish the minutes of the AGM to be held on 29 April 2024 on SGXNet and/or the Company's website within one (1) month after the AGM. The forthcoming AGM to be held in respect of FY2023 will be convened and held physically, the details of which are set out in the Notice of AGM. Shareholders will be able to raise questions and vote in person at the AGM.

CORPORATE GOVERNANCE REPORT

Provision 11.6 of the Code: Dividend policy

The Company does not have a fixed dividend policy. The form, frequency and amount of dividends will depend on the Company's earnings, operational and capital requirements, cash flow and financial conditions, as well as general business conditions and other factors which the Board may deem appropriate. The Board endeavours to maintain a balance between meeting shareholders' expectations and prudent capital management. The Board will review the dividend payment from time to time and any dividend declaration will be communicated to shareholders via announcement through SGXNet.

As set out in the Company's Offer Document, the Board intends to recommend and distribute dividends (in the form of cash, additional Shares or a combination of both) of at least 50.0% of its net profits attributable to owners of the Company for each of FY2023, FY2024 and FY2025 ("**Proposed Dividends**"), as the Group wishes to reward shareholders for participating in the Group's growth. The Company intends to repay all facilities which may restrict the declaration, payment and distribution of the Proposed Dividends in full prior to the declaration, payment and distribution of any dividends. Shareholders should note that the abovementioned statements, may be subject to modification (including reduction or non-declaration thereof) in the Directors' sole and absolute discretion, and are merely statements of the Company's present intention and shall not constitute legally binding obligations on the Company or legally binding statements in respect of the Company's future dividends. While the Directors intend to recommend and distribute the Proposed Dividends, the Company currently does not have a fixed dividend policy. Shareholders should also not treat the Proposed Dividends for FY2023, FY2024 and FY2025 as an indication of the Group's future dividend policy.

The Board has declared an interim dividend (one-tier tax exempt) of S\$0.015 per ordinary share in FY2023, which has been paid to the shareholders on 4 September 2023, and the Board has also recommended a final dividend (one-tier tax exempt) of S\$0.01 per ordinary share for FY2023 which is subject to shareholders' approval at the forthcoming AGM of the Company.

Engagement with shareholders

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

Provision 12.1 of the Code: Communication with shareholders

Provision 12.2 and 12.3 of the Code: Investor relations policy

The Group is firmly committed to corporate governance and transparency by disclosing to its stakeholders, including its shareholders, as much relevant information as is possible, in a timely, fair and transparent manner, as well as to hearing its shareholders' views and addressing their concerns. By supplying shareholders with reliable and timely information, the Company is able to strengthen the relationship with its shareholders based on trust and accessibility.

Information is disseminated to shareholders on a timely basis through:

- (a) announcements and press release announced via SGXNet; and
- (b) annual reports prepared and issued to all shareholders.

CORPORATE GOVERNANCE REPORT

The Company is in the process of setting up its website. Once completed, the Company's website will serve as an additional channel of communication with shareholders, where information disseminated on SGXNet will concurrently be posted on the website, and through which shareholders may contact the Company.

The Board takes adequate steps to ensure compliance with legislative and statutory requirements, and observes obligations of continuing disclosure under the Catalist Rules. The Management reviews and provides relevant compliance reports for the Board's approval. For issues relating to the Group's business development, the Board also provides the shareholders with periodic updates and reports through announcements where necessary. The Group's financial results and annual reports are announced or issued within the periods specified under the Catalist Rules.

Notwithstanding that the Company does not have in place an investor relations policy, the Board welcomes the view of shareholders and gives the shareholders an opportunity to pose questions to the Board or Management prior to and at the general meetings. Shareholders are informed of shareholders' general meetings through notices despatched to all shareholders. The Board, the Management and the professional parties (if applicable) are available to address questions from shareholders at general meetings.

In addition, shareholders and potential investors can also contact the Company via email at enquiry@egu-holdings.com ("**IR Email**") which has been designated as a channel to facilitate effective and fair communication with shareholders. The Company endeavors to respond to shareholders' queries via the IR Email within seven (7) working days.

Accordingly, the Board is of the view that, with the above-mentioned avenues for communication between the Board and all shareholders, the Company allows for an ongoing exchange of views to actively engage and promote regular, effective and fair communication with shareholders.

MANAGING STAKEHOLDERS RELATIONSHIPS

Engagement with Stakeholders

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

Provision 13.1 and 13.2 of the Code: Relationships with stakeholders

The Group has identified key stakeholders as those who are impacted by the Group's business and operation activities, and have a significant impact on the Group's sustainability. Such stakeholders include employees, shareholders, workers, its customers, suppliers and business partners, communities, government and regulators, and its financiers. The Company engages its key stakeholders through the Company's announcements released via SGXNet, general meetings and the IR Email to ensure that business interests of the Group are balanced against the needs and interests of its stakeholders.

The Group's policies, including the Board Diversity Policy, the IR Policy and the Whistleblowing Policy, facilitate the Group's engagement with its key stakeholders. In addition, for the Group's sustainability report for FY2023, pursuant to paragraph 6.3 of Practice Note 7F of the Catalist Rules, to provide sufficient time for preparation, an issuer in its first year of reporting may report within 12 months of the end of its financial year. Accordingly, the Group has up till 31 December 2024 to issue its first sustainability report for FY2023. The Group will be issuing its first sustainability report in due course to keep stakeholders informed on the commitment made by the Company in fostering the creation of long-term value for the stakeholders and sustainable development of the global economy.

Stakeholders may contact the Company through email at enquiry@egu-holdings.com.

CORPORATE GOVERNANCE REPORT

Provision 13.3 of the Code: Communication with stakeholders

Corporate Website

The Company does not practice selective disclosure of material information. All material information relating to the performance and development of the Group and of the Company is disclosed in a timely, accurate and comprehensive manner through SGXNet and the Company's corporate website when ready. The Company's website is currently in the process of being set up and is expected to be ready by mid-2024.

The Company's website, when ready, will contain information on the Group and the Company and will serve as an important resource for investors and all stakeholders. It will have a dedicated "Investor Relations" link which features the annual report, financial results, and related information.

ADDITIONAL INFORMATION REQUIRED BY THE CATALIST RULES OF THE SGX-ST

1. DEALINGS IN SECURITIES

In compliance with Rule 1204(19) of the Catalist Rules, the Company imposes a trading embargo on its Directors and employees from trading in its securities for the period of one (1) month prior to the announcement of the half-year and full-year financial results, or when they are in possession of unpublished material price-sensitive information.

An internal memorandum will be circulated prior to the start of the trading embargo, informing all persons covered by the policy that they are prohibited from dealing in the securities of the Company during the 'closed window' period until after the release of the results. The Company's internal memorandum further reminds all officers of the Company not to deal in the Company's securities on short-term considerations.

All Directors are required to seek Board's approval before trading in the Company's shares and are also required to notify the Company Secretary of any change in his interest in the Company's shares within two business days of the change.

In view of the policy in place, the Board is of the opinion that the Company has complied with the recommended best practices on dealings in securities under Rule 1204(19) of the Catalist Rules.

In addition, Directors, KMP and connected persons are expected to observe insider trading laws at all times even when dealing in securities within the permitted trading period.

2. NON-SPONSOR FEES

The Company was listed on the Catalist Board of the SGX-ST on 18 May 2023, and Novus Corporate Finance Pte. Ltd. ("**Novus**") was the Full Sponsor and Issue Manager of the Company in respect of the IPO. In FY2023, save for the fees paid to Novus in relation to the IPO, non-sponsor fees of S\$5,000 were paid to Novus.

3. INTERESTED PERSON TRANSACTIONS ("IPTs")

The Company has adopted an internal policy in respect of any transaction with interested persons and has set out the procedures for identification, monitoring, reviewing and approving the Company's IPTs to ensure that the relevant rules in Chapter 9 of the Catalist Rules are complied with. In the event that a member of the AC is involved in any IPTs, he will abstain from reviewing that particular transaction.

CORPORATE GOVERNANCE REPORT

The Company has obtained a general mandate from shareholders for IPTs at its IPO (the “**IPT General Mandate**”). The Company has established procedures to ensure that all IPTs are reported in a timely manner to the AC, and that the IPTs are carried out on normal commercial terms and will not be prejudicial to the interests of the Company and its minority shareholders. The Company will seek renewal of the IPT General Mandate at the forthcoming AGM and further information is set out in the Appendix to this Annual Report.

The aggregate value of the IPTs entered into during FY2023 is disclosed below:

Name of interested person	Nature of relationship	Aggregate value of all IPTs during FY2023 (excluding transactions less than S\$100,000 and transactions conducted under shareholders’ mandate pursuant to Rule 920) S\$’000	Aggregate value of all IPTs conducted under shareholders’ mandate pursuant to Rule 920 (excluding transactions less than S\$100,000) S\$’000
Chan Rong Fen Building Construction Pte Ltd (“ CRF ”)	The Company’s NINEC and controlling shareholder, Mr Sun Renwang, is the executive director and controlling shareholder of CRF.	144 ⁽¹⁾	15,944 ⁽²⁾

Notes:

- (1) Relates to a tenancy agreement with CRF.
- (2) Relates to two (2) M&E engineering projects awarded to SBME by CRF with a contract term of one (1) year and 3.5 years respectively.

4. USE OF IPO PROCEEDS

The Company refers to the net cash proceeds amounting to S\$1.45 million (excluding listing expenses of approximately S\$1.63 million) raised from the IPO (“**IPO Proceeds**”). As of the date of this Annual Report, the IPO Proceeds have been fully utilised as announced on 18 January 2024.

5. MATERIAL CONTRACTS

Pursuant to Rule 1204(8) of the Catalist Rules, the Company confirms that save as disclosed in the sections “Interested Person Transactions”, “Directors’ Statement” and “Notes to the Financial Statements” of this Annual Report, there were no material contracts and loans of the Company or its subsidiaries involving the interests of its Directors, the CEO or controlling shareholders which are either still subsisting as at the end of financial year or if not then subsisting, entered into since the end of the previous financial year.

DIRECTORS' STATEMENT

The Directors of Ever Glory United Holdings Limited (the "Company") present their statement to the members together with the audited financial statements of the Company and its subsidiaries (the "Group") for the financial year ended 31 December 2023 and the statement of financial position of the Company as at 31 December 2023.

1. Opinion of the Directors

In the opinion of the Board of Directors,

- (a) the consolidated financial statements of the Group and the statement of financial position of the Company together with notes thereon 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 for the financial year then ended and changes in equity of the Company for the financial year ended 31 December 2023; and
- (b) at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

2. Directors

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

Mr. Sun Renwang	(Non-Independent Non-Executive Chairman)
Mr. Xu Ruibing	(Executive Director and Chief Executive Officer)
Mr. Chua Siong Kiat	(Lead Independent Non-Executive Director) (Appointed on 20 April 2023)
Mr. Kong Chee Keong	(Independent Non-Executive Director) (Appointed on 20 April 2023)
Mr. Goh Siong Pheck Francis	(Independent Non-Executive Director) (Appointed on 20 April 2023)

3. Arrangements to enable Directors to acquire shares or debentures

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

4. Directors' interests in shares or debentures

The Directors of the Company holding office at the end of the financial year had no interests in the shares or debentures of the Company and its related corporations as recorded in the register of Directors' shareholdings kept by the Company under Section 164 of the Singapore Companies Act 1967 (the "Act"), except as follows:

	Shareholdings registered in the name of Directors	
	At the beginning of year	At the end of year
	Number of ordinary shares	
Company:		
Sun Renwang	1	65,600,000
Xu Ruibing	1	65,600,000

DIRECTORS' STATEMENT

4. Directors' interests in shares or debentures (continued)

By virtue of Section 7 of the Act, Mr. Sun Renwang and Mr. Xu Ruibing are deemed to have interests in the shares of all related corporations of the Company at the beginning and end of the financial year.

In accordance with the continuing listing requirements of the Singapore Exchange Securities Trading Limited ("SGX-ST"), the Directors of the Company state that, according to the register of Directors' shareholdings, the Directors' interest as at 21 January 2024 in the shares of the Company have not changed from those disclosed as at 31 December 2023.

5. Share options

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

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

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

Employee Share Option Scheme

The Company has implemented an Employee Share Option Scheme known as the Ever Glory Employee Share Option Scheme ("Share Option Scheme"). The Share Option Scheme was approved and adopted by the shareholders at an Extraordinary General Meeting of the Company held on 20 April 2023. No options have been granted pursuant to the Share Option Scheme as at the date of this report.

Performance Share Plan

The Company has implemented a Performance Share Plan known as the Ever Glory Performance Share Plan ("Performance Share Plan"). The Performance Share Plan was approved and adopted by the shareholders at an Extraordinary General Meeting of the Company held on 20 April 2023. No shares have been granted pursuant to the Performance Share Plan as at the date of this report.

6. Audit Committee

The Audit Committee of the Company is chaired by Mr. Chua Siong Kiat, the Lead Independent Non-executive Director, and includes Mr. Kong Chee Keong, an Independent Non-executive Director and Mr. Goh Siong Pheok Francis, an Independent Non-executive Director. The Audit Committee has carried out its functions in accordance with Section 201B(5) of the Act, including reviewing the following, where relevant, with the Executive Directors and external and internal auditors of the Company:

- a. assist the Board of Directors in the discharge of its responsibilities on financial and reporting matters, including overseeing the integrity of the Group's system of accounting and financial reporting, and maintaining a high standard of transparency and reliability in the Group's corporate disclosure;
- b. review, with the internal and external auditors, the audit plans, the adequacy, effectiveness and independence, scope and results of the external audit and the Company's internal audit function, and review at regular intervals with the management on the implementation by the Group of the internal control recommendations made by the internal and external auditors;
- c. review and ensure the internal audit function is adequately resourced and staffed with persons with the relevant qualifications and experience and that the internal auditors comply with the standards set by internationally recognised professional bodies, where applicable;

DIRECTORS' STATEMENT

6. Audit Committee (continued)

- d. review and ensure that the internal audit function has unfettered access to all the Group's documents, records, offices and personnel, including the Audit Committee, and has appropriate standing within the Company;
- e. review the significant financial reporting issues and judgement so as to ensure the integrity of the financial statements of the Group and any announcements relating to the Group's financial performance;
- f. review the periodic financial statements and results announcements before submission to the Board of Directors for approval, focusing in particular, on changes in policies and practices, major risk areas, significant adjustments resulting from the audit, the going concern statement, compliance with financial reporting standards as well as compliance with the Singapore Exchange Securities Trading Limited ("SGX-ST") Listing Manual Section B: Rules of Catalist ("Catalist Rules") and any other statutory or regulatory requirements, concerns and issues arising from the audits, including any matters which the auditors may wish to discuss in the absence of the management, where necessary, before submission to the Board of Directors for approval;
- g. review the assurance from the Chief Executive Officer and the Financial Controller on the financial records and financial statements;
- h. review and report to the Board of Directors, at least annually, the effectiveness, sufficiency and adequacy of the internal controls and risk management systems, addressing financial, operational, information technology and compliance risks and discuss issues and concerns, if any, arising from the internal audits, if necessary, outsource internal audit functions to ensure the effectiveness, sufficiency and adequacy of such procedures;
- i. review, with the internal and external auditors, the Group's management letters and the management's responses;
- j. review the independence and objectivity of the internal and external auditors as well as consider and recommend to the Board on (i) the proposals to the shareholders on the re-appointment or removal of external auditors, (ii) the proposals on the re-appointment or removal of internal auditors, and (iii) the remuneration and terms of engagement of the internal and external auditors;
- k. review, discuss with the internal and external auditors (including any commissioned findings of internal investigations and management's response), and report to the Board of Directors on any suspected fraud or irregularity, or suspected infringement of any relevant laws, rules or regulations which has or is likely to have a material impact on the Group's operating results or financial position, and the management's response;
- l. review the Group's key financial risk areas, with a view to providing an independent oversight of the Group's financial reporting, the outcome of such review to be disclosed in the annual reports or, if the findings are material, to be immediately announced via SGXNET;
- m. meet, at least annually, with the internal and external auditors, without the presence of the Group's management to review the cooperation given by the management to the internal and external auditors, where applicable;
- n. review and approve transactions falling within the scope of Chapter 9 and Chapter 10 of the Catalist Rules (if any);

DIRECTORS' STATEMENT

6. Audit Committee (continued)

- o. review any potential conflict of interests, including those with the Company's controlling shareholders and assess from time to time whether additional processes are required to be put in place to manage any potential conflict of interests and where appropriate, set out a framework to resolve or mitigate any potential conflict of interests (including monitoring, reviewing and exercising oversight over the Company's controlling shareholders compliance with the undertaking given by Mr. Xu Ruibing and Mr. Sun Renwang, compliance with the undertakings given by Mr. Su Chang and Sintop M&E Pte. Ltd., and any potential conflict of interests between the Group and Mr. Sun Renwang in respect of the Company's property development and investment business);
- p. monitor and exercise oversight over the Group's compliance with the terms and conditions of its loan facilities (including loan covenants);
- q. monitor the Company's controlling shareholders' compliance with the minimum shareholding interest undertaking given to the Oversea-Chinese Banking Corporation Limited in relation to the Company's loan facility;
- r. review and approve all hedging policies and instruments (if any) to be implemented by the Group;
- s. review and establish procedures and arrangements for concerns about possible improprieties in financial reporting or other matters to be safely raised (such as procedures for receipt, retention and treatment of complaints received by the Group, amongst others, criminal offences involving the Group or its employees, questionable accounting, auditing, business, safety or other matters that impact negatively on the Group) and ensure that there are arrangements in place for independent investigation and appropriate follow-up action(s), and to ensure that the Company publicly discloses, and clearly communicates to its employees the existence of a whistle-blowing policy and the procedures for raising such concerns;
- t. review, at least annually, and ensure that the procedures and policies in place are in compliance with all laws, rules and regulations (including but not limited to laws and regulations in respect of which the Group had contravened in the past) and commensurate with the Group's operations and expansion plans from time to time;
- u. review the risk profile of the Group (including the monitoring and exercise of oversight over the Group's venture into the property development and investment businesses) and the appropriate steps to be taken to mitigate and manage risks at acceptable levels determined by the Board of Directors;
- v. appraise the performance of the Financial Controller on an annual basis;
- w. generally to undertake such other functions and duties as may be required by statute or the Catalist Rules, and by such amendments made thereto from time to time; and
- x. undertake such other reviews and projects as may be requested by the Board of Directors, and report to the Board of Directors its findings from time to time on matters arising therefrom and which require the attention of the Audit Committee.

