NORDIC
Group Limited

BUILDING MOMENTUM
CAPTURING OPPORTUNITIES

ANNUAL REPORT 2022

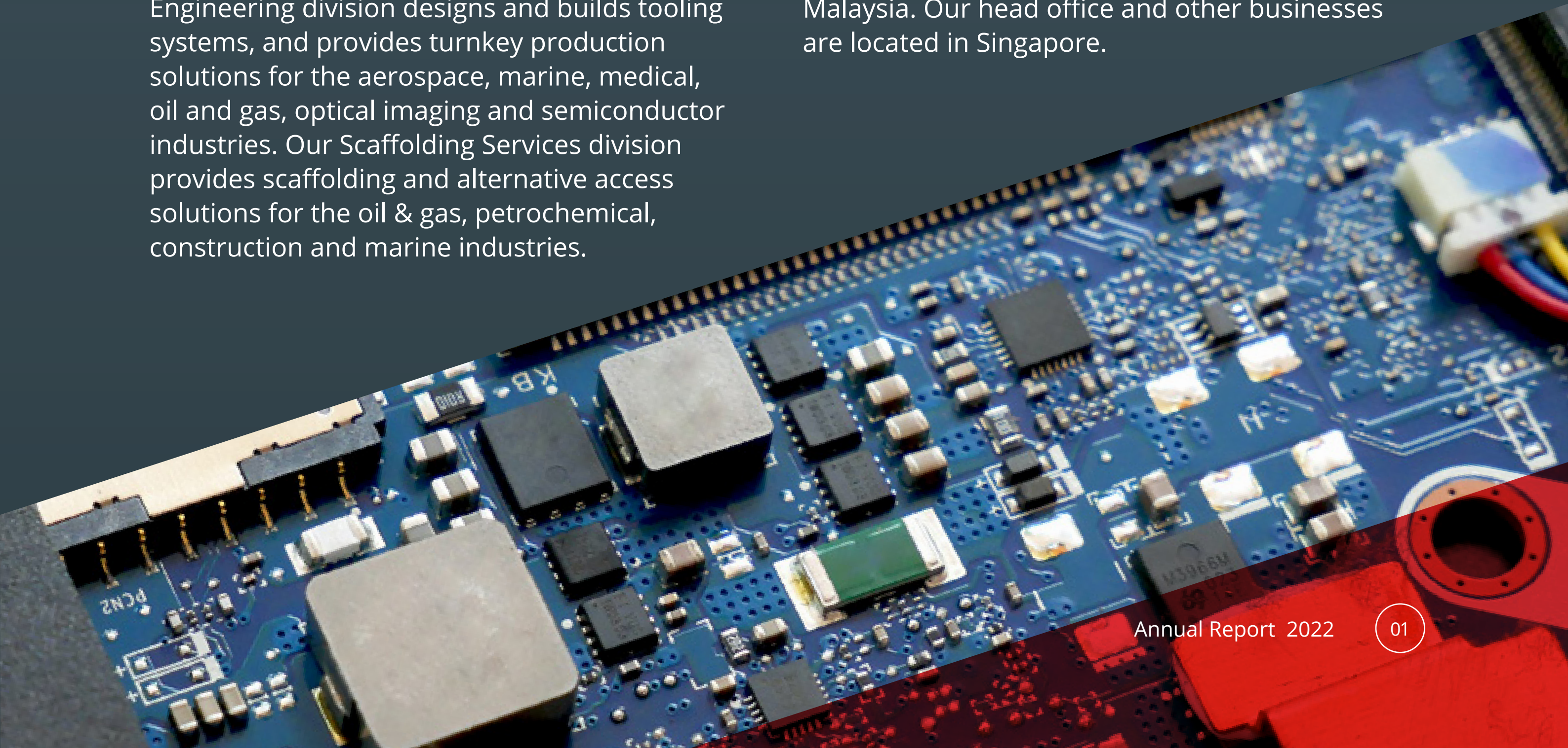
Contents

Reliable and Consistent Solutions that Make a Difference

Listed on the Singapore Stock Exchange Mainboard in 2010, we are a global solutions provider in areas of System Integration, Maintenance, Repair, Overhaul and Trading, Precision Engineering, Scaffolding, Insulation Services, Petrochemical and Environmental Engineering Services, Cleanroom, Air and Water Engineering Services and Structural Specialist Engineering Services. Our System Integration division turns systems into solutions by providing Flow, Automation and Navigation solutions for the marine industry and also offers services such as electrical and instrumentation, engineering, procurement, installation and commissioning for conversion, upgrading, factory and infrastructure automation while the Maintenance, Repair, Overhaul and Trading division provides after-sales service support for the marine, oil & gas and infrastructure industries. Our Precision Engineering division designs and builds tooling systems, and provides turnkey production solutions for the aerospace, marine, medical, oil and gas, optical imaging and semiconductor industries. Our Scaffolding Services division provides scaffolding and alternative access solutions for the oil & gas, petrochemical, construction and marine industries.