DIRECTORS' STATEMENT

6. Audit Committee (continued)

The Audit Committee confirmed that it has undertaken a review of all non-audit services provided by the external auditors to the Group and is satisfied that the nature and extent of such services would not affect the independence of the external auditors.

The Audit Committee has full access to and has the co-operation of the management and has been given the resources required for it to discharge its functions properly. It also has full discretion to invite any Director and Executive Officer of the Group to attend its meetings. The external auditors and internal auditors have unrestricted access to the Audit Committee.

The Audit Committee has recommended to the Board of Directors the nomination of BDO LLP, for re-appointment as external auditors of the Company at the forthcoming Annual General Meeting.

7. Independent Auditors

The independent auditors, BDO LLP, have expressed their willingness to accept re-appointment.

On behalf of the Board of Directors

Sun Renwang

Director

28 March 2024

Xu Ruibing

Director

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF EVER GLORY UNITED HOLDINGS LIMITED

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Ever Glory United Holdings Limited (the "Company") and its subsidiaries (the "Group") as set out on pages 62 to 98, which comprise:

- the consolidated statement of financial position of the Group and the statement of financial position of the Company as at 31 December 2023;
- the consolidated statement of comprehensive income, consolidated statement of changes in equity, and consolidated statement of cash flows of the Group for the financial year then ended; and
- notes to the financial statements, including material accounting policy information.

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

Basis for Opinion

We conducted our audit in accordance with Singapore Standards on Auditing ("SSA"). Our responsibilities under those standards are further described in the *Auditors' 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 financial 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.

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF EVER GLORY UNITED HOLDINGS LIMITED

KEY AUDIT MATTER

Accounting for construction contracts

The Group's main revenue is from construction contracts arising from the provision of mechanical and electrical engineering services. The Group recognises revenue over time, whereby revenue is recognised by reference to the proportion of contract costs incurred to date to the satisfaction of a performance obligation ("input method").

During the financial year ended 31 December 2023, the Group's revenue from construction services amounted to S\$47,478,000 (2022: S\$27,980,000).

We have determined accounting for construction contracts to be a key audit matter as significant judgements and estimates are used to estimate the total budgeted contract costs which affect the accuracy of revenue recognition based on the input method, as well as in the assessment of adequacy of provision for onerous contracts recognised. The Group relies on past experience in determining estimates.

Refer to Notes 9 and 19 to the accompanying financial statements.

AUDIT RESPONSE

We performed the following audit procedures, amongst others:

- In relation to revenue and variation orders, we:
 - Obtained an understanding of the progress of significant ongoing construction contracts through discussions with management, conducting site visits and examination of project documentation;
 - Traced, on a sample basis, total contract sums to contracts and variation orders entered with customers; and
 - Checked the arithmetical accuracy of revenue recognised based on input method computations.
- In relation to construction costs, we:
 - Reviewed controls surrounding the preparation and approval of budgeted contract costs and actual costs charged to respective projects;
 - Reviewed, on a sample basis, the revisions made to budgeted costs and assessed reasonableness of such revisions;
 - Traced estimated costs to complete by substantiating costs that have been committed to sub-contractor quotations or contract entered for significant contracts; and
 - Traced, on a sample basis, the actual costs incurred to suppliers' invoices, subcontractors' progress billings and other supporting documents.
- Review management's assessment of the adequacy of the provision of onerous contract in accordance with SFRS(I) 1-37 *Provisions, Contingent Liabilities and Contingent Assets*; and
- Assessed the adequacy of disclosure in the financial statements.

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF EVER GLORY UNITED HOLDINGS LIMITED

Other Information

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

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

In connection with our audit of the financial statements, our responsibility is to read the other information 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)s, and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair financial statements and to maintain accountability of assets.

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

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.

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF EVER GLORY UNITED HOLDINGS LIMITED

Auditors' Responsibilities for the Audit of the Financial Statements (continued)

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF EVER GLORY UNITED HOLDINGS LIMITED

Report on Other Legal and Regulatory Requirements

In our opinion, the accounting and other records required by the Act to be kept by the Company, and by the subsidiary corporations 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 auditors' report is Yeo Siok Yong.

BDO LLP

Public Accountants and
Chartered Accountants

Singapore
28 March 2024

STATEMENTS OF FINANCIAL POSITION

AS AT 31 DECEMBER 2023

	Note	Group		Company	
		2023 S\$'000	2022 S\$'000	2023 S\$'000	2022 S\$'000
ASSETS					
Non-current assets					
Intangible assets	3	10	–	–	–
Plant and equipment	4	112	61	–	–
Right-of-use assets	5	341	137	–	–
Investment in subsidiaries	6	–	–	1,107	1,000
Investment in a joint venture	7	306	64	–	–
Investment in an associate	8	420	–	–	–
Other receivables	10	100	100	333	–
Total non-current assets		1,289	362	1,440	1,000
Current assets					
Contract assets	9	8,205	3,776	–	–
Trade and other receivables	10	8,727	7,734	1,876	–
Prepayment	10	24	450	24	450
Fixed deposits	11	2,500	–	2,500	–
Cash and bank balances	11	4,156	498	1,478	184
Total current assets		23,612	12,458	5,878	634
Total assets		24,901	12,820	7,318	1,634
EQUITY AND LIABILITIES					
Equity					
Share capital	12	2,838	*	2,838	*
Treasury shares	13	(86)	–	(86)	–
Other reserve	14	1,000	1,000	1,000	1,000
Retained earnings/(Accumulated losses)		7,523	1,962	3,114	(63)
Total equity		11,275	2,962	6,866	937
Non-current liabilities					
Lease liabilities	15	176	55	–	–
Bank borrowings	16	298	289	–	–
Total non-current liabilities		474	344	–	–
Current liabilities					
Trade and other payables	17	9,425	5,926	452	697
Contract liabilities	9	840	2,613	–	–
Provisions	18	14	111	–	–
Bank borrowings	16	937	446	–	–
Lease liabilities	15	173	88	–	–
Income tax payables		1,763	330	–	–
Total current liabilities		13,152	9,514	452	697
Total liabilities		13,626	9,858	452	697
Total equity and liabilities		24,901	12,820	7,318	1,634

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

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

	Note	Group	
		2023 S\$'000	2022 S\$'000
Revenue	19	47,478	27,980
Cost of sales		(36,524)	(25,090)
Gross profit		10,954	2,890
Other items of income			
Other income	20	405	131
Other items of expense			
General and administrative expenses		(1,525)	(879)
Other expenses	22	(1,268)	–
Finance costs	21	(39)	(28)
Share of results of an associate, net of tax	8	*	–
Share of results of a joint venture, net of tax	7	62	14
Profit before income tax	22	8,589	2,128
Income tax expenses	23	(1,758)	(361)
Profit for the financial year, representing total comprehensive income for the financial year		6,831	1,767
Profit and total comprehensive income for the financial year attributable to owners of the Company		6,831	1,767
Earnings per share (cents)			
– Basic and diluted	24	4.35	1.35

* Amount is less than S\$1,000

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

	Note	Share capital S\$'000	Treasury shares S\$'000	Other reserves S\$'000	Retained earnings S\$'000	Total equity S\$'000
Group						
Balance at 1 January 2023		*	–	1,000	1,962	2,962
Profit for the financial year representing total comprehensive income for the financial year		–	–	–	6,831	6,831
Transactions with owners						
Issuance of ordinary shares	12	3,152	–	–	–	3,152
Share issuance expenses	12	(314)	–	–	–	(314)
Purchase of treasury shares	13	–	(86)	–	–	(86)
Dividend paid	25	–	–	–	(1,270)	(1,270)
Total transactions with owners		2,838	(86)	–	(1,270)	1,482
Balance at 31 December 2023		2,838	(86)	1,000	7,523	11,275
Balance at 1 January 2022						
		1,000	–	–	195	1,195
Profit for the financial year representing total comprehensive income for the financial year		–	–	–	1,767	1,767
Transactions with owners						
Restructuring pursuant to acquisition of a subsidiary	1.2b	(1,000)	–	–	–	(1,000)
Effect of waiver of debts from shareholders/Directors		–	–	1,000	–	1,000
Total transactions with owners		(1,000)	–	1,000	–	*
Balance at 31 December 2022		*	–	1,000	1,962	2,962

* Amount is less than S\$1,000

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

STATEMENT OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

	Note	Share capital S\$'000	Treasury shares S\$'000	Other reserves S\$'000	Retained earnings/ (Accumulated losses) S\$'000	Total equity S\$'000
Company						
Balance at 1 January 2023		*	–	1,000	(63)	937
Profit for the financial year representing total comprehensive income for the financial year		–	–	–	4,447	4,447
Transactions with owners						
Issuance of ordinary shares	12	3,152	–	–	–	3,152
Share issuance expenses	12	(314)	–	–	–	(314)
Purchase of treasury shares	13	–	(86)	–	–	(86)
Dividend paid	25	–	–	–	(1,270)	(1,270)
Total transactions with owners		2,838	(86)	–	(1,270)	1,482
Balance at 31 December 2023		2,838	(86)	1,000	3,114	6,866
Balance at 23 December 2021 (date of incorporation)						
		*	–	–	–	*
Loss for the financial period, representing total comprehensive income for the financial period		–	–	–	(63)	(63)
Transactions with owners						
Effect of waiver of debts from Directors/ shareholders, representing total transactions with owners		–	–	1,000	–	1,000
Balance at 31 December 2022		*	–	1,000	(63)	937

* Amount is less than S\$1,000

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

CONSOLIDATED STATEMENTS OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

	Note	2023 S\$'000	2022 S\$'000
Operating activities			
Profit before income tax		8,589	2,128
Adjustments for:			
Amortisation of intangible assets	3	3	–
Depreciation of plant and equipment	4	46	32
Depreciation of right-of-use assets	5	157	93
Fixed deposits interest income	20	(38)	–
Interest expense	21	39	28
Increase in provisions			
– Provision for onerous contracts	18	12	73
– Provision for unutilised leave	18	2	15
Share of results of a joint venture, net of tax	7	(62)	(14)
Share of results of an associate, net of tax	8	*	–
Initial public offering fee		1,268	–
Grant income pursuant to the listing	20	(246)	–
Operating cash flows before working capital changes		9,770	2,355
Working capital changes:			
Contract assets		(4,429)	(2,464)
Trade and other receivables		(956)	(2,648)
Prepayment		426	(450)
Trade and other payables		3,362	1,525
Contract liabilities		(1,773)	1,091
Provisions		(111)	(46)
Cash generated from/(used in) operations		6,289	(637)
Income tax paid		(323)	(126)
Net cash from/(used in) operating activities		5,966	(763)
Investing activities			
Investment in an associate	8	(420)	–
Investment in a joint venture	7	(180)	(50)
Purchase of intangible assets	3	(13)	–
Purchase of plant and equipment	4	(97)	(35)
Net cash used in investing activities		(710)	(85)

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

CONSOLIDATED STATEMENTS OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

	Note	2023 S\$'000	2022 S\$'000
Financing activities			
Advances from director	26	–	354
Repayment of principal portion of lease liabilities	15	(155)	(92)
Repayment of interest portion of lease liabilities	15	(12)	(8)
Proceeds from bank borrowings (Note A)		711	400
Repayment of bank borrowings (Note A)		(215)	(174)
Interest paid on bank borrowings		(23)	(20)
Increase in fixed deposits pledged	11	(1,500)	–
Proceeds from issuance of ordinary shares		1,952	–
Purchase of treasury shares	13	(86)	–
Dividends paid (Note B)	25	(1,270)	(1,000)
Net cash used in financing activities		(598)	(540)
Net increase/(decrease) in cash and cash equivalents		4,658	(1,388)
Cash and cash equivalents at beginning of financial year		498	1,886
Cash and cash equivalents at end of financial year	11	5,156	498

* Amount is less than S\$1,000

Note A: Reconciliation of liabilities arising from financing activities:

	At beginning of financial year S\$'000	Proceeds S\$'000	Repayment S\$'000	Non-cash changes Accrued interest S\$'000	At end of financial year S\$'000
2023					
Bank borrowings	735	711	(215)	4	1,235
	At beginning of financial year S\$'000	Proceeds S\$'000	Repayment S\$'000	At end of financial year S\$'000	
2022					
Bank borrowings	509	400	(174)	735	

Note B

Cash outflow arising from dividend paid of S\$1,000,000 in the previous financial year was in respect of dividend declared in financial year ended 31 December 2021. There was no dividend declared in previous financial year.

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

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

1. GENERAL CORPORATE INFORMATION

1.1 Domicile and activities

Ever Glory United Holdings Limited (the “Company”) is a public limited company, which is incorporated in the Republic of Singapore and has its registered office at 3 Little Road #03-01 CRF Building Singapore 536982. The registration number of the Company is 202144351H. The Company was listed on the Catalist Board of the Singapore Exchange Securities Trading Limited (“SGX-ST”) on 18 May 2023.

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

The principal activities of the subsidiaries are disclosed in Note 6 to the financial statements.

The statement of financial position of the Company as at 31 December 2023 and the consolidated financial statements of the Company and its subsidiaries (the “Group”) for the financial year ended 31 December 2023 were authorised for issue in accordance with a Directors’ resolution dated 28 March 2024.

1.2 Restructuring exercise

A restructuring exercise (the “Restructuring Exercise”) was carried out as part of group restructuring prior to the listing on the Catalist Board of SGX-ST which resulted in the Company becoming the holding company of the Group. The following steps were taken in the Restructuring Exercise:

a. Incorporation of Ever Glory United Holdings Limited

On 23 December 2021, the Company was incorporated in Singapore under the Singapore Companies Act 1967 as a private company limited by shares with an issued and paid-up share capital of S\$2 comprising two ordinary shares, with one ordinary share being held by Mr. Xu Ruibing and one ordinary share being held by Mr. Sun Renwang respectively;

b. Acquisition of subsidiary, Sunbeam M&E Pte. Ltd. (“Sunbeam”)

The Company acquired from Mr. Xu Ruibing and Mr. Sun Renwang the entire issued and paid-up share capital of Sunbeam for a total consideration of S\$1 million, which was based on the issued and paid-up share capital of Sunbeam as at 31 December 2021. On 31 December 2022, the Company entered into a settlement agreement with Mr. Xu Ruibing and Mr. Sun Renwang pursuant to which the Company, Mr. Xu Ruibing and Mr. Sun Renwang mutually agreed that the total consideration of S\$1 million owed by the Company to Mr. Xu Ruibing and Mr. Sun Renwang be settled by the payment of S\$1.00 by the Company to each of Mr. Xu Ruibing and Mr. Sun Renwang;

c. Sub-division of every one ordinary share in the share capital of the Company into 32,800,000 ordinary shares (“Share Split”)

The Company completed the Share Split on 9 March 2023. Following the completion of the Share Split, the Company has a total of 65,600,000 ordinary shares in its share capital; and

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

1. GENERAL CORPORATE INFORMATION (CONTINUED)

1.2 Restructuring exercise (continued)

d. Issuance of new ordinary shares

Following the Share Split, pursuant to the Employee Shares Subscription Agreements, the Company issued and allotted an aggregate of 5,100,000 new ordinary shares in the capital of the Company to certain employees on 10 March 2023, for an aggregate consideration of S\$72,000. Following which, the Company has a total of 70,700,000 ordinary shares.

2. BASIS OF PREPARATION OF FINANCIAL STATEMENTS

The consolidated financial statements have been prepared in accordance with the Singapore Financial Reporting Standards (International) ("SFRS(I)") under the historical cost convention, except as disclosed in the material accounting policy information in the relevant notes to the financial statements.

All accounting policies have been consistently applied to the current financial year and comparative period, unless otherwise stated.

Where an accounting policy information is not disclosed in the financial statements, it is considered as not material and mainly standardised accounting requirements.

Items included in the individual financial statements of each entity in the Group are measured using the currency of the primary economic environment in which the entity operates ("functional currency"). The consolidated financial statements of the Group and the statement of financial position of the Company are presented in Singapore dollar ("S\$"), which is the functional currency of the Company and the presentation currency of the financial statements. The financial statements are expressed in Singapore dollar ("S\$") and rounded to nearest thousand (S\$'000), unless otherwise stated.

The preparation of financial statements in conformity with SFRS(I) requires the management to exercise judgement in the process of applying the Group's and the Company's accounting policies and requires the use of accounting estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the end of the reporting period, and the reported amounts of revenue and expenses during the financial year. Although these estimates are based on management's best knowledge of historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances, actual results may differ from those estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the financial year in which the estimate is revised if the revision affects only that financial year, or in the financial year of revision and future years if the revision affects both current and future financial years.

Estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are summarised below and detailed disclosures are included in the respective notes to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

2. BASIS OF PREPARATION OF FINANCIAL STATEMENTS (CONTINUED)

Significant accounting estimates and assumptions used:

- (i) Estimation of total contract costs for revenue from construction contracts and provisions for onerous contracts (Notes 18 and 19)
- (ii) Loss allowance on trade receivables, retention receivables and contract assets (Notes 9 and 10)

New standards, amendments and interpretations effective from 1 January 2023

During the current financial year, the Group and the Company have adopted all the new and revised SFRS(I) that are relevant to their operations and effective for the current financial year. The adoption of these new or revised SFRS(I) did not result in changes to the Group's and the Company's accounting policies and has no material effect on the amounts reported for the current or prior financial years, except as disclosed below:

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

The amendments change the disclosure requirements with respect to accounting policies from 'significant accounting policies' to 'material accounting policy information'. The amendments provide guidance on when accounting policy is likely to be considered material.

Management has followed the guidance in the amendments to SFRS(I) 1-1 and SFRS(I) Practice Statement 2 in determining which accounting policy information is material.

SFRS(I) issued but not yet effective

As at the date of authorisation of these financial statements, the Group and the Company have not adopted the following SFRS(I) that have been issued but not yet effective:

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

* The mandatory effective date of this Amendment had been revised from 1 January 2022 to 1 January 2023 issued in July 2020 via Amendment to SFRS(I) 1-1: *Classification of Liabilities as Current or Non-current – Deferral of Effective Date* and further revised to 1 January 2024 in December 2022 via Amendments to SFRS(I) 1-1: *Non-current Liabilities with Covenants*.

Consequential amendments were also made to various standards as a result of these new or revised standards.

The Group and the Company expect that the adoption of the above SFRS(I)s, if applicable, will have no material impact on the financial statements in the period of initial application.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

3. INTANGIBLE ASSETS

	Group	
	2023 S\$'000	2022 S\$'000
Computer software		
Cost		
Balance at beginning of financial year	–	–
Additions	13	–
Balance at end of financial year	<u>13</u>	<u>–</u>
Accumulated amortisation		
Balance at beginning of financial year	–	–
Amortisation for the financial year	3	–
Balance at end of financial year	<u>3</u>	<u>–</u>
Net carrying amount		
Balance at end of financial year	<u>10</u>	<u>–</u>

4. PLANT AND EQUIPMENT

	Computers S\$'000	Furniture and fittings S\$'000	Office equipment S\$'000	Renovation S\$'000	Total S\$'000
Group					
Cost					
Balance at 1 January 2023	44	51	28	65	188
Additions	28	22	25	22	97
Balance at 31 December 2023	<u>72</u>	<u>73</u>	<u>53</u>	<u>87</u>	<u>285</u>
Accumulated depreciation					
Balance at 1 January 2023	19	43	10	55	127
Depreciation for the financial year	14	10	8	14	46
Balance at 31 December 2023	<u>33</u>	<u>53</u>	<u>18</u>	<u>69</u>	<u>173</u>
Net carrying amount					
Balance at 31 December 2023	<u>39</u>	<u>20</u>	<u>35</u>	<u>18</u>	<u>112</u>
Cost					
Balance at 1 January 2022	21	51	16	65	153
Additions	23	–	12	–	35
Balance at 31 December 2022	<u>44</u>	<u>51</u>	<u>28</u>	<u>65</u>	<u>188</u>
Accumulated depreciation					
Balance at 1 January 2022	14	33	6	42	95
Depreciation for the financial year	5	10	4	13	32
Balance at 31 December 2022	<u>19</u>	<u>43</u>	<u>10</u>	<u>55</u>	<u>127</u>
Net carrying amount					
Balance at 31 December 2022	<u>25</u>	<u>8</u>	<u>18</u>	<u>10</u>	<u>61</u>

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

4. PLANT AND EQUIPMENT (CONTINUED)

Plant and equipment is recognised at cost less accumulated depreciation and any accumulated impairment losses. Depreciation is calculated using the straight-line method to allocate the depreciable amounts of the plant and equipment over their estimated useful life as follows.

	<u>Years</u>
Computers	3
Furniture and fittings	5
Office equipment	5
Renovation	5

5. RIGHT-OF-USE ASSETS

	<u>Group</u>	
	<u>2023</u>	<u>2022</u>
	<u>S\$'000</u>	<u>S\$'000</u>
Premises		
Cost		
Balance at beginning of the financial year	237	314
Additions	203	–
Lease modifications	158	77
Derecognition of right-of-use assets*	–	(154)
Balance at end of the financial year	<u>598</u>	<u>237</u>
Accumulated depreciation		
Balance at beginning of the financial year	100	161
Depreciation for the financial year	157	93
Derecognition of right-of-use assets*	–	(154)
Balance at end of the financial year	<u>257</u>	<u>100</u>
Net carrying amount		
Balance at end of the financial year	<u>341</u>	<u>137</u>

* Right-of-use assets in respect of premises have been derecognised in previous financial year due to expiration of lease.

The right-of-use assets are recognised at cost and depreciated on a straight-line basis over the shorter of either the remaining lease term or the remaining useful life of the right-of-use assets as follow:

	<u>Years</u>
Premises	2-3

As at 31 December 2023, the Group has approximately S\$108,000 (2022: S\$93,000) of aggregate undiscounted commitments for short-term leases.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

6. INVESTMENT IN SUBSIDIARIES

	Company	
	2023 S\$'000	2022 S\$'000
Unquoted equity shares, at cost	1,010	1,000
Deemed investment arising from the discounting impact of non-current receivables from a subsidiary (Note 10)	97	–
	1,107	1,000
Movement in unquoted equity shares, at cost:		
Balance at beginning of the financial year	1,000	–
Additions	10	1,000
Balance at end of the financial year	1,010	1,000

The deemed investment arising from the discounting impact of non-current receivables from a subsidiary represents the difference between the advances provided and the fair value of the non-current receivables which was determined using market borrowing rate of 5.25% (2022: Nil%).

The details of subsidiaries are as follows:

Name of subsidiaries	Principal place of business	Principal activities	Proportion of ownership interest held by the Company	
			2023 %	2022 %
Sunbeam M&E Pte. Ltd. ⁽¹⁾	Singapore	Building construction (specialised in mechanical and electrical engineering)	100	100
Ever Capital Pte. Ltd. ⁽¹⁾	Singapore	Real estate development	100	–

(1) Audited by BDO LLP, Singapore

Acquisition under common control (“Pooling of interest method”)

Business combination arising from transfers of interest in entities that are under common control are accounted for as if the acquisition had occurred at the beginning of the earliest comparative period presented or, if later, at the date that common control was established. For this purpose, comparatives are restated. The assets and liabilities acquired are recognised at the carrying amounts recognised previously and no adjustments are made to reflect the fair values or recognised any new assets or liabilities, including no goodwill is recognised as a result of the combination. The components of equity of the acquired entities are added to the same components within the Group equity.

On 28 January 2022, the Company acquired 100% equity interests in Sunbeam M&E Pte. Ltd. from controlling parties for a total consideration of S\$1,000,000. The Group used the pooling of interest method to account for the acquisition of subsidiary under common control in the previous financial year.

Incorporation of subsidiary

On 12 October 2023, the Company incorporated a wholly owned subsidiary company, Ever Capital Pte. Ltd. (“EC”), a company incorporated in Singapore with a cash consideration of S\$10,000.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

7. INVESTMENT IN A JOINT VENTURE

	Group	
	2023 S\$'000	2022 S\$'000
Capital contribution	230	50
Share of results of a joint venture, net of tax	76	14
	306	64
Movement in investment in a joint venture was at follows:		
Balance at the beginning of financial year	50	–
Additions during the financial year	180	50
Balance at the end of financial year	230	50

Joint venture arrangement	Principal place of business	Principal activities	Interest held by the Group	
			2023 %	2022 %
Sunley M&E Engineering Pte. Ltd. and Sunbeam M&E Pte. Ltd. (“Sunley and Sunbeam”)	Singapore	Building construction	*50	*50

* The Group’s participating interests in the joint venture is based on the capital contribution percentage and job scope to the project.

Sunley and Sunbeam joint venture

In the previous financial year, the Group entered into a joint venture agreement with Sunley M&E Engineering Pte. Ltd. to develop a hotel new erection project in Singapore. The parties agreed to jointly complete the project and undertake distribution of the profit accrued from the project subsequent to the issuance of temporary occupation permit by the relevant governmental authority.

The Group has considered that it has joint control over the Sunley and Sunbeam joint venture as unanimous consent is required by both parties in all decisions making. The Group has classified this arrangement as joint venture as the Group only has rights to the joint arrangement’s net assets.

The Group had no contingent liability and capital commitment to Sunley and Sunbeam joint venture as at the end of the reporting period.

Capital injection during the financial year

During the financial year, the Group has provided capital injection S\$180,000 (2022: S\$50,000) into the joint venture.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

7. INVESTMENT IN A JOINT VENTURE (CONTINUED)

Summarised financial information (insignificant joint venture)

The following table summarises the Group's share of profit and other comprehensive income of the Group's insignificant joint venture accounted for using the equity method.

	Group	
	2023 S\$'000	2022 S\$'000
Share of profit before tax	62	14
Share of profit after tax	62	14
Share of total comprehensive income	62	14
Aggregate net carrying amount of the Group's interest in the joint venture	<u>76</u>	<u>14</u>

Reconciliation of summarised financial information

Reconciliation of the summarised financial information presented, to the carrying amount of the Group's interest in a joint venture at the end of reporting period, is as follows:

	2023 S\$'000	2022 S\$'000
Proportion of ownership	50%	50%
Net assets of the joint venture	<u>613</u>	128
Interest in joint venture	<u>306</u>	64
Carrying value of Group's interest in a joint venture	<u>306</u>	<u>64</u>

8. INVESTMENT IN AN ASSOCIATE

	Group	
	2023 S\$'000	2022 S\$'000
Unquoted equity shares, at cost	250	–
Deemed investment arising from advances to associate	170	–
Share of results of an associate, net of tax	*	–
	<u>420</u>	<u>–</u>

* Amount is less than S\$1,000

The details of the associate are as follows:

Name of entity	Principal place of business	Principal activities	Proportion of ownership interest held by the Group	
			2023 %	2022 %
Held through Ever Capital Pte. Ltd.				
Primest Land V1 Pte. Ltd.	Singapore	Other holding companies (Property development)	25	–

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

8. INVESTMENT IN AN ASSOCIATE (CONTINUED)

On 29 November 2023, the Group has entered into an agreement with third parties to incorporate Primest Land V1 Pte. Ltd. ("PLV1"). The principal activity of the associate is in line with the Group's strategy to diversify into property development.

The results of PLV1 were accounted for using the equity method in the consolidated financial statements. The Group is deemed to exercise significant influence by virtue of its representation on the board committees of PLV1.

The non-trade amount due from associate of S\$170,000 which is unsecured and bears interest at the rate of 0.50% per annum above the average prevailing prime lending rates of the banks. The repayment of this amount is dependent on the approval of the Directors of PLV1.

Summarised financial information (Insignificant associate)

No disclosure to the summarised financial information of this insignificant associate as the amount is less than S\$1,000.

Reconciliation of summarised financial information

Reconciliation of summarised financial information presented, to the carrying amount of the Group's interest in an associate, is as follows:

	Group 2023 S\$'000
Proportion of Group's ownership	<u>25%</u>
Net assets of the associate	<u>999</u>
Interest in associate	<u>250</u>
Deemed investment arising from advances to associate	<u>170</u>
Carrying value of Group's interest in an associate	<u>420</u>

Capital commitments

As at 31 December 2023, the Group has capital commitment of S\$2,590,000 (2022: S\$Nil) that has been contracted for but not provided for in the financial statements. The capital committed will serve as the funds for the associate to purchase of a land.

9. CONTRACT ASSETS AND CONTRACT LIABILITIES

	Group	
	2023 S\$'000	2022 S\$'000
Contract assets – construction contracts	<u>8,205</u>	<u>3,776</u>
Contract liabilities – construction contracts	<u>840</u>	<u>2,613</u>

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

9. CONTRACT ASSETS AND CONTRACT LIABILITIES (CONTINUED)

Contract liabilities primarily relate to the Group's obligation to transfer goods or services to customers for which the Group has received advances from customers for construction contracts. Contract liabilities are recognised as revenue as the Group fulfils its performance obligations under the contract.

The Group assessed and determined expected credit loss rates for contract assets, by reference to past default experience and expected credit losses, which incorporate forward looking estimate. No expected credit loss allowance has been made as at 31 December 2023 (2022: S\$Nil).

- a) Significant changes in the Group's contract assets and the contract liabilities balances during the financial years are as follow:

	Contract assets		Contract liabilities	
	2023 S\$'000	2022 S\$'000	2023 S\$'000	2022 S\$'000
Excess of revenue recognised over cash (or rights to cash)	7,908	4,082	-	-
Revenue recognised that was included in the contract liabilities balance at the beginning of the financial year	-	-	2,613	1,522
Increase due to cash received, excluding amounts recognised as revenue during the financial year	-	-	(1,225)	(2,572)
Cumulative catch-up adjustments to revenue that affect the corresponding contract asset or contract liability	297	(306)	385	(41)
Contract assets reclassified to trade receivables	(3,776)	(1,312)	-	-

- b) Remaining performance obligations

The aggregate amount of transaction price allocated to the unsatisfied (or partially satisfied) performance obligations as at 31 December 2023 was S\$104,088,000 (2022: S\$115,884,000). This amount was not included the following:

- Performance obligation for which the Group has applied the practical expedient not to disclose information about its remaining performance obligations if:
 - The performance obligation is part of a contract that has an original expected duration for one year or less, or
 - The Group recognises revenue to which the Group has a right to invoice customers in amounts that correspond directly with the value to the customer of the Group's performance completed to date.
- Variable consideration that is not constrained and therefore is not included in the transaction price.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

9. CONTRACT ASSETS AND CONTRACT LIABILITIES (CONTINUED)

The amount of Group's revenue that will be recognised in future periods on these contracts when those remaining performance obligations will be satisfied is analysed as follow:

	2023 S\$'000	2024 S\$'000	2025 S\$'000	2026 S\$'000	Total S\$'000
As at 31 December 2023					
Construction contracts	-	74,980	24,030	5,078	104,088
As at 31 December 2022					
Construction contracts	38,581	40,354	36,949	-	115,884

10. TRADE AND OTHER RECEIVABLES

	Group		Company	
	2023 S\$'000	2022 S\$'000	2023 S\$'000	2022 S\$'000
Non-current				
Other receivables – subsidiaries	-	-	333	-
Deposits	100	100	-	-
	100	100	333	-
Current				
Trade receivables				
– third parties	2,577	3,603	-	-
– related parties	650	190	-	-
	3,227	3,793	-	-
Retention receivables				
– third parties	3,828	1,871	-	-
– related parties	1,025	1,661	-	-
	4,853	3,532	-	-
Other receivables				
– subsidiaries	-	-	1,837	-
– related party	-	102	-	-
Advances to staff	-	9	-	-
Advance payments to suppliers	215	65	-	-
Interest receivables from fixed deposits	38	-	38	-
Deposits	393	214	-	-
Grant receivables	-	19	-	-
Goods and services tax recoverable	1	-	1	-
	647	409	1,876	-
	8,727	7,734	1,876	-
Total current and non-current	8,827	7,834	2,209	-
Prepayment	24	450	24	450

Trade receivables are non-interest bearing and the average credit term granted by the Group is 35 (2022: 35) days.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

10. TRADE AND OTHER RECEIVABLES (CONTINUED)

The non-current amounts due from subsidiaries are non-trade in nature, unsecured, non-interest bearing, repayable after 12 months subsequent to the reporting date and is expected to be settled in cash. The fair value of the non-current amounts due from subsidiaries are within Level 3 of the fair value hierarchy. The management estimates the fair value of this non-current amounts due from subsidiaries using the market borrowing rate at 5.25% (2022: Nil) per annum at the end of the reporting period.

The other current receivables due from subsidiaries and a related party are unsecured, non-interest bearing, repayable on demand and are expected to be settled in cash. Other current receivables due from subsidiaries are mainly relate to dividend receivable.

Retention receivables are due for settlement after more than 12 months. They have been classified as current assets because they are expected to be realised in the normal operating cycle of the Group.

Advance payments to suppliers relate to the payments made in advance to subcontractors for the subcontractor works.

Deposits mainly relate to deposits made for collateral for projects, rental of premises and utilities. Included in the deposits, there are insurance guarantees or performance bonds by the insurance companies to the customers in respect of projects undertaken by the Group, which the Directors have jointly provided indemnities for all liabilities that the insurance companies may incur in connection with the issuance of the insurance guarantees or performance bonds.

Grant receivables as at 31 December 2022 was related to Job Growth Incentive ("JGI") announced by Singapore Government to provide wage support to employers for new employees hired between certain qualifying period from September 2020 to March 2023.

Prepayment as at 31 December 2022 was related to the capitalisation of listing expenses. Listing expenses comprised allocation portion of professional fees amounting to approximately S\$124,000 paid to independent reporting accountants of the Group in respect of professional services rendered as independent reporting accountants in connection with the Company's initial public offering.