Our Insulation Services division specialises in thermal and cryogenic insulation, thermal spray aluminium and passive fireproofing services in the petrochemical, pharmaceutical, marine, and oil & gas industries. Our Petrochemical and Engineering services division specialises in a wide range of services: pre and post commissioning cleaning, heat exchanger cleaning, tank cleaning, process, plant recovery work, temporary intervention activities in process plants, on line cleaning processes, turnaround work and support, decontamination services, temporary equipment support services, product filtering services and support in operation of utility plants in the petrochemical, manufacturing, and infrastructure industries. Our Cleanroom, Air and Water Solutions Engineering Services provides a holistic suite of services in facilities engineering services, maintenance, engineering, project management and construction for air pollution control systems, water and waste treatment systems to semiconductor, pharmaceutical, oil and gas, power plant and municipal sectors. Our Specialist Structural Services encompass the design, fabrication, installation, and maintenance of anti-richochet ballistic protection systems for tactical facilities specifically tailored to meet the needs of security agencies.

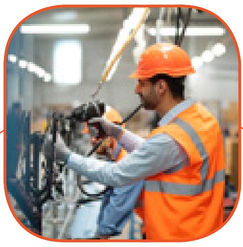
Our Precision Engineering operation is located in Singapore and Suzhou, People's Republic of China. Our Cleanroom, Air and Water Solutions Engineering Services is located in Singapore and Malaysia. Our head office and other businesses are located in Singapore.



Our Businesses

System Integration

We turn systems into solutions by providing Flow, Automation and Navigation solutions that includes valve remote control systems and tank gauging systems. We also offer services such as electrical and instrumentation for the petrochemical industry and engineering, procurement, installation, and commissioning ("EPIC") for conversion, upgrading, factory and infrastructure automation.



Maintenance, Overhaul and Trading

With our extensive network of service centres spanning across the globe, our dedicated team of consultants readily provides prompt service support round the clock as part of our after-sales service. To date, over 1,000 vessels have been fitted with our systems, with the number steadily increasing with every vessel newly fitted with our Flow Automation and Navigation solutions, creating more opportunities for conversion and retrofitting of existing vessels.

Precision Engineering

Featuring 5-axis CNC machines at our production facilities in Suzhou, PRC and Singapore, we specialise in designing and building of tooling systems, and providing turnkey production solutions in high mix, low volume niche industries, servicing customers mainly from the marine, oil & gas, aerospace, medical, optical imaging and semiconductor industries.

Scaffolding Services

We provide scaffolding and alternative access solutions for the oil & gas, petrochemical, construction, marine and semiconductor industries in Singapore. We have the requisite technical capabilities, expertise and infrastructure to execute complex projects. As testament to our strong customer base and longstanding relationships, we are the resident contractor for many major local and multinational companies.

Our Businesses

Insulation Services

We specialise in supplying thermal, cryogenic, acoustic, clean room insulation, passive fireproofing services and industrial coatings such as thermal spray aluminium. With a skilled workforce and technical expertise, we have established a strong presence in several industries including the marine, oil & gas, petrochemical and pharmaceutical industries.

Petrochemical and Environment Engineering Services

We specialise in a wide range of services: pre and post commissioning cleaning, heat exchanger cleaning, tank cleaning, process plant recovery work, temporary intervention activities in process plants, on line cleaning process, turnaround work and support, decontamination services, temporary equipment support services, product filtering services and support in the operation of utility plants. We serve the petrochemical, manufacturing, and infrastructure industries.

Cleanroom Air and Water Engineering Solutions

We provide a holistic suite of services in facilities engineering services, maintenance, engineering, project management and construction for air pollution control systems, water and waste treatment systems to semiconductor, pharmaceutical, oil & gas, power plant and municipal sectors.

Structural Specialist Engineering Services

We provide design, fabrication, installation and maintenance of anti-ricochet ballistic protection systems for tactical training facilities for security agencies.

Sales & Services Network

Covering Singapore and various locations globally, our system integration division sales and services network provides prompt and proficient service support.

Awards & Accreditations

2018
- ExxonMobil Zero Recordable Injury for >250k Man-Hours Award for 3 consecutive years
- GSK Good safety and Health Performance Award during the Jurong Plant Shutdown in January 2019
- Sembcorp Marine WSH Performance Award 2019 Gold Certificate
- Pfizer Asia Pacific Commendation for Good Safety Performance 2019
- JFE Engineering Corporation Certificate of Appreciation to certain employees for their contribution to the Design & Build of NTU-NEA

2019
- bizSAFE Enterprise Exemplary Award 2019
- ExxonMobil APRPC Safety Observation Champion for the Month – January 2019
- ExxonMobil Outstanding Supervisor Award 2019
- PUB Good Safety Award by Jurong Water Reclamation Plant (JWRP)
- Croda Business Partner of the Year Award
- Chevron Oronite Bronze Award for Achieving Good Safety Performance in the year 2019

2020
- Pfizer Good Safety Performance Award 2020
- REC Certificate of Appreciation in recognition of excellent support and commitment towards Health, Safety and Environment
- PIPENET-APECO Certificate of Appreciation in recognition for our contribution to Health, Safety and Environment at Jurong Rock Caverns, Jurong Island
- Air Liquide Certificate of Appreciation in recognition to their contribution to Micron 10A project for 500,000 safe man hours
- Air Liquide Award for winning the inter-company 2nd Runner Up for Behaviour Safety
- Chevron Oronite in recognition for our excellent support for an incident, injury and infection free year
- Sembcorp Marine WSH Performance Award 2020 for Zero Lost Time Injury from January to March 2020
- ExxonMobil Safety Performance for an Injury-Free 2020

2021
- Vopak AMS project, completion of project Tank 112 and 114 with Zero Lost Time Injury
- Air Liquide Certificate of Appreciation in recognition to their contribution to Micron 10A Gas yard project for 300,000 Safe Man hours
- Air Liquide Certificate of Appreciation in recognition to their contribution to Micron 10A Gas yard project for 500,000 Safe Man hours
- Air Liquide Certificate of Appreciation in recognition to their contribution to Micron 10A project for 1,000,000 Safe Man hours
- Chevron Oronite FEP wave 1 project in recognition for their contribution to 1 million Safe Man hours
- Keppel Energy Nexus-Apeco in recognition of outstanding and exceptional Workplace Safety and
- Health practices for achieving 900,000 accident free man hours at Jurong Rock caverns, Jurong Island
- Sembcorp Marine Hornsea II for achieving Zero for Lost Time Incidents for the entire project
- Chevron Oronite Best Contractor Gold Award

2022
- Included in Forbes Asia's "Best Under A Billion" list of public companies
- Workplace Safety and Health Council bizSAFE Enterprise Exemplary Award 2022
- Wood's token of appreciation for strong commitment and remarkable contribution towards achieving 3,000,000 and 5,000,000 Safe Man-hours in Arkema Symphony Project Jurong Island.
- JEL's token of appreciation for strong commitment and remarkable contribution towards completion of COPL-Future Expansion Project (FEP-Wave-2) 2021-2022
- ExxonMobil's token of appreciation for safety performance for an injury-free 2022
- Chevron Oronite Bronze Award for Business Partner Safety Performance
- Public Utilities Board's certificate of appreciation for the support of and participation in Jurong Water Reclamation Plant Safety Day 2022
- Sembcorp Marine in recognition of outstanding achievements in Zero Lost Time Injury from January 2022 to June 2022 (Bronze), January 2022 to September 2022 (Silver) and January to December 2022 (Gold)
- Sembcorp Marine – WSH Star Award For Excellent Performance without Total Hurt Injury For continuous period of 12 months

System Integration
All systems, associated equipment and parts offered to customers are accredited by various marine classification bodies such as ABS, China Classification Society, Germanischer Lloyd, Indian Register of Shipping, Korean Registry of Shipping, Lloyd's Register, Nippon Kaiji Kyokai and Polski Rejestr Statkow. Attaining certifications, such as ISO 9001:2015 Quality Management System, ISO 14001:2015 Environmental Management System, ISO 45001:2018 Occupational Health and Safety Management System and the WSH bizSAFE Star award reinforces our steadfast dedication to quality and safety excellence.

Insulation Services
Our Insulation Services division is committed to providing quality products and solutions to customers. Besides having the quality certification ISO 9001:2015, we are also ISO 14001:2015 Environmental Management System and ISO 45001:2018 Occupational Health & Safety Management System certified. We are awarded bizSAFE Star certification from the Workplace Safety and Health Council (WSH).

Scaffolding Services
Our Scaffolding Services division was one of the first in its industry to obtain the ISO 9001:2015 (previously known as ISO 9002) certification in 1997. Multiheight has also received the ISO 14001:2015 Environmental Management System and ISO 45001:2018 Occupational Health & Safety Management System and for the Erection & Dismantling of Metal Scaffolding. Multiheight is a certified ITE OJT center and also a WSH bizSAFE Star certified organisation. These are testament to our achievements in meeting stringent quality and safety requirements over the years.

Petrochemical & Environment Engineering Services
Our Petrochemical & Environmental Engineering Services division is certified with the valued Integrated Management System (IMS), which encompasses 3 systems, namely the ISO 9001:2015 Quality Management System, ISO 14001:2015 Environmental Management System and ISO 45001:2018 Occupational Health & Safety Management System. We are a certified OJT Centre with ITE, Singapore and awarded WSH bizSAFE Star certification for our commendable work safety. We are also an official blood donation center for the Singapore Red Cross Society.

Precision Engineering
Our commitment to quality is evident as we attained certification for AS 9100:D and ISO 9001:2015 Quality Management System, and ISO 14001:2015 Environmental Management System.

Cleanroom Air & Water Engineering Solutions
Our Cleanroom Air & Water Engineering Solutions division is able to meet the stringent requirements of the industry by attaining and implementing the ISO: 9001:2015 Quality Management System, ISO 14001:2015 Environmental Management System and ISO 45001:2018 Occupational Health and Safety Management System. We are also a WSH bizSAFE Star certified organisation.

Specialist Structural Engineering Services
Our Specialist Structural Engineering Services division is certified with the ISO 9001:2015 Quality Management System, ISO 14001:2015 Environmental Management System and ISO 45001:2018 Occupational Health & Safety Management System. We are a WSH bizSAFE Star certified organisation and also a S3 Accredited Structural Steel Fabricator by the Singapore Structural Steel Society.

Chairman's Statement

"Our management will continue to practise meticulous cost and risk management so as to protect our stakeholders' interest and to grow our shareholders' value. We also want to reiterate to our shareholders that we will continue to look at feasible organic and inorganic opportunities to grow further and the recent acquisition of Starburst is a testament to that."