Loss allowance

Trade receivables

The Group determined, by reference to past default experience and expected credit losses ("ECL"), which incorporate forward looking estimates. In calculating the ECL rates, the Group considers historical loss rates for each aging bracket of customers and adjust for forward looking macroeconomic data that may affect the ability of the debtors to settle the outstanding balance.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

10. TRADE AND OTHER RECEIVABLES (CONTINUED)

Loss allowance (continued)

Trade receivables (continued)

The Group recognises lifetime ECL for trade receivables based on individually significant customers and customers with individually insignificant balances that are collectively assessed based on ageing profile. At the end of the reporting period, the analysis of trade receivables and the allowances for impairment loss are as follows:

	ECL weightage	Gross carrying amount S\$'000	Loss allowance on receivables S\$'000	Net carrying amount S\$'000
Group				
2023				
Not past due	-	2,379	-	2,379
Past due 1 – 30 days	-	389	-	389
Past due 31 – 60 days	-	74	-	74
Past due 61 – 90 days	-	241	-	241
Past due over 90 days	-	144	-	144
		3,227	-	3,227
2022				
Not past due	-	3,624	-	3,624
Past due 1 – 30 days	-	158	-	158
Past due 31 – 60 days	-	-	-	-
Past due 61 – 90 days	-	-	-	-
Past due over 90 days	-	11	-	11
		3,793	-	3,793

Non-trade receivables from subsidiaries and related parties

The Group and the Company have taken into account information that they have available internally about the past and current operating performance and cash flow position of its subsidiaries and a related party. At the end of the reporting period, the Group and the Company have assessed their financial performance and is of the view that no expected credit loss allowance is required. The other receivables from subsidiaries and a related party are considered to be of low credit risk and subject to immaterial credit loss. Credit risk for these assets has not increased significantly since their initial recognition.

The Group's and the Company's financial assets measured at amortised cost comprise trade and other receivables excluding advance payments to suppliers, grant receivables and goods and services tax recoverable.

The currency profile of trade and other receivables as at the end reporting period is Singapore dollar.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

11. CASH, BANK BALANCE AND FIXED DEPOSITS

	Group		Company	
	2023 S\$'000	2022 S\$'000	2023 S\$'000	2022 S\$'000
Cash on hand	*	–	*	–
Bank balances	4,156	498	1,478	184
Fixed deposits	2,500	–	2,500	–
	6,656	498	3,978	184
Less: deposits pledged to banks as security	(1,500)	–		
Cash and cash equivalents for the consolidated statement of cash flows	5,156	498		

* Amount is less than S\$1,000

Fixed deposits were placed for a period of 12 months and bear interest rate ranging from 3.75% to 4.28% per annum. For the purpose of presenting the consolidated statement of cash flows, cash and cash equivalents include deposits with maturity of more than 3 months, as there is no significant cost or penalty in converting these deposits into liquid before maturity.

As at 31 December 2023, the Company's fixed deposits amounting to approximately S\$1,500,000 (2022: S\$Nil) were pledged to the banks as security for banking facilities.

The currency profile of cash and cash equivalents as at the end of the reporting period is Singapore dollar.

12. SHARE CAPITAL

	Group		Company	
	2023 S\$'000	2022 S\$'000	2023 S\$'000	2022 S\$'000
Issued and fully-paid ordinary shares	2,838	*	2,838	*

	Group		Company	
	Number of shares '000	S\$'000	Number of shares '000	S\$'000
2023				
Issued and paid up:				
Balance at 1 January 2023	*	*	*	*
Share split pursuant to the Restructuring Exercise ⁽ⁱ⁾	65,600	*	65,600	*
Issuance of new ordinary shares pursuant to the Restructuring Exercise ⁽ⁱⁱ⁾	5,100	72	5,100	72
Issuance of new ordinary shares pursuant to an initial public offering exercise ⁽ⁱⁱⁱ⁾	14,000	3,080	14,000	3,080
Capitalisation of listing expenses to share capital ^(iv)	–	(314)	–	(314)
Issuance of bonus issue ^(v)	84,700	–	84,700	–
Balance at 31 December 2023	169,400	2,838	169,400	2,838
2022				
Issued and paid up:				
Balance at date of incorporation and 31 December 2022	*	*	*	*

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

12. SHARE CAPITAL (CONTINUED)

* Amount is less than S\$1,000

- (i) On 9 March 2023, the Company completed the sub-division of every one ordinary share in the capital of the Company into 32,800,000 ordinary shares.
- (ii) On 10 March 2023, the Company issued and allotted an aggregate of 5,100,000 new ordinary shares to certain employees of the Company for the aggregate consideration of S\$72,000.
- (iii) On 17 May 2023, the Company issued 14,000,000 ordinary shares for a total cash consideration of approximately S\$3,080,000.
- (iv) Share issuance expenses consists of, among others, an allocation portion of professional fees paid to the sponsor and auditors of the Company in respect of professional services rendered as professional service and independent reporting accountants respectively in connection with the Company's initial public offering. The allocation portion of professional fees paid to the sponsor and auditors of the Company amounted to S\$141,000 and S\$36,000 respectively.
- (v) On 29 August 2023, the Company allotted and issued 84,700,000 ordinary shares pursuant to a bonus issue exercise on the basis of one bonus share credited as fully paid for every one ordinary share held by the shareholders in the Company.

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

13. TREASURY SHARES

	Group and Company			
	2023	2022	2023	2022
	Number of ordinary shares ('000)		S\$'000	S\$'000
Balance at beginning of financial year	-	-	-	-
Repurchased during the financial year	242	-	86	-
Balance at end of financial year	242	-	86	-

During the financial year, the Company acquired 242,000 (2022: Nil) of its own shares through purchases in the open market. The total amount paid to repurchase the shares was approximately S\$86,000 (2022: S\$Nil) and has been presented as a component within shareholders' equity.

14. OTHER RESERVE

Group and Company

During the previous financial year, the shareholders, who are also the Directors of the Company, entered into a settlement agreement with the Company and waived S\$999,998 of the outstanding balances due from the Company. Other reserve is not available for dividend distribution to shareholders.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

15. LEASE LIABILITIES

	Group	
	2023 S\$'000	2022 S\$'000
Balance at beginning of financial year	143	158
Additions	203	–
Lease modifications	158	77
Interest expense	12	8
Lease payments		
– Principal portion	(155)	(92)
– Interest portion	(12)	(8)
Balance at end of the financial year	<u>349</u>	<u>143</u>

The maturity analysis of lease liabilities as of the reporting date are as follows:

	Group	
	2023 S\$'000	2022 S\$'000
Contractual undiscounted cash flows		
Within one financial year	185	92
After one financial year but within five financial years	181	56
	<u>366</u>	<u>148</u>
Less: Future interest expense	(17)	(5)
Present value of lease liabilities	<u>349</u>	<u>143</u>
Presented in consolidated statement of financial position		
Current	173	88
Non-current	176	55
	<u>349</u>	<u>143</u>

Rental of foreign worker dormitory, machineries and office equipment of the Group qualifies as low value assets or short-term leases. The election of short-term leases is made by class of underlying assets with similar nature and use in the Group's operations whereas the low-value lease exemption is made on lease-by-lease basis.

The total cash outflows for all leases including low value and short-term leases were S\$648,000 (2022: S\$302,000) for the financial year ended 31 December 2023.

As at 31 December 2023, the incremental borrowing rates applied were ranging from 4.25% to 4.68% (2022: 4.25%). All leases are on a fixed repayment basis and no arrangements have been entered into for contingent rental payments.

The currency profile of the lease liabilities as at the end of reporting period is Singapore dollar.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

16. BANK BORROWINGS

	Group	
	2023 S\$'000	2022 S\$'000
Non-current		
Temporary bridging loan I	86	–
Temporary bridging loan II	212	289
	298	289
Current		
Temporary bridging loan I	145	372
Temporary bridging loan II	78	74
Trust receipts	714	–
	937	446
	1,235	735

Temporary bridging loan I and Temporary bridging loan II

The Temporary bridging loans are repayable within 60 months from the date of first drawn down and the average effective interest rate was 3.6% (2022: 3.6%) per annum.

The Temporary bridging loans of the Group are secured by joint and several personal guarantees from the controlling shareholders of the Company.

In the previous financial year, one of the subsidiaries of the Group was not in compliance with the dividends covenant set out in the banking facilities letter as the Group did not obtain the bank's consent prior to the dividends declaration in financial year 2022 to the shareholders. Further details of the management of liquidity risk are set out in Note 28.2 to the financial statements.

As a result, Temporary bridging loan I which was not scheduled for repayment within 12 months from 31 December 2022 has been classified as current liabilities as the Group did not have the unconditional right as at 31 December 2022 to defer settlement for at least 12 months after the end of reporting period.

On 23 February 2023, the Group received the consent from the bank for non-compliance of Temporary bridging loan I in respect of past dividends declaration and subsequent payment of dividend after the initial public offering exercise. As such, portion of Temporary bridging loan I which was not due for repayment within 12 months from 31 December 2023 was classified as non-current.

Trust receipts facility

The Group entered into trust receipts facility amounting to S\$500,000 and S\$2,000,000 on 18 July 2023 and 13 October 2023 respectively which can be drawn down to facilitate and finance the subcontractors' invoices. Trust receipts are repayable within 120 (2022: Nil) days and bear interest ranging from 4.83% to 5.75% per annum.

The trust receipts of the Group are secured by the corporate guarantee provided by the Company and fixed deposits of S\$1,500,000 (Note 11) were pledged with financial institutions. The trusts receipts are subject to financial covenants imposed by the banks.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

16. BANK BORROWINGS (CONTINUED)

Trust receipts facility (continued)

As at the end of the reporting period, the Group had facilities as follow:

	2023 S\$'000	2022 S\$'000
Facilities granted	4,600	1,100
Facilities utilised	1,811	1,100

The currency profile of bank borrowings as at the end of the reporting period is Singapore dollar.

17. TRADE AND OTHER PAYABLES

	Group		Company	
	2023 S\$'000	2022 S\$'000	2023 S\$'000	2022 S\$'000
Current				
Trade payables				
– third parties	4,087	1,793	–	–
– related parties	*	214	–	–
	4,087	2,007	–	–
Retention payables				
– third parties	2,504	1,661	–	–
	6,591	3,668	–	–
Other payables				
– third parties	177	97	149	97
– directors	–	354	–	354
– subsidiary	–	–	–	185
Advance payments	63	5	–	–
Accrued expenses	2,516	1,626	303	61
Goods and services tax payable	78	176	–	–
	2,834	2,258	452	697
	9,425	5,926	452	697

* Amount is less than S\$1,000

Trade payables are unsecured, non-interest bearing and are normally settled within the credit terms of 30 days to 90 days (2022: 30 days to 90 days).

Retention payables to third parties are due for settlement after more than 12 months. They have been classified as current liabilities because they are expected to be realised in the normal operating cycle of the Group.

Included in the other payables of approximately S\$136,000 was related to professional fee for the initial public offering which remained outstanding at end of reporting period.

Amount due to directors and subsidiary were unsecured, non-interest bearing, repayable on demand and were settled in cash.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

17. TRADE AND OTHER PAYABLES (CONTINUED)

The Group's and the Company's financial liabilities measured at amortised cost comprise trade and other payables excluding advance payments and goods and services tax payables.

The currency profile of trade and other payables as at the end of the reporting period is Singapore dollar.

18. PROVISIONS

	Provision for unutilised leave S\$'000	Group Provision for onerous contracts S\$'000	Total S\$'000
2023			
Balance at beginning of financial year	38	73	111
Provision made	2	12	14
Provision utilised	(38)	(73)	(111)
Balance at end of financial year	2	12	14
2022			
Balance at beginning of financial year	23	46	69
Provision made	15	73	88
Provision utilised	-	(46)	(46)
Balance at end of financial year	38	73	111

Provision for unutilised leave

Provision for unutilised leave is computed based on the outstanding annual leave balance for the employees and the salary rate of those employees. This unutilised leave is expected to be utilised within 12 months from the end of reporting period.

Provision for onerous contracts

The Group has ongoing construction contracts. The provision for onerous contracts is recognised at the end of the reporting period as it is probable that the total construction contract costs will exceed the total construction contract revenue for certain projects. The provision is measured at the present value of the lower of the expected cost of terminating the contract and the expected net cost of continuing with the contract.

The Group exercised significant assumptions and judgements in estimating the total construction contract costs. The Group evaluated and placed reliance on past experience and estimates from internal specialists. These estimates were made with due consideration of the circumstances and relevant events that were available at end of each of the reporting period. When it is probable that the total contract costs will exceed the total revenue from construction contracts, a provision for onerous contracts is recognised immediately. The carrying amount of provisions is disclosed as above.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

19. REVENUE

	Group	
	2023	2022
	S\$'000	S\$'000
Construction contracts – over time	<u>47,478</u>	<u>27,980</u>

Material accounting policy information

The Group provides construction services to customers through fixed-price contracts. Contract revenue is recognised when the Group's performance creates or enhances an asset that the customer controls as the asset is created or enhanced. The Group has only one performance obligation under the construction contract.

For these contracts, revenue is recognised over time by reference to the Group's progress towards completion of the contract. The measure of progress is determined based on the proportion of contract costs incurred to date to the estimated total contract costs ("input method"). Costs incurred that are not related to the contract or that do not contribute towards satisfying a performance obligation are excluded from the measure of progress and instead are expensed as incurred.

In some circumstances such as in the early stages of a contract where the Group may not be able to reasonably measure its progress but expects to recover the contract costs incurred, contract revenue is recognised only to the extent of the contract costs incurred until such time when the Group can reasonably measure its progress.

Revenue comprises the initial amount of revenue agreed in contract and variations in contract work to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur when the uncertainty associated with the variable consideration is subsequent resolved, and the amount can be measured reliably.

Contract modifications that do not add distinct goods or services are accounted for as a continuation of the original contract and the change is recognised as a cumulative adjustment to revenue at the date of modification.

The customer is invoiced on a milestone payment schedule. If the value of the services transferred by the Group exceed payments, a contract asset is recognised. If payments exceed the value of the services transferred, a contract liability is recognised. The carrying amount of contract assets and contract liabilities is disclosed under Note 9.

The period between the transfer of the promised services and customer payment may exceed one year. For such contracts, there is no significant financing component present as the payment terms is an industry practice to protect the customers from the performing entity's failure to adequately complete some or all of its obligations under the contract. As a consequence, the Group does not adjust any of the transaction prices for the time value of money. The carrying amount of retention receivables is disclosed under Note 10.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

19. REVENUE (CONTINUED)

Estimation of total contract costs

Significant assumptions are used to estimate the total contract costs and the extent of progress toward completion which affect the accuracy of revenue recognition based on the percentage-of-completion and completeness of provision for onerous contracts recognised. In making these estimates, management has relied on past experience and the work of internal specialist.

If the remaining estimated contract costs is increased by 3% from management's estimates, the Group's profit or loss before income tax will decrease by approximately S\$496,000 (2022: S\$386,000).

20. OTHER INCOME

	Group	
	2023 S\$'000	2022 S\$'000
Government grant		
– Grant income pursuant to the listing	246	–
– Others	13	111
Sundry income	48	20
Management fees	60	–
Interest income from fixed deposits	38	–
	405	131

Government grants relating to costs are recognised in profit or loss over the period necessary to match them with the costs that they are intended to compensate.

21. FINANCE COSTS

	Group	
	2023 S\$'000	2022 S\$'000
Interest expenses:		
– Lease liabilities	12	8
– Bank borrowings	27	20
	39	28

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

22. PROFIT BEFORE INCOME TAX

In addition to the charges and credits as disclosed elsewhere in the notes to the statement of comprehensive income, profit before tax includes the following charges:

	Group	
	2023	2022
	S\$'000	S\$'000
<u>Cost of sales</u>		
Employee benefits expenses ⁽¹⁾		
– short-term employee benefits	3,806	2,511
– defined contribution plan expenses	582	348
Depreciation of right-of-use assets	106	41
Short-term lease expenses	481	210
Provision for onerous contracts	12	73
<u>General and administrative expenses</u>		
Audit fee		
– Auditors of the Company and subsidiaries	98	95
Non-audit related services		
– Auditors of the Company and subsidiaries	4	–
Employee benefits expenses ⁽¹⁾		
– short-term employee benefits	793	442
– defined contribution plan expenses	70	52
– other personal expenses	9	21
– directors fees	111	–
Amortisation of intangible assets	3	–
Depreciation of plant and equipment	46	32
Depreciation of right-of-use assets	51	52
Professional fees	56	11
Office refreshment expenses	7	6
Entertainment expenses	19	52
Subscription fees	53	49
<u>Other expenses</u>		
Initial public offering fee ⁽²⁾	1,089	–
Non-audit fee		
– Audit related services fee paid to auditors of the Company and subsidiaries	179	–

⁽¹⁾ Employee compensation relating to key management personnel is disclosed in Note 26 to the financial statements.

⁽²⁾ The initial public offering fee excluded the amount paid to auditors of the Company.

23. INCOME TAX EXPENSES

	Group	
	2023	2022
	S\$'000	S\$'000
Current income tax expense		
– Current financial year	1,665	350
– Under provision in respect of prior financial years	93	11
	1,758	361

NOTES TO THE FINANCIAL STATEMENTS

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23. INCOME TAX EXPENSES (CONTINUED)

Reconciliation of effective income tax rate

	Group	
	2023 S\$'000	2022 S\$'000
Profit before income tax	8,589	2,128
Less: Share of results of a joint venture	(62)	(14)
Less: Share of results of an associate	*	–
	8,527	2,114
Tax at current income tax rate of 17% (2022: 17%)	1,450	359
Tax effect of expenses not deductible for income tax purposes	306	11
Tax effect of income not subject to tax	(37)	(6)
Tax effect of tax exemption	(17)	(17)
Under provision in respect of prior financial years	93	11
Others	(37)	3
	1,758	361

* Amount is less than S\$1,000

24. EARNINGS PER SHARE

The calculation for earnings per share is based on:

	Group	
	2023	2022
Profit attributable to owners of the Company (S\$'000)	6,831	1,767
Weighted average number of ordinary shares ('000)	157,064	131,200
Earnings per share (in cents)		
– Basic and diluted	4.35	1.35

The calculation of basic earnings per share for financial year ended 31 December 2023 is based on profit attributable to owners of the Company for the financial year ended 2023 divided by weighted average number of ordinary shares in issue of 157,064,550 ordinary shares. The weighted average number of ordinary shares in issue is computed based on 2 issued and paid-up shares as at incorporation, adjusted for the issue of (i) 65,599,998 new ordinary shares pursuant to the share split exercise of sub-dividing 2 existing ordinary shares into 65,600,000 shares ("Share Split"); (ii) 5,100,000 new ordinary shares to certain employees of the Group on 10 March 2023 pursuant to the share subscription agreement dated 9 March 2023; (iii) 14,000,000 new ordinary shares (post-Share Split) pursuant to the placement exercise in connection with the listing of the Company; and (iv) 84,700,000 new ordinary shares (post-Share Split) pursuant to bonus issue exercise ("Bonus issue") of one bonus share issued for every one existing share.