Dear Shareholders,

On behalf of the Board of Directors ("Board") of Nordic Group Limited ("Nordic" and together with its subsidiaries, the "Group"), it is my pleasure to present you our Annual Report for the financial year ended 31 December 2022 ("FY2022").

Inorganic Growth – Acquisition Strategy Continues

To recap, we acquired Starburst Holdings Limited ("Starburst"), a specialist in anti-ricochet ballistic protection systems in January 2022 for a consideration of S$59.1 million. Through the acquisition, the Group was able to venture into a niche segment that is complementary to our existing business.

In August 2022, we acquired 100% of Eratech Pte. Ltd. ("Eratech") for a consideration of S$10.0 million. The exercise enabled us to widen our precision engineering service offerings as well as expand our customer base in that particular division.

Year in Review – A Record-Breaking FY2022

Driven primarily by maiden contributions from the new acquisitions, we managed to build on last year's recovery momentum and achieved a record-breaking revenue of S$162.8 million in FY2022. On a year-on-year ("yoy") basis, our top line was 58% higher compared to our previous historic high of S$103.1 million in FY2021.

Both segments, Project Services ("PS") and Maintenance Services ("MS") reported commendable improvement in FY2022 with maiden contributions from Starburst and Eratech. Segmental revenue from PS nearly doubled from S$48.4 million in FY2021 to S$94.6 million in FY2022 with strong semiconductor activities in Malaysia being a key factor. MS segment reported a 25% yoy growth to S$68.2 million in FY2022.

Gross profit jumped 65% yoy from S$27.8 million in FY2021 to S$45.7 million in FY2022, which translates to gross profit margins ("GPM") of 27.0% and 28.1% respectively. The 1.1 percentage point increase in GPM was attributed to higher margin products and services.

Earnings before interest, tax, depreciation and amortisation ("EBITDA") came in at S$31.6 million in FY2022, 66.6% higher than last year. EBITDA margin expanded from 18.4% to 19.4% over the same period. This was partly attributed to increase in revenue.

In tandem with the stellar revenue growth, the Group registered our highest-ever profit for the year ("net profit") of S$20.9 million in FY2022. This was 1.5 times higher than the S$13.9 million in FY2021.

Dividends

In view of our robust performance in FY2022, we continued to uphold our commitment to paying out dividends to our shareholders. In September 2022, we paid an interim dividend of 1.162 cents per share or S$4.6 million in total. Subsequently in February 2023, we proposed a final dividend of 0.906 cents per share, which will be subjected to shareholders' approval at our upcoming Annual General Meeting. Cumulatively, our total dividend pay-out for FY2022 totalled 2.068 cents per share or S$8.3 million, almost 20% higher than what we distributed last year. This was also consistent with our dividend pay-out policy of distributing 40% of our annual net profit.

Strong Order Wins

Backed by a healthy business landscape and our expanded capacity after the acquisitions, Nordic was able to secure S$247.1 million worth of contracts in FY2022. Our outstanding order book stood at S$232.5 million as of 31 December 2022, which was significantly more than the S$166.0 million we ended up with one year ago. In terms of order book breakdown, S$93.0 million or 40% is attributed to the PS segment while the MS segment has S$139.5 million or 60%. Our robust order book provides strong earnings visibility over the near term as these deliveries are expected to be spread out within the next 36 months.

Business Outlook

The high interest rates, geopolitical tensions and inflationary pressures globally posed some near-term headwinds to the Group's operations. However, the Group remains positive over the long-term prospects in the marine, offshore oil and gas industries, petrochemical sectors, pharmaceutical, infrastructure and semiconductor sectors.

The Group is optimistic that with the contract wins secured to date, the prudent cost and risk management initiatives undertaken, the acquisition of Starburst and Eratech, and opportunities for further M&A, the group will continue to deliver greater value to shareholders in the long run.

Appreciation

On behalf of the Board, I would like to take this opportunity to commend our employees for their hard work and dedication in FY2022, without whom, we would not have achieved our record-breaking performance for two years running. Related to that, we would like to extend our gratitude to our customers for entrusting us to deliver quality products and services.

Last but not least, we want to thank our shareholders for your unwavering support of the Group all these years. Not only in the recent good times, but during the tough ones as well.

In August 2022, we were included in Forbes Asia's "Best Under A Billion" list of public companies. The list tracks some 20,000 companies across the Asia Pacific and nominates the top 1% of companies that demonstrate exceptional long-term performance, showcase future growth potential, and have good governance.

The recognition is a testament to our ability to safeguard shareholders' value. Not resting on our laurels, we will continue to prioritise sustainable growth and value creation, and elevate Nordic to greater heights.

Chang Yeh Hong
Group Executive Chairman

Board of Directors

CHANG YEH HONG
Executive Chairman

Chang Yeh Hong is our Executive Chairman. He was appointed to our Board on 8 April 2010 and was last re-elected at the Company's Annual General Meeting ("AGM") on 25 April 2022. He is responsible for the working of the Board; the reviewing of business plans, strategic positioning and business expansion of the Group. He is a member of our Nominating Committee. He has more than 18 years of experience in the banking industry. From 1999 to 2000, he was the regional managing director of Asia Pacific with Citibank, and from 2000 to 2002, he was the global head of a product group with Standard Chartered Bank. Since he took an executive role with us in 2004, he has played a pivotal role in the growth and development of our Group. Mr Chang holds a Bachelor of Arts degree majoring in Economics from National University of Singapore and has completed the Standard Chartered International Management Programme in INSEAD Fountainbleau, France and the Business Financial Management Programme with Manchester Business School, United Kingdom.