The calculations of basic earnings per ordinary share for financial year ended 31 December 2022 is based on profit attributable to owners of the Group for the financial year ended 2022 divided by weighted average number of ordinary shares in issue of 131,200,000 ordinary shares. The weighted average number of ordinary shares in issue is computed based on 2 issued and paid-up shares as at incorporation, adjusted for the issue of (i) 65,599,998 new ordinary shares pursuant to the Share Split; (ii) 65,600,000 new ordinary shares (post-Share Split) pursuant to Bonus Issue and assuming such transactions had occurred at the beginning of the financial year ended 31 December 2022.

The dilutive earnings per share for the relevant periods are same as the basic earnings per share as there were no dilutive potential ordinary shares for both financial years.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

25. DIVIDENDS

	Group	
	2023 S\$'000	2022 S\$'000
Interim tax-exempt dividend of S\$0.015 per ordinary share for financial year ended 31 December 2023	<u>1,270</u>	<u>-</u>

The Board of Directors proposed that a final tax exempt dividend of S\$0.01 (2022: S\$Nil) per ordinary share amounting to approximately S\$1,694,000 (2022: S\$Nil) to be paid for the financial year ended 31 December 2023. These dividends have not been recognised as a liability as at the end of the reporting period as it is subject to the approval of the shareholders at the Annual General Meeting.

26. SIGNIFICANT RELATED PARTY TRANSACTIONS

For the purpose of these financial statements, parties are considered to be related to the Group and the Company if the Group and the Company have the ability, directly or indirectly, to control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Group and the Company and the party are subject to common control or common significant influence. Related parties may be individuals or other entities.

In addition to the information disclosed elsewhere in the financial statements, the following were significant related party transaction at rates and terms agreed between Group and the Company and its related parties during the financial years ended 31 December 2023 and 31 December 2022:

	Group		Company	
	2023 S\$'000	2022 S\$'000	2023 S\$'000	2022 S\$'000
With subsidiaries				
Capital injection	-	-	10	-
Payment on behalf of and advances to	-	-	430	185
Payment on behalf by and advances from	-	-	1,016	-
Dividend income	-	-	6,000	-
With related parties*				
Payment on behalf of	41	654	-	-
Rental expenses recharged from	125	60	-	-
Rebates recharged from	-	31	-	-
Sales to	1,560	6,102	-	-
Purchases of project related expenses	54	688	-	-
With joint venture				
Capital injection	180	50	-	-
Management fee income	60	-	-	-
Advances from	60	-	-	-
With associate				
Capital injection	250	-	-	-
Deemed investment arising from advances	170	-	-	-
With Directors of the Company				
Receipts on behalf of	615	-	-	-
Advances from directors	-	354	-	354
Waiver of debts	-	1,000	-	1,000

* Related parties refer to entities where the Company's Directors have beneficial interests.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

26. SIGNIFICANT RELATED PARTY TRANSACTIONS (CONTINUED)

Compensation of key management personnel

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

The remuneration of key management personnel of the Group during the financial year ended 31 December 2023 and 31 December 2022 were as follows:

	2023 S\$'000	2022 S\$'000
Directors of the Company		
– Short-term employee benefits	680	776
– Central provident fund contribution	22	39
– Directors' fees	111	–
	813	815
Other key management personnel		
– Short-term employee benefits	773	–
– Central provident fund contribution	60	–
	833	–

27. SEGMENT INFORMATION

Management has determined the operating segments based on the reports reviewed by the chief executive officer who make strategic decisions on resource allocation and performance review of the Group.

Business segment

The Group is organised into two business segments as follows:

- a) The construction segment relating to M&E engineering; and
- b) Property development segment relating to development of properties.

Management does not monitor the operating results of the segment separately as property development segment remains inactive throughout the financial year and its contribution is less than 5% of the Group. Accordingly, the results of business segments are not presented separately.

Geographical information

During the financial years ended 31 December 2023 and 31 December 2022, the Group operated mainly in Singapore and all non-current assets were located in Singapore. Accordingly, an analysis of non-current assets and revenue of the Group by geographical distribution has not been presented.

Major customers

The Group's revenue derived from 5 (2022: 4) customers who accounted for 75% (2022: 61%) or more of the Group's revenue for the financial year ended 31 December 2023.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

28. FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL MANAGEMENT

The Group's and the Company's activities expose them to credit risk and liquidity risk arising in the ordinary course of business. The Group's and the Company's overall risk management strategy seeks to minimise adverse effects from the volatility of financial markets on the Group's and the Company's financial performance.

The Board of Directors is responsible for setting the objectives and underlying principles of financial risk management for the Group and the Company. The Group's and the Company's management then establishes the detailed process as risk identification and measurement, in accordance with the objectives and underlying principles approved by the Board of Directors.

There has been no change to the Group's and the Company's exposure to these financial risks or the manner in which the risks are managed and measured. The Group and the Company do not hold or issue derivative financial instruments for trading purposes or to hedge against fluctuations, if any, in interest rates and foreign exchanges rates.

28.1 Credit risk

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

Trade receivables, retention receivables and contract assets

The Group does not have any significant credit risk exposure to any single counterparty or any group of counterparties having similar characteristics except as follows:

- (a) The Group has outstanding trade receivables from 5 (2022: 8) customers which represent 87% (2022: 92%) of total trade receivables balance for the financial year ended 31 December 2023.
- (b) The retention receivables from 5 (2022: 4) customers represent 72% (2022: 80%) of total retention receivables for the financial year ended 31 December 2023.
- (c) The contract assets from 2 (2022: 4) customers represent 72% (2022: 72%) of total contract assets for the financial year ended 31 December 2023.

Other receivables

The Company does not have any significant credit risk exposure to any single counterparty or any group of counterparties having similar characteristics except as follows:

- (a) The Company has outstanding other receivables from 2 (2022: Nil) subsidiaries which represent 98% (2022: Nil%) of total other receivables balance for the financial year ended 31 December 2023.

The carrying amounts of financial assets recorded in the consolidated financial statements, grossed up for any allowances for losses, and the financial corporate guarantee issued by the Company for a subsidiary's trust receipts facility as disclosed in Note 16 to the financial statements represent the Group's maximum exposure to credit risks. The Group does not hold any collateral.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

28. FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL MANAGEMENT (CONTINUED)

28.1 Credit risk (continued)

Other receivables (continued)

The Group's major classes of financial assets are cash and bank balances, fixed deposits, trade and other receivables and contract assets.

As at 31 December 2023, the Group's and the Company's cash and bank balances and fixed deposits are held with the financial institutions with minimum credit rating of "AA-" (2022: AA-) based on S&P's ratings.

The Board of Directors monitors the credit rating on regular basis and considers that its cash and bank balances and fixed deposits have low credit risk based on the external credit ratings of the counterparties. The cash and bank balances and fixed deposits are measured based on 12-month credit loss model and subject to immaterial credit loss.

28.2 Liquidity risk

Liquidity risk refer to the risk in which the Group and the Company encounter difficulties in meeting short-term obligations. Liquidity risk is managed by matching the payment and receipt cycle.

The Group and the Company actively manage operating cash flows so as to ensure that all payment needs are met. As part of overall prudent liquidity management, the Group and the Company maintain sufficient levels of cash to meet the working capital requirements.

The following tables detail the Group's and the Company's remaining contractual maturity for non-derivative financial instruments. The tables have been drawn up based on undiscounted cash flows of financial instruments based on the earlier of the contractual date or when the Group and the Company are expected to pay. The adjustment column represents the possible future cash flows attributable to the instrument included in the maturity analysis which is not included in the carrying amount of the financial liabilities on the statement of financial position.

Contractual maturity analysis

	Within one financial year S\$'000	After one financial year but within five financial years S\$'000	Total S\$'000
Group 2023			
Financial liabilities			
Trade and other payables (excluding advance payments and goods and services tax payables)	9,284	-	9,284
Lease liabilities	185	181	366
Bank borrowings	953	312	1,265
Total undiscounted financial liabilities	10,422	493	10,915

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

28. FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL MANAGEMENT (CONTINUED)

28.2 Liquidity risk (continued)

Contractual maturity analysis (continued)

	Within one financial year S\$'000	After one financial year but within five financial years S\$'000	Total S\$'000
Group			
2022			
Financial liabilities			
Trade and other payables (excluding advance payments and goods and services tax payables)	5,745	–	5,745
Lease liabilities	92	56	148
Bank borrowings	475	315	790
Total undiscounted financial liabilities	<u>6,312</u>	<u>371</u>	<u>6,683</u>
			Within one financial year S\$'000
Company			
2023			
Other payables, representing total undiscounted financial liabilities			<u>452</u>
Financial corporate guarantee			<u>711</u>
2022			
Other payables, representing total undiscounted financial liabilities			<u>697</u>

28.3 Capital management policies and objectives

The Group and the Company manage capital to ensure that the Group and the Company are able to continue as a going concern and maintain an optimal capital structure so as to maximise shareholders' value.

Management reviews the capital structure to ensure that the Group is able to service any debt obligations (including principal repayment and interest) based on operating cash flows.

Overall strategy remains unchanged during the financial years ended 31 December 2023 and 31 December 2022.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

28. FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL MANAGEMENT (CONTINUED)

28.3 Capital management policies and objectives (continued)

The Group and the Company monitor capital based on a gearing ratio, which is net debt divided by total equity plus net debts. The Group's net debt includes trade and other payables (excluding advance payments and goods and services tax payables), bank borrowings and lease liabilities less cash and bank balances and fixed deposits. Equity attributable to the owners of the Group comprises share capital, other reserve and retained earnings.

	Group		Company	
	2023 S\$'000	2022 S\$'000	2023 S\$'000	2022 S\$'000
Trade and other payables (excluding advance payments and goods and services tax payables)	9,284	5,745	452	697
Bank borrowings	1,235	735	–	–
Lease liabilities	349	143	–	–
Less: Fixed deposits	(2,500)	–	(2,500)	–
Less: Cash and bank balances	(4,156)	(498)	(1,478)	(184)
Net debt/(cash)	4,212	6,125	(3,526)	513
Total equity	11,275	2,962	6,866	937
Total capital	15,487	9,087	3,340	1,450
Gearing ratio	27%	67%	N/M	35%

N/M: Not meaningful as the Company is in net cash position.

As at 31 December 2022, one of the subsidiaries was not in compliance with the covenants set out in the banking facilities letters (Note 16). The externally imposed capital requirements for the financial year ended 31 December 2023 have been complied with by the above-mentioned subsidiary.

The Company did not have externally imposed capital requirements for the financial year ended 31 December 2023 and financial period from 23 December 2021 (date of incorporation) to 31 December 2022.

28.4 Fair value measurement

Fair value hierarchy

The Group classifies fair value measurements 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 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).

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

28. FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL MANAGEMENT (CONTINUED)

28.4 Fair value measurement (continued)

Fair values of financial instruments that are not carried at fair value

The carrying amounts of the current financial assets and current financial liabilities that are not carried at fair value approximate their respective fair values as at each reporting date due to the relatively short-term maturity of these financial instruments.

The carrying amount of non-current bank borrowings approximates its fair value because it is charged at the market lending rate for similar types of lending or borrowing at the end of the reporting period. The fair value of non-current deposits approximates its fair value due to the insignificant effect of discounting.

28.5 Categories of financial instruments

The following table sets out the financial instruments as at the end of the reporting period:

	Group S\$'000	Company S\$'000
2023		
Financial assets, at amortised cost	15,267	6,186
Financial liabilities, at amortised cost	10,868	452
2022		
Financial assets, at amortised cost	8,248	184
Financial liabilities, at amortised cost	6,625	697

29. COMMITMENTS

Capital commitments

As at 31 December 2023, the Group has capital commitments in relation to the initial startup costs for a joint venture project of S\$50,000 (2022: S\$Nil) that have been contracted for but not provided for in the financial statements.

30. COMPARATIVE FIGURES

The financial statements of the Company for the current financial year covered a period of 12 months from 1 January 2023 to 31 December 2023 while the comparative figures covered the financial period from 23 December 2021 to 31 December 2022. Therefore, the amounts in the financial statements are not comparable.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

31. EVENTS AFTER REPORTING PERIOD

- (i) On 7 February 2024, the Group and the Company completed the acquisition of the entire issued and paid-up capital of Fire-Guard Engineering Pte. Ltd. ("FG"). Pursuant to the completion, FG became a wholly owned subsidiary of the Company.

The primary reason for the acquisition is expanding the Group's existing fire protection system engineering services as FG's services are complementary to the Group's existing offerings of M&E engineering services. The Group is also able to benefit from expected synergies that can be achieved in combining the operations of FG with the Group such as expanding the Group's presence in Singapore and tapping on the workforce expertise.

The consideration for the acquisition amounted to S\$4.2 million, comprises cash consideration of S\$2.1 million and shares consideration of S\$2.1 million by issuance of 5,250,000 of the Company's ordinary shares.

The Company is in the midst of finalising the purchase price allocation of this acquisition. Accordingly, no disclosure on the effect of the acquisition has been made under the requirements of SFRS(I) 3 *Business Combinations* as the fair value of the net assets of the acquires are not determinable as of the date of this report.

- (ii) On 5 March 2024, the Company has increased its cost of investment in one of the subsidiary, Sunbeam M&E Pte. Ltd. for 499,998 ordinary shares with total consideration of S\$499,998. Consequently, the ordinary shares held by the Company in the subsidiary increased from 1,000,002 ordinary shares to 1,500,000 ordinary shares.

STATISTICS OF SHAREHOLDINGS

Shareholdings Statistics as at 28 March 2024

Class of shares	: Ordinary shares
Total number of ordinary shares (excluding treasury shares and subsidiary holdings)	: 169,137,900
Voting rights	: 1 vote per ordinary share
Total number of treasury shares held and percentage	: 262,100 (0.1550%)
Total number of subsidiary holdings held and percentage	: Nil

ANALYSIS OF SHAREHOLDINGS

Size of Shareholdings	No. of Shareholders	%	No. of Shares	%
1 – 99	0	0.00	0	0.00
100 – 1,000	10	13.70	4,500	0.00
1,001 – 10,000	19	26.03	92,000	0.06
10,001 – 1,000,000	37	50.68	3,488,500	2.06
1,000,001 and above	7	9.59	165,552,900	97.88
	73	100.00	169,137,900	100.00

TOP 20 SHAREHOLDERS

No.	Name of Shareholder	No. of Shares	%
1	Sun Renwang	65,600,000	38.78
2	Xu Ruibing	65,600,000	38.78
3	KGI Securities (Singapore) Pte. Ltd.	19,682,600	11.64
4	Dong Zhaoyan	6,177,400	3.65
5	Zhiwei Lin	3,729,000	2.20
6	Tiger Brokers (Singapore) Pte. Ltd.	2,763,900	1.63
7	Hexacon Construction Pte Ltd	2,000,000	1.18
8	Hu Zhi Gong	368,000	0.22
9	Zhang Xiuli	301,600	0.18
10	Jin Changsheng	200,000	0.12
11	Sithu Htet	196,000	0.12
12	Ji Zhe	184,000	0.11
13	Lui Yuen Chen	184,000	0.11
14	Zheng Zhangfei	180,000	0.11
15	iFast Financial Pte. Ltd.	153,200	0.09
16	Xu Shikai	135,000	0.08
17	Moomoo Financial Singapore Pte. Ltd.	134,600	0.08
18	Su Chang	116,000	0.07
19	Tay Kok Hwee	100,000	0.06
20	Ang Choon Cheng	92,000	0.05
		167,897,300	99.26

STATISTICS OF SHAREHOLDINGS

Substantial Shareholders as at 28 March 2024 (As recorded in the Register of Substantial Shareholders)

No.	Name	Direct Interest		Deemed Interests	
		No. of shares held	%	No. of shares held	%
1.	Sun Renwang	65,600,000	38.78	–	–
2.	Xu Ruibing	65,600,000	38.78	–	–

SHAREHOLDINGS HELD IN HANDS OF PUBLIC

As at 28 March 2024, 22.43% of the Company's shares are held in the hands of public. Accordingly, the Company has complied with Rule 723 of the Listing Manual Section B: Rules of Catalist of the Singapore Exchange Securities Trading Limited which requires at least 10% of the total number of issued shares (excluding preference shares, convertible equity securities and treasury shares) in a class that is listed at all times held by the public.

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Annual General Meeting (“**AGM**”) of Ever Glory United Holdings Limited (“**Company**”) will be convened and held at 3 Little Road, #02-01, CRF Building, Singapore 536982 on Monday, 29 April 2024 at 10.00 a.m. for the following purposes:

AS ORDINARY BUSINESS

1. To receive and adopt the Audited Financial Statements and the Directors’ Statement of the Company and the Group for the financial year ended 31 December 2023 together with the Independent Auditors’ Report thereon.

(Resolution 1)
2. To approve a final dividend (one-tier tax exempt) of 1 Singapore cent per ordinary share for the financial year ended 31 December 2023.

(Resolution 2)
3. To approve the payment of Directors’ fees of S\$111,397 for the financial year ended 31 December 2023.