TEO LING LING DORCAS
Executive Director & Chief Executive Officer, Nordic Flow Control

Teo Ling Ling Dorcas is our Executive Director. She was appointed to our Board on 30 June 2010 and was last re-elected at the Company's AGM on 26 April 2021. She has been with us since 2003 and was appointed Chief Executive Officer of Nordic Flow Control in 2012. She is responsible for the overall operations, sales and business development and profit and loss management of Nordic Flow Control. She has more than 25 years of experience in the marine and offshore valve remote control industry. From 1994 to 2003, she was with Tyco Flow Control Pte Ltd where she eventually took on the position of sales manager. Ms Teo holds a Bachelor of Commerce degree with major studies in Management from The University of Western Sydney, a Diploma in Sales and Marketing from the Marketing Institute of Singapore as well as a Diploma in Electrical Engineering from the Singapore Polytechnic. In 2006, Ms Teo was awarded the Spirit of Enterprise Award in recognition of her inspiring her fellow Singaporeans to achieve greater entrepreneurial excellence.

LEE KIM LIAN JULIANA
Independent Director

Lee Kim Lian Juliana is our Independent Director. She was appointed to our Board on 16 September 2010 and was last re-elected at the Company's AGM on 26 April 2021. She is currently the Chairwoman of our Nominating Committee, and a member of our Audit Committee and Remuneration Committee. Ms Lee also serves as an independent director on the boards of other listed companies, namely Uni-Asia Group Limited, VCPlus Limited, and Dyna-Mac Holdings Ltd. Ms Lee is a Director of Aptus Law Corporation, a law firm in Singapore. She has more than 30 years of experience in legal practice and currently heads the corporate practice of Aptus Law Corporation. Her main areas of practice are corporate law, corporate finance, mergers and acquisitions and venture capital. Ms Lee holds a Bachelor of Laws (Honours) degree from National University of Singapore and is a member of the Singapore Institute of Directors.

LEE KOK KENG ANDREW
Independent Director

Lee Kok Keng Andrew is our Independent Director. He was appointed to our Board on 29 April 2019 and was last re-elected at the Company's Annual General Meeting ("AGM") on 25 April 2022. He is currently the Chairman of our Remuneration Committee, and a member of our Audit Committee and Nominating Committee. Mr Lee also serves as an independent director of Overseas-Chinese Banking Corp. Ltd. and OCBC Al-Amin Bank Berhad in Malaysia. He has more than 35 years of experience in banking and financial services. Mr Lee holds a Bachelor of Social Science (Honours in Economics) from the University of Singapore and has attended the Stanford Executive Programme at Stanford University.

SIAU KAI BING
Independent Director

Siau Kai Bing is our Independent Director. He was appointed to our Board on 27 April 2020 and was last re-elected at the Company's AGM on 26 April 2021. He is currently the Chairman of our Audit Committee, and a member of our Remuneration Committee and Nominating Committee. Mr Siau also serves as an Independent Director at Union Steel Holdings Limited and Econ Healthcare (Asia) Limited. He has more than 40 years of experience in accounting and audit and has held various senior appointments in finance in the past including Chief Financial Officer and Independent Director in public listed companies. Mr Siau holds a Bachelor of Accountancy from the National University of Singapore and he is a Fellow Chartered Accountant with the Institute of Singapore Chartered Accountants.

Senior Management

LIN CHOON HIN ERIC
Executive Director, Ensure

Lin Choon Hin Eric is the Executive Director of Ensure. He is also the founder of Nordic Flow Control. Eric has more than 25 years of experience in the marine, offshore and automation industries. Mr Lin holds a Diploma in Manufacturing Engineering from Singapore Polytechnic.

TANG YEW QUAN
Senior Executive, Group Office

Tang Yew Quan is a senior executive in the group office. He left our Group as the Chief Financial Officer in April 2014 and rejoined 12 months later and since then held various positions in our Group. In April 2020, he assumed current position. He has more than 30 years of experience in the banking industry. He held local and regional positions from 1977 to 2008 in Standard Chartered Bank. Prior to joining our Group in December 2009, he was the Country Head of Credit for Small & Medium Enterprises at the Taiwan branch of Standard Chartered Bank. Mr Tang holds a Bachelor of Business Administration degree from the then University of Singapore and a Master of Business Administration (Banking and Finance) degree from Nanyang Technological University.

KOH WEI MING RODNEY
Chief Executive Officer, Avitools and Country Head, China

Koh Wei Ming Rodney is the Chief Executive Officer of Avitools and Country Head of China. He is responsible for the overall operations, sales and business development and profit and loss management of Avitools Group. He reports to our Executive Chairman for regulatory, governance and compliance matters for China entities. Mr Koh was a senior repair development engineer at Pratt & Whitney Services Pte Ltd (SPRO) from 1999 to 2001, and an engineering manager from 2002 to 2005. From 2005 to 2006, he was the Operations Manager of Avitools Singapore. Mr Koh holds a Bachelor of Engineering degree from the University of Aberdeen and a Diploma in Mechanical Engineering from Ngee Ann Polytechnic.

Senior Management

TENG POH LIANG
Chief Executive Officer, Austin Energy

Teng Poh Liang is the Chief Executive Officer of Austin Energy. He is responsible for the overall operations, sales and business development and profit and loss management of Austin Energy. He joined the Group as Group Head of Business Excellence and Corporate Development in March 2017. He was appointed as the Chief Operating Officer in October 2017 and Chief Executive Officer in January 2020 of Austin Energy. Prior to joining us, he held various positions in small medium enterprises to multinational companies as project engineer, project manager and general manager. Mr Teng holds a Bachelor of Engineering (Mechanical & Production Engineering) degree from the Nanyang Technological University and a Diploma in Marketing Management from Singapore Institute of Management.

LEE MEI HUE JEANETTE
Chief Executive Officer, Envipure

Lee Mei Hue Jeanette was appointed the Chief Executive Officer of Envipure from 1 March 2022. She is responsible for the overall operations, sales and business development and profit and loss management of Envipure Group. She joined our Group in 2003. Prior to joining Envipure Group, she was our General Manager, Sales in Nordic Flow Control. Ms Lee holds a Bachelor of Electrical and Electronics Engineering degree from University of Sunderland and Diploma in Electrical Engineering from Singapore Polytechnic.

CHANG YEH FUNG ASTRO
Chief Executive Officer, Starburst

Chang Yeh Fung Astro was appointed the Chief Executive Officer of Starburst from 1 March 2022. He is responsible for the overall operations, sales and business development and profit and loss management of Starburst Group. He joined our Group as Group Head, Strategic Investments and Projects from 1 December 2021 and was responsible for the Group's Investments and Projects including M&A. Prior to joining us, he was Director and Head of Forex, Fixed Income and Derivatives Integration, Asia ex-Japan in IHS Markit. Mr Chang holds a Bachelor of Science in Economics (Honours) from University of London and a Masters in Applied Finance from the University of Melbourne, Australia.

Senior Management

CHOU CHEE FATT
Chief Operating Officer, Nordic Flow Control

Chou Chee Fatt is the Chief Operating Officer of Nordic Flow Control and is responsible for the management of the overall operations of Nordic Flow Control. This includes resource management, planning, project execution, budget and cost control. He is also responsible for the continuous improvement in process and overall productivity of the team. Prior to becoming Nordic Flow Control's Chief Operating Officer, he was our General Manager, Design Software, Technical Support. From 1997 to 2001, he was a project engineer at Flexlink Systems Pte Ltd. From 2002 to 2003, he was a project engineer at Spraying System Pte Ltd. Prior to joining us in 2003, he was a project engineer at Tyco Building Services Pte Ltd. Mr Chou holds a Bachelor of Engineering (Electrical & Electronic Engineering) degree and a Master of Science (Communication Software & Networks) degree from the Nanyang Technological University.

LIM BEE HONG SAMANTHA
Chief Operating Officer, Avitools Suzhou and General Manager, Nordic Suzhou and Deputy Country Head, China

Lim Bee Hong Samantha is the Chief Operating Officer of Avitools Suzhou, General Manager of Nordic Suzhou and Deputy Country Head, China. She is responsible for all aspects relating to internal controls, risk management and business process improvement of our China subsidiaries as well as serving as deputy country head for China. From 1995 to 1999, she was an account executive at Planet Hollywood (Asia) Pte Ltd. From 2001 to 2004, Samantha was an account supervisor at International Refinery Services Pte Ltd. From 2004 to 2007, she was our Group accountant, and from 2007 to 2008, she was a senior accountant at CapitaLand Limited. From 2008 to 2009, she was Head, Business Control of Nordic Flow Control. Ms Lim holds a Bachelor of Commerce Degree in Accounting and Banking from Curtin University of Technology.

JAMIL BIN PUNGOT
Chief Operating Officer, Multiheight

Jamil Bin Pungot is the Chief Operating Officer of Multiheight. He is responsible for the management of the overall operations of Multiheight. This includes resource management, planning, project execution, budget and cost control. He is also responsible for the continuous improvement in process and overall productivity of the Multiheight team. Prior to becoming our Chief Operating Officer in January 2020, he was our Operations Manager and he joined our Group in 2007. Mr Pungot holds a Diploma in Marine Engineering from Singapore Polytechnic.

Senior Management

TAN PENG HOCK STANLEY
Chief Operating Officer, Envipure

Tan Peng Hock Stanley was appointed the Chief Operating Officer of Envipure from 1 March 2022. He is responsible for the management of the overall operations of Envipure. This includes resource management, planning, project execution, budget and cost control. He is also responsible for continuous improvement in process and overall productivity of the Envipure Team. He joined Envipure in 2006 as a project engineer. Mr Tan holds a Bachelor of Engineering (Civil Engineering) - Major Modules related to Environmental Engineering from National University of Singapore. He is a certified Project Management Professional (PMP)®, the world's leading project management certification by the Project Management Institute (PMI®), USA.