(Resolution 3)
4. To approve the payment of Directors’ fees of S\$180,000 for the financial year ending 31 December 2024, payable on a quarterly basis in arrears.

(Resolution 4)
5. To re-elect the following Directors who will be retiring pursuant to Regulation 97 of the Constitution of the Company:
 - (a) Mr. Sun Renwang **(Resolution 5)**
 - (b) Mr. Chua Siong Kiat **(Resolution 6)**

[See Explanatory Note (i)]
6. To re-appoint Messrs BDO LLP as the Independent Auditors of the Company and to authorise the Directors of the Company to fix their remuneration.

(Resolution 7)
7. To transact any other ordinary business which may properly be transacted at an AGM.

AS SPECIAL BUSINESS

To consider and, if thought fit, to pass the following resolutions (with or without any modifications) as Ordinary Resolutions:

8. Authority to issue shares in the capital of the Company pursuant to Section 161 of the Companies Act 1967 of Singapore (“**Companies Act**”) and Rule 806 of the Singapore Exchange Securities Trading Limited (“**SGX-ST**”) Listing Manual Section B: Rules of Catalist (“**Catalist Rules**”)

THAT the Directors be and are hereby authorised pursuant to the provisions of Section 161 of the Companies Act and Rule 806 of the Catalist Rules to:

- (a) (i) allot and issue shares in the capital of the Company (“**Shares**”) by way of rights, bonus or otherwise; and/or

NOTICE OF ANNUAL GENERAL MEETING

- (ii) make or grant offers, agreements or options (collectively, “**Instruments**”) that might or would require Shares to be issued, including but not limited to the creation and issue of (as well as adjustments to) options, warrants, debentures or other instruments convertible into Shares,

at any time and upon such terms and conditions and for such purposes and to such persons as the Directors may deem fit; and

- (b) (notwithstanding the authority conferred by this Resolution may have ceased to be in force) issue Shares in pursuance of the Instruments made or granted by the Directors while this Resolution was in force.

PROVIDED ALWAYS THAT:

- (1) the aggregate number of Shares to be issued pursuant to this Resolution (including Shares to be issued in pursuance of the Instruments, made or granted pursuant to this Resolution) shall not exceed one hundred percent (100%) of the total number of issued Shares (excluding treasury shares and subsidiary holdings) (as calculated in accordance with sub-paragraph (2) below), of which the aggregate number of Shares to be issued other than on a *pro rata* basis to existing shareholders of the Company shall not exceed fifty percent (50%) of the total number of issued Shares (excluding treasury shares and subsidiary holdings) (as calculated in accordance with sub-paragraph (2) below) or such other limit as may be prescribed by the Catalist Rules as at the date of this resolution in force;
- (2) (subject to the manner of calculation and adjustments as may be prescribed by the SGX-ST) for the purpose of determining the aggregate number of Shares (including Shares to be issued in pursuance of the Instruments, made or granted pursuant to this Resolution) that may be issued under sub-paragraph (a) above, the percentage of the total issued Shares shall be based on the total number of issued Shares (excluding treasury shares and subsidiary holdings) at the time this Resolution is passed, after adjusting for:
 - (a) new Shares arising from the conversion or exercise of any convertible securities;
 - (b) new Shares arising from exercising of share options or vesting of share awards, provided that the share options or share awards (as the case may be) were granted in compliance with Part VIII of Chapter 8 of the Catalist Rules; and
 - (c) any subsequent bonus issue, consolidation or subdivision of Shares.

Adjustments in accordance with sub paragraphs 8(2)(a) or 8(2)(b) are only to be made in respect of new shares arising from convertible securities, share options or share awards which were issued and outstanding or subsisting at the time of the passing of the resolution approving the mandate;

- (3) in exercising the authority conferred by this Resolution, the Company shall comply with the provisions of the Catalist Rules for the time being in force (unless such compliance has been waived by the SGX-ST), and all applicable legal requirements under the Companies Act and the Constitution for the time being of the Company; and
- (4) the authority conferred by this Resolution shall, unless revoked or varied by the Company in a general meeting, continue in force until the conclusion of the Company’s next AGM or the date by which the next AGM of the Company is required by law to be held, whichever is earlier.

(Resolution 8)

[See Explanatory Note (ii)]

NOTICE OF ANNUAL GENERAL MEETING

9. Authority to issue shares under the Ever Glory Employee Share Option Scheme

That pursuant to Section 161 of the Companies Act and the provisions of the Ever Glory Employee Share Option Scheme (“**Ever Glory ESOS**”), the Directors of the Company be authorised and empowered to offer and grant share options under the Ever Glory ESOS and to allot and issue from time to time such number of Shares as may be required to be issued pursuant to the exercise of share options granted by the Company under the Ever Glory ESOS, whether granted during the subsistence of this authority or otherwise, provided always that the aggregate number of additional ordinary Shares to be allotted and issued pursuant to the Ever Glory ESOS and the Ever Glory PSP (as defined herein) shall not exceed fifteen per centum (15.0%) of the total number of issued Shares (excluding treasury shares and subsidiary holdings) on the day immediately preceding the date of offer of the employee share options and that such authority shall, unless revoked or varied by the Company in a general meeting, continue in force until the conclusion of the next AGM of the Company or the date by which the next AGM of the Company is required by law to be held, whichever is earlier.

(Resolution 9)

[See Explanatory Note (iii)]

10. Authority to issue shares under the Ever Glory Performance Share Plan

That pursuant to Section 161 of the Companies Act and the provisions of the Ever Glory Performance Share Plan (“**Ever Glory PSP**”), the Directors of the Company be authorised and empowered to offer and grant share awards under the Ever Glory PSP and to allot and issue from time to time such number of Shares as may be required to be issued pursuant to the vesting of share awards under the Ever Glory PSP, whether granted during the subsistence of this authority or otherwise, provided always that the aggregate number of additional ordinary Shares to be issued pursuant to the Ever Glory PSP and the Ever Glory ESOS shall not exceed fifteen per centum (15.0%) of the total number of issued Shares (excluding treasury shares and subsidiary holdings) on the day preceding the relevant date of the award and that such authority shall, unless revoked or varied by the Company in a general meeting, continue in force until the conclusion of the next AGM of the Company or the date by which the next AGM of the Company is required by law to be held, whichever is earlier.

(Resolution 10)

[See Explanatory Note (iv)]

11. Proposed Renewal of Share Buyback Mandate

“That:-

- (a) for the purposes of the Companies Act and the Catalist Rules of the SGX-ST, the Directors of the Company be authorised to exercise all the powers of the Company to purchase or otherwise acquire Shares not exceeding in aggregate the Maximum Percentage (as hereinafter defined), at such price(s) as may be determined by the Directors of the Company from time to time up to the Maximum Price (as hereafter defined), and such purchases and acquisitions of the Shares may be effected by way of:-
 - (i) an on-market purchase, transacted through the SGX-ST’s trading system or any other stock exchange on which the Shares may for the time being be listed and quoted (as the case may be), through one or more duly licensed stockbrokers appointed by the Company for such purpose (“**Market Purchase**”); and/or
 - (ii) an off-market purchase (if effected otherwise than on the SGX-ST) in accordance with an equal access scheme(s), as defined in Section 76C of the Companies Act (“**Off-Market Purchase**”),

NOTICE OF ANNUAL GENERAL MEETING

and otherwise in accordance with all other laws and regulations, including but not limited to, the provisions of the Companies Act, the Constitution of the Company and the Catalist Rules as may for the time being be applicable, be and is hereby authorised and approved generally and unconditionally (the “**Share Buyback Mandate**”);

- (b) any Share that is purchased or otherwise acquired by the Company pursuant to the Share Buyback Mandate shall, at the discretion of the Directors of the Company, either be cancelled or held in treasury and dealt with in accordance with the Companies Act;
- (c) unless varied or revoked by the Company in general meeting, the authority conferred on the Directors of the Company pursuant to the Share Buyback Mandate may be exercised by the Directors at any time and from time to time during the period commencing from the date of the AGM, at which the Share Buyback Mandate is approved, and expiring on the earliest of:
 - (i) the conclusion of the next AGM or the date by which such AGM is required by the applicable law in Singapore or the Constitution to be held; or
 - (ii) the date on which the purchases or acquisitions of Shares are carried out to the full extent mandated; or
 - (iii) the date on which the authority conferred by the Share Buyback Mandate is varied or revoked by Shareholders in a general meeting,

(the “**SBB Relevant Period**”);

- (d) for the purposes of this Resolution:

“**Average Closing Price**” means the average of the closing market prices of the shares over the last five (5) days on which the SGX-ST is open for trading in securities (“**Market Days**”), on which transactions in the Shares were recorded, (a) (in the case of a Market Purchase) immediately preceding the day of the Market Purchase, or (b) (in the case of an Off-Market Purchase) immediately preceding the day of the making of the offer pursuant to the Off-Market Purchase, and in either case, deemed to be adjusted for any corporate action that occurs during the relevant five (5) Market Day period and the day on which the purchases or acquisitions are made;

“**day of the making of the offer**” means the day on which the Company announces its intention to make an offer for an Off-Market Purchase, stating the purchase price (which shall not be more than the Maximum Price for an Off-Market Purchase calculated on the foregoing basis) for each Share and the relevant terms of the equal access scheme for effecting the Off-Market Purchase;

“**Maximum Percentage**” means no more than ten percent (10%) of the issued Shares of the Company as at the date of the AGM at which the Share Buyback Mandate is approved, unless the Company has effected a reduction of its share capital in accordance with the Companies Act at any time during the SBB Relevant Period, in which event the total number of Shares of the Company shall be taken to be the total number of Shares of the Company as altered. For purposes of calculating the Maximum Percentage, any of the Shares which are held as treasury shares or subsidiary holdings will be disregarded; and

“**Maximum Price**” in relation to a Share to be purchased or acquired, means the purchase price of the Shares (excluding brokerage, commissions, stamp duties, applicable goods and services tax, clearance fees and other related expenses of Share Buyback) which in any case cannot exceed, in respect of each Share: (i) in the case of a Market Purchase, 105% of the Average Closing Price of the Shares; and (ii) in the case of an Off-Market Purchase, 120% of the Average Closing Price of the Shares; and

NOTICE OF ANNUAL GENERAL MEETING

- (e) the Directors of the Company and/or any of them be and are hereby authorised to complete and do and execute all such things and acts (including without limitation, to execute all such documents as may be required and to approve any amendments, alterations or modifications to any documents), as they and/or he may consider desirable, expedient or necessary to give effect to the transactions contemplated and/or authorised by this ordinary resolution.”

(Resolution 11)

[See Explanatory Note (v)]

12. The Proposed Renewal of the General Mandate for Interested Person Transactions

“That:–

- (a) approval be and is hereby given for the purposes of Chapter 9 of the Catalist Rules, for the Company, its subsidiaries and associated companies which fall within the definition of “**entities at risk**” under Chapter 9 of the Catalist Rules, or any of them to enter into any transaction falling within the categories of the Mandated Interested Person Transactions described in the appendix to this Notice of AGM dated 12 April 2024 (the “**Appendix**”), with any Mandated Interested Persons as described in the Appendix, provided that such transactions are made on normal commercial terms and are not prejudicial to the Company and its minority Shareholders, and are entered into in accordance with the review procedures for such interested person transactions as set out in the Appendix;
- (b) the approval given in paragraph (a) above shall, unless revoked or varied by the Company in a general meeting, continue in force until the earlier of the following: (i) the conclusion of the next AGM or (ii) the expiration of the period within which the next AGM is required by law to be held; and
- (c) the Directors and each of them be and are hereby authorised and empowered to complete and do all such things and acts (including without limitation, to execute all such documents as may be required and to approve any amendments, alterations or modifications to any documents), as they and/or he may consider desirable, expedient or necessary to give effect to the transactions contemplated and/or authorised by this ordinary resolution.”

(Resolution 12)

[See Explanatory Note (vi)]

By Order of the Board

Sharon Lim Siew Choo
Company Secretary
12 April 2024

Explanatory Notes

- (i) Mr. Sun Renwang will, upon re-election as a Director of the Company, remain as the Non-Independent Non-Executive Chairman of the Company. Please refer to pages 111 to 122 of the Company’s annual report for the detailed information required pursuant to Rule 720(5) of the Catalist Rules.

Mr. Chua Siong Kiat will, upon re-election as a Director of the Company, remains as the Chairman of the Audit Committee and a member of the Nominating Committee and Remuneration Committee. The Board of Directors considers him to be independent for the purpose of Rule 704(7) of the Catalist Rules. Please refer to pages 111 to 122 of the Company’s annual report for the detailed information required pursuant to Rule 720(5) of the Catalist Rules.

- (ii) Ordinary Resolution 8 above, if passed, will authorise the Directors of the Company from the date of this AGM until the date of the next AGM of the Company, or the date by which the next AGM of the Company is required by law to be held or such authority is varied or revoked by the Company in a general meeting, whichever is the earlier, to allot and issue Shares, make or grant Instruments convertible into Shares and to issue Shares pursuant to such Instruments. The aggregate number of Shares (including Shares to be made in pursuance of Instruments made or granted pursuant to this Resolution) which the Directors may allot and issue, shall not exceed, in total, one hundred percent (100%) of the total number of issued Shares (excluding treasury shares and subsidiary holdings), of which the total number of Shares issued other than on a *pro rata* basis to existing shareholders of the Company, shall not exceed fifty percent (50%) of the total number of issued Shares (excluding treasury shares and subsidiary holdings).

NOTICE OF ANNUAL GENERAL MEETING

For determining the aggregate number of Shares that may be allotted and issued, the percentage of total issued Shares will be calculated based on the total number of issued Shares (excluding treasury shares and subsidiary holdings) at the time this Ordinary Resolution 8 is passed after adjusting for new Shares arising from the conversion or exercise of any convertible securities, the exercise of share options or vesting of share awards outstanding or subsisting at the time when this Ordinary Resolution 8 is passed and any subsequent consolidation or subdivision of Shares.

- (iii) Ordinary Resolution 9 above, if passed, will authorise the Directors of the Company, from the date of this AGM until the next AGM of the Company, or the date by which the next AGM of the Company is required by law to be held or such authority is varied or revoked by the Company in a general meeting, whichever is the earlier, to allot and issue Shares pursuant to the exercise of share options granted or to be granted under the Ever Glory ESOS provided that the aggregate additional Shares to be allotted and issued pursuant to the Ever Glory ESOS and Ever Glory PSP do not exceed in total fifteen per centum (15.0%) of the total number of issued Shares (excluding treasury shares and subsidiary holdings) from time to time.
- (iv) Ordinary Resolution 10 above, if passed, will authorise the Directors of the Company, from the date of this AGM until the next AGM of the Company, or the date by which the next AGM of the Company is required by law to be held or such authority is varied or revoked by the Company in a general meeting, whichever is the earlier, to allot and issue Shares pursuant to the vesting of share awards under the Ever Glory PSP provided that the aggregate additional Shares to be allotted and issued pursuant to the Ever Glory PSP and Ever Glory ESOS do not exceed in total fifteen per centum (15.0%) of the total number of issued Shares (excluding treasury shares and subsidiary holdings) from time to time.
- (v) Ordinary Resolution 11 above, if passed, will authorise the Directors of the Company to purchase up to 10% of the total number of issued Shares in the share capital of the Company (excluding treasury shares and any subsidiary holdings) during the SBB Relevant Period. Please refer to the Appendix for further details.
- (vi) Ordinary Resolution 12 above, if passed, will authorise the Mandated Interested Person Transactions as described in the Appendix recurring in the year, and will authorise the Directors to do all acts necessary to give effect to the transactions contemplated and/or authorised by this Ordinary Resolution 12. Such authority shall, unless revoked or varied by the Company in general meeting, continue in force until the earlier of the following: (i) the conclusion of the next AGM or (ii) the expiration of the period within which the next AGM is required by law to be held. Please refer to the Appendix for further details.

Notes relating to conduct of Meeting:

1. The members of the Company are invited to **attend physically** at the AGM. **There will be no option for the members to participate virtually.** This Notice of AGM, Proxy Form, Request Form (to request for printed copy of the Annual Report) and the Annual Report (including the Appendix) will be sent to members by electronic means via publication on SGXNET at <https://www.sgx.com/securities/company-announcements>. Printed copies of this Notice of AGM, Proxy Form and the Request Form will also be sent by post to members. Members who wish to receive a printed copy of the Annual Report and the Appendix are required to complete the Request Form and return it to the Company by 19 April 2024:
 - (i) via email to shareregistry@incorp.asia; or
 - (ii) via post to the Company's registered address at 3 Little Road, #03-01 CRF Building, Singapore 536982.
2. Please bring along your NRIC/passport to the AGM so as to enable the Company to verify your identity.

Voting by proxy

3. A member who is unable to attend the AGM and wishes to appoint proxy(ies) to attend, speak and vote at the AGM on his/her/its behalf should complete, sign and return the instrument of proxy in accordance with the instructions printed thereon.
4. A proxy need not be a member of the Company.
5. In relation to the appointment of proxy(ies) to attend, speak and vote on his/her/its behalf at the AGM, a member (whether individual or corporate) appointing his/her/its proxy(ies) should give specific instructions as to his/her/its manner of voting, or abstentions from voting, in respect of a resolution in the instrument of proxy. If no specific instruction as to voting are given, or in the event of any other matter arising at the AGM and at any adjournment thereof, the proxy(ies) will vote or abstain from voting at his/her/their discretion.