BONG BOON HEAN
Chief Operating Officer, Starburst

Bong Boon Hean is the Chief Operating Officer of Starburst Group and is responsible for the management of the overall operations of Starburst Group. This includes resource management, planning, project execution, budget and cost control. He is also responsible for the continuous improvement in process and overall productivity of the team. He joined our Group in 2004. Prior to becoming Starburst Group's Chief Operating Officer, he was our General Manager, Sales in Nordic Flow Control. Mr Bong holds a Bachelor of Science with Psychology from UniSIM and Diploma in Mechatronic from Ngee Ann Polytechnic.

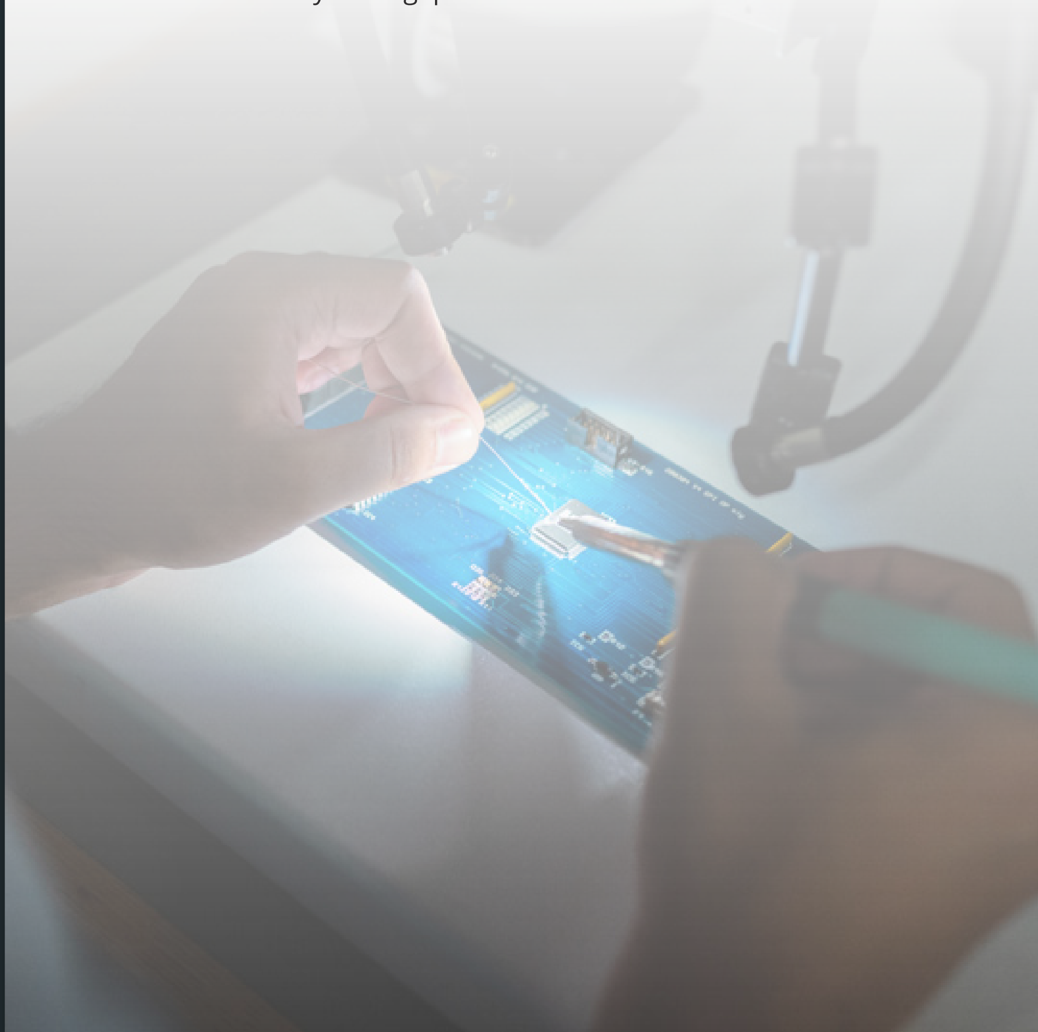
Senior Management

CHIA MENG RU
Group Chief Financial Officer

Chia Meng Ru was appointed as our Group Chief Financial Officer on 17 August 2017 and Company Secretary on 17 October 2017. She is responsible for the Group's back office functions which includes finance, human resource, payroll, legal and compliance, office administration and information technology. She supports our Executive Chairman in the Group's strategic business planning process and participates in all major investment initiatives and decisions, providing financing options and optimal structuring of major projects, apart from building and enhancing shareholder and investor relations. Prior to joining our Group, she was an audit partner in RSM Chio Lim LLP. Ms Chia holds a Bachelor of Accountancy (Honours) degree from Nanyang Technological University. She is a member of the Institute of Singapore Chartered Accountants and a Fellow Member of Chartered Accountants Australia and New Zealand.

LEE ENG SOON
General Manager, Envipure Malaysia and Country Head,Malaysia

Lee Eng Soon is the General Manager of Envipure Malaysia and the Country Head of Malaysia. He is responsible for the sales, administrative, business continuity and sustainability of Envipure Malaysia. He reports to our Executive Chairman for regulatory, governance and compliance matters for Malaysia entity. He joined Envipure Malaysia in 2011 as an engineer in project and sales department. Mr. Lee holds a Bachelor of Technology degree from the National University of Singapore.