NOTICE OF ANNUAL GENERAL MEETING

6. The instrument appointing a proxy or proxies must be under the hand of the appointor or of his attorney duly authorised in writing. Where the instrument appointing a proxy or proxies is executed by a corporation, it must be executed as a deed in accordance with the Companies Act 1967 or under the hand of an attorney or an officer duly authorised, or in some other manner approved by the Directors. Where the instrument appointing a proxy or proxies is executed by an attorney on behalf of the appointor, the letter or power of attorney or a duly certified copy thereof must be lodged with the instrument of proxy.
7. The instrument appointing a proxy, together with the letter or power of attorney or other authority under which it is signed or a duly certified copy thereof (if applicable), must be submitted either:
 - (a) if sent personally or by post, the proxy form must be lodged at the Company's registered office at 3 Little Road, #03-01 CRF Building, Singapore 536982; or
 - (b) if by email, the proxy form must be received at shareregistry@incorp.asia;

in either case, **by no later than 26 April 2024, 10.00 a.m., being seventy-two (72) hours before the time appointed for holding the Meeting.**

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 before scanning and sending it by email to the email address provided above.

A member can appoint the Chairman of the Meeting as his/her/its proxy, but this is not mandatory.

In appointing the Chairman of the Meeting as proxy, the Shareholder (whether individual or corporate) must give specific instructions as to voting, or abstentions from voting, in the form of proxy, failing which the appointment of the Chairman of the Meeting as proxy for that resolution will be treated as invalid.

In appointing such other person(s) as proxy, if no specific direction as to voting is given, the proxy/proxies will vote or abstain from voting at his/her/their discretion, as he/she/they will on any other matters arising at the Meeting.

The proxy must bring along his/her NRIC/passport so as to enable the Company to verify his/her identity.

8. (a) A member who is not a relevant intermediary* is entitled to appoint not more than two (2) proxies to attend, speak and vote at the AGM. Where such member appoints two (2) proxies, he/she should specify the proportion of his/her shareholding (expressed as a percentage of the whole) to be presented by each proxy in the instrument appointing a proxy or proxies.
- (b) A member who is a relevant intermediary* is entitled to appoint more than two (2) proxies to attend, speak and vote at the AGM, but each proxy must be appointed to exercise the rights attached to a different share or shares held by such member. Where such member appoints more than two (2) proxies, the number and class of shares in relation to which each proxy has been appointed shall be specified in the instrument appointing a proxy or proxies.

***Relevant Intermediary**" has the meaning ascribed to it in Section 181 of the Companies Act 1967, as set out below:

- (a) a banking corporation licensed under the Banking Act 1970 of Singapore or a wholly-owned subsidiary of such a banking corporation, whose business includes the provision of nominee services and who holds shares in that capacity; or
 - (b) a person holding a capital markets services licence to provide custodial services for securities under the Securities and Futures Act 2001 of Singapore and who holds shares in that capacity; or
 - (c) the Central Provident Fund Board established by the Central Provident Fund Act 1953 of Singapore, in respect of shares purchased under the subsidiary legislation made under that Act providing for the making of investments from the contributions and interest standing to the credit of members of the Central Provident Fund, if the Board holds those shares in the capacity of an intermediary pursuant to or in accordance with that subsidiary legislation.
9. Investors who hold shares under SRS are unable to attend the meeting but would like to vote should approach their respective SRS Operators to submit their votes at least seven (7) working days before the AGM. SRS Investors should contact their respective SRS Operators for any queries they may have with regard to the appointment of proxy for the AGM.
 10. 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.

NOTICE OF ANNUAL GENERAL MEETING

Submission of questions prior to the AGM

11. Shareholders may submit questions relating to the resolutions to be tabled for approval at the AGM or in advance of the AGM no later than 10.00 a.m. on 19 April 2024:

- (a) by email to enquiry@egu-holdings.com; or
- (b) in physical copy by depositing the same at the registered office of the Company at 3 Little Road, #03-01 CRF Building, Singapore 536982.

Shareholders submitting questions are required to state: (a) their full name; (b) their identification/registration number, and (c) the manner in which his/her/its shares in the Company are held (e.g. via CDP, SRS and/or scrip), failing which the Company shall be entitled to regard the submission as invalid and not respond to the questions submitted.

All questions submitted in advance of the AGM must be received by the Company by the time and date stated above to be treated as valid.

12. The Company will address all relevant and substantial questions relating to the resolutions to be tabled and received by 10:00 a.m. on 19 April 2024, on or before 23 April 2024 via SGXNet. This is to allow Shareholders sufficient time and opportunity to consider the Company's responses before the deadline for the submission of proxy forms. Any subsequent clarification sought, or substantive and relevant questions which are submitted after 10.00 a.m. on 19 April 2024 will be consolidated and addressed at the AGM.

PERSONAL DATA PRIVACY

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

Ever Glory United Holdings Limited (the "**Company**") was listed on Catalist of the Singapore Exchange Securities Trading Limited (the "**SGX-ST**") on 18 May 2023. The initial public offering of the Company was sponsored by Novus Corporate Finance Pte. Ltd. (the "**Sponsor**").

This Notice of AGM has been prepared by the Company and reviewed by the Sponsor, in compliance with Rule 226(2)(b) of the SGX-ST Listing Manual Section B: Rules of Catalist.

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

The contact person for the Sponsor is Mr Pong Chen Yih, Chief Operating Officer, at 7 Temasek Boulevard, #18-03B Suntec Tower 1, Singapore 038987, telephone (65) 6950 2188.

PARTICULARS OF DIRECTORS PURSUANT TO THE CODE OF CORPORATE GOVERNANCE

Name of Director	Academic/ Professional Qualifications	Board Appointment Executive/ Non-executive	Board Committees as Chairman or Member	Date of Appointment	Date of Last Re-election	Listed company directorships	Other principal commitments
Sun Renwang	<ul style="list-style-type: none"> Nil 	Non-Independent Non-Executive Chairman	Chairman of the Board	23 December 2021	28 April 2023	–	<ul style="list-style-type: none"> Sunbeam M&E Pte. Ltd. Ever Capital Pte. Ltd. Century Building Construction Pte. Ltd. Chan Rong Fen Building Construction Pte Ltd CRF Land Pte. Ltd. Fantasia (Park) Pte. Ltd. Long Wang Development Pte. Ltd. Rich Capital Realty Pte. Ltd. SG United Construction Pte Ltd RWSun Pte. Ltd. RWSun Development Pte. Ltd. SYK Development Pte. Ltd.
Xu Ruibing	<ul style="list-style-type: none"> Bachelor of Engineering specialising in Electrical Engineering from Northwestern Polytechnical University, PRC 	Executive Director and Chief Executive Officer	Board Member	23 December 2021	28 April 2023	–	<ul style="list-style-type: none"> Sunbeam M&E Pte. Ltd. Ever Capital Pte. Ltd.

PARTICULARS OF DIRECTORS PURSUANT TO THE CODE OF CORPORATE GOVERNANCE

Name of Director	Academic/ Professional Qualifications	Board Appointment Executive/ Non-executive	Board Committees as Chairman or Member	Date of Appointment	Date of Last Re-election	Listed company directorships	Other principal commitments
Chua Siong Kiat	<ul style="list-style-type: none"> Master of Business Administration and Diploma of the Imperial College in Management (MBA, DIC) from Imperial College London Business School, University of London Fellow Member of Association of Chartered Certified Accountants (FCCA), Certified Internal Auditor (CIA), Chartered Accountant of Singapore (CA, Singapore), Chartered Valuer and Appraiser (CVA), and Senior Accredited Director conferred by Singapore Institute of Directors (SID) 	Lead Independent Non-Executive Director	Board Member and Chairman of the Audit Committee, and Member of Nominating Committee and Remuneration Committee	20 April 2023	28 April 2023	<ul style="list-style-type: none"> Heatec Jietong Holdings Limited VCI Global Limited New Silkroutes Group Limited 	<ul style="list-style-type: none"> Lighthouse Business Consulting Pte Ltd Starwork Vision Pte. Ltd. Robotic Vision Inc. Pte. Ltd. MIT Investment Pte. Ltd. Memiontec Holdings Limited
Kong Chee Keong	<ul style="list-style-type: none"> Bachelor of Accountancy from the National University of Singapore and an MBA from the University of Manchester Fellow member of Chartered Accountant of Singapore (CA, Singapore) and fellow member of the Singapore Institute of Directors (SID) 	Independent Non-Executive Director	Board Member, Chairman of the Remuneration Committee and Member of the Audit Committee and Nominating Committee	20 April 2023	28 April 2023	<ul style="list-style-type: none"> JEP Holdings Limited 	<ul style="list-style-type: none"> Penvest Co. Pte. Ltd.
Goh Siong Pheok Francis	<ul style="list-style-type: none"> Bachelor of Law from the National University of Singapore 	Independent Non-Executive Director	Board Member, Chairman of the Nominating Committee and Member of the Audit Committee and Remuneration Committee	20 April 2023	28 April 2023	–	<ul style="list-style-type: none"> Harry Elias Partnership LLP

ADDITIONAL INFORMATION ON DIRECTORS NOMINATED FOR RE-ELECTION

Pursuant to Rule 720(5) of the Catalist Rules, the information as set out in Appendix 7F to the Catalist Rules relating to Mr. Sun Renwang and Mr. Chua Siong Kiat, being the Directors who are retiring in accordance with the Company's Constitution at the forthcoming AGM, is set out below:

Details	Name of Director	
	Sun Renwang	Chua Siong Kiat
Date of Appointment	23 December 2021	20 April 2023
Date of last re-appointment (if applicable)	28 April 2023	28 April 2023
Age	51	52
Country of principal residence	Singapore	Singapore
The Board's comments on this appointment (including rationale, selection criteria, board diversity considerations and the search and nomination process)	<p>Mr. Sun Renwang was nominated for re-election as Director at the forthcoming AGM pursuant to the Company's Constitution.</p> <p>The NC's process in recommending the nomination for re-election of Director and the assessment of the contribution of the Director has been disclosed under Principle 4 and Principle 5 of the Corporate Governance Report.</p> <p>Having regard to the above, the Board of the Company has accepted the NC's recommendation, who has reviewed and considered that Mr. Sun Renwang is able to exercise judgement as the Non-Independent Non-Executive Director on the corporate affairs of the Group.</p>	<p>Mr. Chua Siong Kiat was nominated for re-election as Director at the forthcoming AGM pursuant to the Company's Constitution.</p> <p>The NC's process in recommending the nomination for re-election of Director, review of the independence of the Independent Director and the assessment of the contribution of the Director has been disclosed under Principle 4 and Principle 5 of the Corporate Governance Report.</p> <p>The Board of the Company has accepted the NC's recommendation, who has reviewed and considered that Mr. Chua Siong Kiat is able to exercise judgement as an Independent Director on the corporate affairs of the Group and is independent of the Management.</p> <p>The Board considers Mr. Chua Siong Kiat to be independent for the purpose of Rule 704(7) of the Catalist Rules.</p>
Whether appointment is executive, and if so, the area of responsibility	Non-Executive	Non-Executive
Job Title (e.g. Lead ID, AC Chairman, AC Member etc.)	Non-Independent Non-Executive Director	Lead Independent Non-Executive Director, Chairman of the Audit Committee and member of the Nominating Committee and the Remuneration Committee

ADDITIONAL INFORMATION ON DIRECTORS NOMINATED FOR RE-ELECTION

Details	Name of Director	
	Sun Renwang	Chua Siong Kiat
Professional qualifications	Nil	<p>Master of Business Administration and Diploma of the Imperial College in Management (MBA, DIC) from Imperial College London Business School, University of London</p> <p>Fellow Member of Association of Chartered Certified Accountants (FCCA)</p> <p>Chartered Accountant of Singapore (CA Singapore)</p> <p>Chartered Valuer and Appraiser (CVA), Institute of Valuers and Appraisers, Singapore and Singapore Accountancy Commission</p> <p>Certified Internal Auditor (CIA), Institute of Internal Auditors</p>
Working experience and occupation(s) during the past 10 years	<p>June 2021 to Present: Executive Director and CEO, RWSun Development Pte. Ltd.</p> <p>December 2020 to Present: Executive Director and CEO, Chan Rong Fen Building Construction Pte Ltd (“CRF”)</p> <p>September 2018 to Present: Executive Director and CEO, CRF Land Pte. Ltd.</p> <p>March 2018 to Present: Executive Director, SG United Construction Pte. Ltd. (“SGUC”)</p> <p>March 2013 to Present: Executive Director and CEO, Century Building Construction Pte. Ltd.</p> <p>April 2012 to Present: Executive Director and CEO, RWSun Pte. Ltd.</p>	<p>April 2023 to Present: Chief Financial Officer, Memiontec Holdings Limited (“Memiontec”)</p> <p>November 2015 to Present: Director of Lighthouse Business Consulting Pte Ltd</p> <p>October 2021 to January 2023: Group Chief Financial Officer, TEE International Limited (“TEE”)</p> <p>August 2020 to September 2021: Chief Financial Officer, Wai Fong Construction Pte Ltd</p> <p>July 2017 to January 2018: Appointed Chief Financial Officer (Global Hospitality Trust Project), Amare Investment Management Group Pte Ltd</p>

ADDITIONAL INFORMATION ON DIRECTORS NOMINATED FOR RE-ELECTION

Details	Name of Director	
	Sun Renwang	Chua Siong Kiat
		<p>March 2016 to July 2017: Executive Director and Head of Non-Property Business (February 2017 to July 2017), Alternate Director (March 2016 to February 2017) and Interim Group Chief Operating Officer (July 2016 to February 2017), Pacific Star Development Limited (formerly known as LH Group Limited) (“PSDL”)</p> <p>July 2013 to September 2015: Executive Director (Appointed in November 2013) and Chief Financial Officer of Libra Group Limited</p>
Shareholding interest in the listed issuer and its subsidiaries	Mr. Sun Renwang holds a direct interest of 65,600,000 shares in the capital of the Company.	Nil
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	Nil	Nil
Conflict of interest (including any competing business)	Nil	Nil
Undertaking (in the format set out in Appendix 7H) under Rule 720(1) has been submitted to the listed issuer	Yes	Yes

ADDITIONAL INFORMATION ON DIRECTORS NOMINATED FOR RE-ELECTION

Details	Name of Director	
	Sun Renwang	Chua Siong Kiat
Other Principal Commitments Including Directorships	<p><u>Past (for the last 5 years)</u></p> <p>Director of:</p> <ul style="list-style-type: none"> • Fantasia (West) Pte. Ltd • NSS Realty Pte. Ltd. • Ling Chuang M&E Pte. Ltd. <p><u>Present</u></p> <p>Director of:</p> <ul style="list-style-type: none"> • Sunbeam M&E Pte. Ltd. • Ever Capital Pte. Ltd. • Century Building Construction Pte. Ltd. • CRF • CRF Land Pte. Ltd. • Fantasia (Park) Pte. Ltd. • Long Wang Development Pte. Ltd. • Rich Capital Realty Pte. Ltd. • RWSun Pte. Ltd. • RWSun Development Pte. Ltd. • SGUC • SYK Development Pte. Ltd. 	<p><u>Past (for the last 5 years)</u></p> <ul style="list-style-type: none"> • China Yuanbang Property Holdings Limited • Nutryfarm International Limited • JES International Holdings Limited • Axington Inc. (“Axington”) • Kitchen Culture Holdings Limited • China Star Food Group Limited (currently known as Zixin Group Holdings Limited) • National Arthritis Foundation • TEE Infrastructure Pte Ltd • Trans Equatorial Engineering Pte Ltd (“Trans Equatorial”) • Omni Sharing Pte. Ltd. <p><u>Present</u></p> <p>Director of:</p> <ul style="list-style-type: none"> • Heatec Jietong Holdings Limited • VCI Global Limited • New Silkroutes Group Limited (“NSG”) • Lighthouse Business Consulting Pte Ltd • Starwork Vision Pte. Ltd. • Robotic Vision Inc. Pte. Ltd. • MIT Investment Pte. Ltd. (a wholly owned subsidiary of Memiontec) • Chief Financial Officer of Memiontec

ADDITIONAL INFORMATION ON DIRECTORS NOMINATED FOR RE-ELECTION

Details	Name of Director		
	Sun Renwang	Chua Siong Kiat	
Disclose the following matters concerning an appointment of director. 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 or against a partnership of which he was a partner at the time when he was a partner or at any time within 2 years from the date he ceased to be a partner?	No	No
b.	Whether at any time during the last 10 years, an application or a petition under any law of any jurisdiction was filed against an entity (not being a partnership) of which he was a director or an equivalent person or a key executive, at the time when he was a director or an equivalent person or a key executive of that entity or at any time within 2 years from the date he ceased to be a director or an equivalent person or a key executive of that entity, for the winding up or dissolution of that entity or, where that entity is the trustee of a business trust, that business trust, on the ground of insolvency?	No	Yes Mr. Chua Siong Kiat was previously (i) the interim group chief operating officer of PSDL from July 2016 to February 2017, and (ii) the executive director and head of non-property business of PSDL from February 2017 to July 2017. He was also the executive director of Durabeau Industries Pte Ltd (“DIPL”) and LH Aluminium Industries Pte. Ltd. (“LHAI”), wholly-owned subsidiaries of PSDL, from February 2017 to July 2017. In May 2019, PSDL had announced its decision to discontinue its aluminium business division for commercial reasons and placed both DIPL and LHAI under creditors’ voluntary liquidation (“CVL”). Mr. Chua Siong Kiat had resigned as the executive director and head of non-property business of PSDL, and the executive director of DIPL and LHAI in July 2017, and was not involved in the subsequent events which led to the CVL of DIPL and LHAI in May 2019 (which had commenced almost two (2) years after his resignation).

ADDITIONAL INFORMATION ON DIRECTORS NOMINATED FOR RE-ELECTION

Details		Name of Director	
		Sun Renwang	Chua Siong Kiat
			Mr. Chua Siong Kiat was the group chief financial officer of TEE from October 2021 to January 2023. In December 2021, TEE announced that it had commenced the winding up process of its wholly-owned subsidiary, Trans Equatorial by way of CVL. Mr. Chua Siong Kiat was requested by the board of directors of TEE to be appointed as a director of Trans Equatorial just prior to the commencement of the CVL proceedings in order to facilitate and assist the appointed liquidators with the CVL process. Mr. Chua Siong Kiat was not previously involved in the events which led to the liquidation of Trans Equatorial. Following his resignation as TEE's group chief financial officer, Mr. Chua Siong Kiat also ceased to be a director in Trans Equatorial in January 2023.
c.	Whether there is any unsatisfied judgment against him?	No	No
d.	Whether he has ever been convicted of any offence, in Singapore or elsewhere, involving fraud or dishonesty which is punishable with imprisonment, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such purpose?	No	No

ADDITIONAL INFORMATION ON DIRECTORS NOMINATED FOR RE-ELECTION

Details	Name of Director	
	Sun Renwang	Chua Siong Kiat
e. Whether he has ever been convicted of any offence, in Singapore or elsewhere, involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such breach?	No	No
f. Whether at any time during the last 10 years, judgment has been entered against him in any civil proceedings in Singapore or elsewhere involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or a finding of fraud, misrepresentation or dishonesty on his part, or he has been the subject of any civil proceedings (including any pending civil proceedings of which he is aware) involving an allegation of fraud, misrepresentation or dishonesty on his part?	No	No
g. Whether he has ever been convicted in Singapore or elsewhere of any offence in connection with the formation or management of any entity or business trust?	No	No

ADDITIONAL INFORMATION ON DIRECTORS NOMINATED FOR RE-ELECTION

Details		Name of Director	
		Sun Renwang	Chua Siong Kiat
h.	Whether he has ever been disqualified from acting as a director or an equivalent person of any entity (including the trustee of a business trust), or from taking part directly or indirectly in the management of any entity or business trust?	No	No
i.	Whether he has ever been the subject of any order, judgment or ruling of any court, tribunal or governmental body, permanently or temporarily enjoining him from engaging in any type of business practice or activity?	No	No

ADDITIONAL INFORMATION ON DIRECTORS NOMINATED FOR RE-ELECTION

Details		Name of Director	
		Sun Renwang	Chua Siong Kiat
j.	Whether he has ever, to his knowledge, been concerned with the management or conduct, in Singapore or elsewhere, of the affairs of:-		
i.	any corporation which has been investigated for a breach of any law or regulatory requirement governing corporations in Singapore or elsewhere; or	<p>Yes</p> <p>Mr. Sun Renwang is the Executive Director of CRF. Between 2009 to 2022, the Ministry of Manpower (“MOM”) had investigated CRF in respect of its safety lapses pursuant to the Workplace Safety and Health Act 2006, and had on occasions imposed stop work orders, issued demerit points, debarred CRF from hiring new foreign workers for a period of three (3) months (the “Debarment”) and/or assigned an MOM officer to conduct regular checks on safety procedures (“Regular Inspections”). As at the date of this Annual Report, CRF has cleared all demerit points. CRF had dutifully rectified its safety breaches and has been cooperating with the MOM on their Regular Inspections. The Debarment on CRF has been lifted on 9 September 2021.</p>	<p>Yes</p> <p>Mr. Chua Siong Kiat was an independent non-executive director of Axington from July 2020 to August 2020. In July 2021, following an internal review conducted by the board of Axington, Axington was required to, among others, investigate the circumstances surrounding a placement exercise completed in August 2020. Axington subsequently released an executive summary (“Executive Summary”) of the independent review, which highlighted (a) potential breaches of certain rules of the Listing Manual Section B: Rules of Catalist (“Catalist Rules”), and (b) potential breach of fiduciary duties by other individuals. Mr. Chua Siong Kiat was not involved in the logistics leading up to the completion of the placement, nor was he involved in the internal review or the independent review. To the best of Mr. Chua Siong Kiat’s knowledge, there were no investigations conducted by the SGX-ST or any government authorities in respect of the potential breaches highlighted in the Executive Summary.</p>

ADDITIONAL INFORMATION ON DIRECTORS NOMINATED FOR RE-ELECTION

Details		Name of Director	
		Sun Renwang	Chua Siong Kiat
		<p>In addition, Mr Sun Renwang is the Executive Director of SGUC. In or around May 2022, the Public Utilities Board (“PUB”) brought a charge against SGUC for causing damage to the public sewerage system which was in breach of Section 20(1)(a) of the Sewerage and Drainage Act 1999 of Singapore (the “Sewerage and Drainage Act”) (the “PUB Charges”). The offence was classified as a criminal offence under the Sewerage and Drainage Act. The penalty prescribed under Section 20(1) (a) of the Sewerage and Drainage Act is a fine not exceeding S\$40,000 or imprisonment for a term not exceeding three (3) months or both. Following investigations, the PUB had, in August 2022, compounded SGUC’s offence for a sum of S\$5,000. SGUC had immediately taken action to rectify the situation upon notification from the PUB, and had since paid the fine of S\$5,000.</p> <p>The aforementioned investigations by MOM on safety lapses (the “MOM Investigations”), issuance of demerit points, Debarment, and PUB Charges were made against CRF and/or SGUC. For avoidance of doubt, Mr. Sun Renwang was not the subject of any of aforementioned MOM Investigations, issuance of demerit points, the Debarment and PUB Charges.</p>	<p>Mr. Chua Siong Kiat was an independent non-executive director of a company listed on the SGX-ST when such company and its board of directors received a show cause letter from the SGX-ST in respect of potential breaches of certain rules of the listing manual of the SGX-ST (the “Listing Manual”). The SGX-ST had issued a private warning to the company and a private reminder to the relevant directors of the company (which includes Mr. Chua Siong Kiat) relating to the breach of certain rules of the Listing Manual. Save for these, no other action was taken against the company and its relevant directors by the SGX-ST for these breaches.</p>
	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

ADDITIONAL INFORMATION ON DIRECTORS NOMINATED FOR RE-ELECTION

Details	Name of Director	
	Sun Renwang	Chua Siong Kiat
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 was so concerned with the entity or business trust?	No	No
k. Whether he has been the subject of any current or past investigation or disciplinary proceedings, or has been reprimanded or issued any warning, by the Monetary Authority of Singapore or any other regulatory authority, exchange, professional body or government agency, whether in Singapore or elsewhere?	No	No

ADDITIONAL INFORMATION ON DIRECTORS NOMINATED FOR RE-ELECTION

Details	Name of Director	
	Sun Renwang	Chua Siong Kiat
Information required		
Disclosure applicable to the appointment of Director only.		
<p>Any prior experience as a director of an issuer listed on the Exchange?</p> <p>If yes, please provide details of prior experience.</p> <p>If no, please state if the director has attended or will be attending training on the roles and responsibilities of a director of a listed issuer as prescribed by the Exchange.</p> <p>Please provide details of relevant experience and the nominating committee's reasons for not requiring the director to undergo training as prescribed by the Exchange (if applicable).</p>	Not applicable. This is in relation to the re-appointment of a Director.	Not applicable. This is in relation to the re-appointment of a Director.

EVER GLORY UNITED HOLDINGS LIMITED

(Company Registration No. 202144351H)
(Incorporated In the Republic of Singapore)

PROXY FORM ANNUAL GENERAL MEETING

(Please see notes overleaf before completing this Form)

IMPORTANT:

- Relevant intermediaries (as defined in Section 181 of the Companies Act 1967 of Singapore) may appoint more than two (2) proxies to attend, speak and vote at the Annual General Meeting.
- An investor who holds shares under the Supplementary Retirement Scheme ("SRS Investor") may attend and cast his vote(s) at the Meeting in person. If they are unable to attend the Meeting but would like to vote, may inform their respective SRS Operators to appoint the Chairman of the Meeting to act as their proxy at least seven (7) working days before the Meeting, in which case, the relevant SRS Investors shall be precluded from attending the Meeting.
- This Proxy Form is not valid for use by SRS Investors and shall be ineffective for all intents and purposes if used or purported to be used by them.

Personal Data Privacy:

By submitting an instrument appointing a proxy(ies) and/or representative(s), the member accepts and agrees to the personal data privacy terms set out in the Notice of Annual General Meeting dated 12 April 2024.

I/We*, _____ (Name)

NRIC No./Passport No./Company Registration No.* _____

of _____ (Address)

being a member/members* of **EVER GLORY UNITED HOLDINGS LIMITED ("Company")**, hereby appoint:

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

and/or*

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

or failing *him/her/them, the Chairman of the Annual General Meeting (the "AGM" or "Meeting") or such other person the Chairman may designate, as my/our* proxy/proxies to vote for me/us* on my/our* behalf at the Meeting of the Company, to be held at 3 Little Road, #02-01, CRF Building, Singapore 536982 on Monday, 29 April 2024 at 10.00 a.m. and at any adjournment thereof. I/We* direct my/our* proxy/proxies to vote for or against or to abstain from voting on the resolutions to be proposed at the Meeting as indicated hereunder. In appointing the Chairman of the Meeting as proxy, the Shareholder (whether individuals or corporates) must give specific instructions as to voting, or abstentions from voting, in the form of proxy, failing which the appointment will be treated as invalid. In appointing such other person(s) as proxy, if no specific direction as to voting is given, the proxy/proxies will vote or abstain from voting at *his/her/their discretion, as *he/she/they will on any other matters arising at the Meeting.

No.	Resolutions	No. of Votes For**	No. of Votes Against**	No. of Votes Abstain**
Ordinary Business				
1	To receive and adopt the Audited Financial Statements and the Directors' Statement of the Company and the Group for the financial year ended 31 December 2023 together with the Independent Auditors' Report thereon.			
2	To approve a final dividend (one-tier tax exempt) of 1 Singapore cent per ordinary share for the financial year ended 31 December 2023.			
3	To approve Directors' fees of S\$111,397 for the financial year ended 31 December 2023.			
4	To approve Directors' fees of S\$180,000 for the financial year ending 31 December 2024, payable on a quarterly basis in arrears.			
5	To re-elect Mr. Sun Renwang as a Director.			
6	To re-elect Mr. Chua Siong Kiat as a Director.			
7	To re-appoint Messrs BDO LLP as Independent Auditors of the Company and to authorise the Directors to fix their remuneration.			
Special Business				
8	Authority to allot and issue shares.			
9	Authority to allot and issue shares under the Ever Glory Employee Share Option Scheme.			
10	Authority to allot and issue shares under the Ever Glory Performance Share Plan.			
11	Approval of the Proposed Renewal of Share Buyback Mandate.			
12	Approval of the Proposed Renewal of the General Mandate for Interested Person Transactions.			

* Delete where inapplicable

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

Dated this _____ day of _____ 2024

Total number of shares in:	No. of Shares
(a) CDP Register	
(b) Register of Members	

Signature(s) of Shareholder(s)
and/or Common Seal of Corporate Shareholder

IMPORTANT: PLEASE READ NOTES OVERLEAF



Notes:

1. A member who is unable to attend the AGM and wishes to appoint proxy(ies) to attend, speak and vote at the AGM on his/her/its behalf should complete, sign and return the instrument of proxy in accordance with the instructions printed thereon.
2. A proxy need not be a member of the Company.
3. Please insert the total number of Shares held by you. If you have Shares entered against your name in the Depository Register (as defined in Section 81SF of the Securities and Futures Act 2001 of Singapore), you should insert that number of Shares. If you have Shares registered in your name in the Register of Members, you should insert that number of Shares. If you have Shares entered against your name in the Depository Register and Shares registered in your name in the Register of Members, you should insert the aggregate number of Shares entered against your name in the Depository Register and registered in your name in the Register of Members. If no number is inserted, the instrument appointing a proxy or proxies shall be deemed to relate to all the Shares held by you.
4. In relation to the appointment of proxy(ies) to attend, speak and vote on his/her/its behalf at the AGM, a member (whether individual or corporate) appointing his/her/its proxy(ies) should give specific instructions as to his/her/its manner of voting, or abstentions from voting, in respect of a resolution in the instrument of proxy. If no specific instructions as to voting are given, or in the event of any other matter arising at the AGM and at any adjournment thereof, the proxy(ies) will vote or abstain from voting at his/her/their discretion.
5. The instrument appointing a proxy or proxies must be under the hand of the appointor or of his attorney duly authorised in writing. Where the instrument appointing a proxy or proxies is executed by a corporation, it must be executed either under its seal, executed as a deed in accordance with the Companies Act 1967 or under the hand of an attorney or an officer duly authorised, or in some other manner approved by the Directors. Where the instrument appointing a proxy or proxies is executed by an attorney on behalf of the appointor, the letter or power of attorney or a duly certified copy thereof must be lodged with the instrument of proxy.
6. The instrument appointing a proxy, together with the letter or power of attorney or other authority under which it is signed or a duly certified copy thereof (if applicable), must be submitted either:
 - (a) if sent personally or by post, the proxy form must be lodged at the Company's registered office at 3 Little Road, #03-01, CRF Building, Singapore 536982; or
 - (b) if by email, the proxy form must be received at shareregistry@incorp.asia;

in either case, **no later than 26 April 2024, 10.00 a.m., being seventy-two (72) hours before the time appointed for holding the Meeting.**

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 before scanning and sending it by email to the email address provided above.

A member can appoint the Chairman of the Meeting as his/her/its proxy, but this is not mandatory.

The proxy must bring along his/her NRIC/passport so as to enable the Company to verify his/her identity.

7.
 - (a) A member who is not a relevant intermediary* is entitled to appoint not more than two (2) proxies to attend, speak and vote at the AGM. Where such member appoints two (2) proxies, he/she should specify the proportion of his/her shareholding (expressed as a percentage of the whole) to be presented by each proxy in the instrument appointing a proxy or proxies.
 - (b) A member who is a relevant intermediary* is entitled to appoint more than two (2) proxies to attend, speak and vote at the AGM, but each proxy must be appointed to exercise the rights attached to a different share or shares held by such member. Where such member appoints more than two (2) proxies, the number and class of shares in relation to which each proxy has been appointed shall be specified in the instrument appointing a proxy or proxies.

****Relevant Intermediary*** has the meaning ascribed to it in Section 181 of the Companies Act 1967, as set out below:

- (a) a banking corporation licensed under the Banking Act 1970 of Singapore or a wholly-owned subsidiary of such a banking corporation, whose business includes the provision of nominee services and who holds shares in that capacity; or
 - (b) a person holding a capital markets services licence to provide custodial services for securities under the Securities and Futures Act 2001 of Singapore and who holds shares in that capacity; or
 - (c) the Central Provident Fund Board established by the Central Provident Fund Act 1953 of Singapore, in respect of shares purchased under the subsidiary legislation made under that Act providing for the making of investments from the contributions and interest standing to the credit of members of the Central Provident Fund, if the Board holds those shares in the capacity of an intermediary pursuant to or in accordance with that subsidiary legislation.
8. SRS investors who are unable to attend the Meeting but would like to vote should approach their respective SRS Operators to submit their votes at least seven (7) working days before the AGM. SRS Investors should contact their respective SRS Operators for any queries they may have with regard to the appointment of proxy for the AGM.

General:

The Company shall be entitled to reject the instrument appointing a proxy or proxies if it is incomplete, improperly completed or illegible, or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified in the instrument appointing a proxy or proxies. In addition, in the case of Shares entered in the Depository Register, the Company may reject any instrument appointing a proxy or proxies lodged if the member, being the appointor, is not shown to have Shares entered against his name in the Depository Register as at 72 hours before the time appointed for holding the Meeting, as certified by The Central Depository (Pte) Limited to the Company.

PERSONAL DATA PRIVACY:

By submitting an instrument appointing a proxy(ies) and/or representative(s), the member accepts and agrees to the personal data privacy terms set out in the Notice of Annual General Meeting dated 12 April 2024.

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CORPORATE INFORMATION

BOARD OF DIRECTORS

Mr. Sun Renwang

Non-Independent Non-Executive Chairman

Mr. Xu Ruibing

Executive Director and Chief Executive Officer

Mr. Chua Siong Kiat

Lead Independent Non-Executive Director

Mr. Kong Chee Keong

Independent Non-Executive Director

Mr. Goh Siong Pheck Francis

Independent Non-Executive Director

AUDIT COMMITTEE

Mr. Chua Siong Kiat, Chairman

Mr. Kong Chee Keong

Mr. Goh Siong Pheck Francis

NOMINATING COMMITTEE

Mr. Goh Siong Pheck Francis, Chairman

Mr. Chua Siong Kiat

Mr. Kong Chee Keong

REMUNERATION COMMITTEE

Mr. Kong Chee Keong, Chairman

Mr. Goh Siong Pheck Francis

Mr. Chua Siong Kiat

REGISTERED OFFICE AND PRINCIPAL PLACE OF BUSINESS

3 Little Road

#03-01 CRF Building

Singapore 536982

Tel: (65) 6283 0683

Fax: (65) 6283 0689

Email: enquiry@egu-holdings.com

SPONSOR

NOVUS CORPORATE FINANCE PTE LTD

7 Temasek Boulevard

#18-03B Suntec Tower 1

Singapore 038987

COMPANY SECRETARY

Ms. Sharon Lim Siew Choo (ACS, ACG)

SHARE REGISTRAR

IN.CORP CORPORATE SERVICES PTE. LTD.

30 Cecil Street

#19-08 Prudential Tower

Singapore 049712

AUDITOR

BDO LLP

600 North Bridge Road

#23-01 Parkview Square

Singapore 188778

AUDIT-PARTNER-IN-CHARGE

Mr. Yeo Siok Yong

A member of the Institute of Singapore Chartered Accountants
(appointed since financial year ended 31 December 2022)



EVER GLORY UNITED HOLDINGS LIMITED

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Singapore 536982
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