Financial Highlights and Investment Scorecard

Revenue

$162.8 million

FY2021: $103.1 million

Earnings Per Share

5.3 cents

FY2021: 3.6 cents

Net Asset Value Per Share

27.5 cents

FY2021: 25.2 cents

Net Profit

$20.9 million

FY2021: $13.9 million

Market Capitalisation[3] as at 31 December 2022

$180 million

FY2021: $157 million

EBITDA

$31.6 million

FY2021: $19.0 million

Order Book as at 31 December 2022

$233 million

FY2021: $166 million

6.5%

FY2021: 4.7%

RETURN ON ASSET[3]

20.5%

FY2021: 25.3%

RETURN ON INVESTED CAPITAL[1]

70.9%

FY2021: 65.2%

TOTAL DEBT TO EQUITY[2] [3]

20.1%

FY2021: 14.9%

RETURN ON EQUITY[3]

23%

FY2021: 23%

NET PROFIT CAGR FROM FY2012 TO FY2022

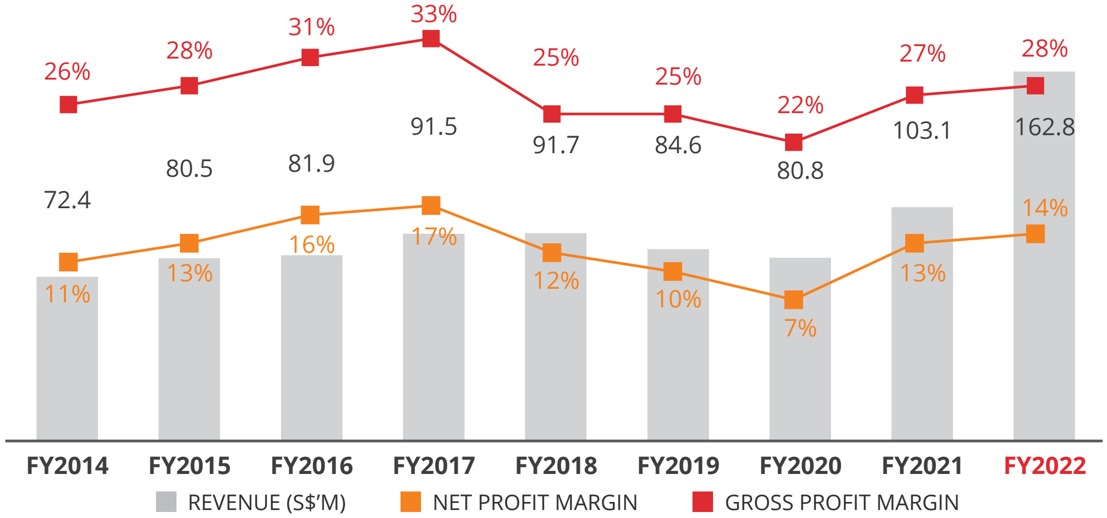
[1] Means that for every $1 of capital invested in the business, the Company earned about $20 in profit. Calculated based on profit before interest and tax/intangible capital employed which is tangible non-current asset + current asset - current liabilities (trade and other payables, other liabilities, income tax payable) - excess cash.

[2] If calculated base on (total borrowings less cash)/equity, total debt to equity would be net debt of 24% for 2022 and net cash of -22% for 2021.

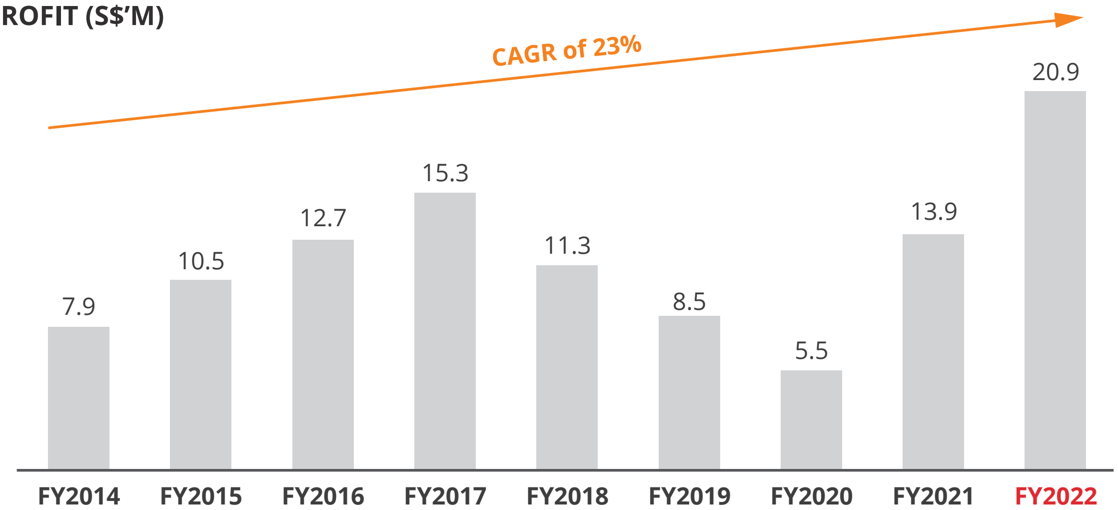
[3] Source: Yahoo! Finance, 2021: 23 March 2022; 2020: 29 March 2021)

Financial Highlights

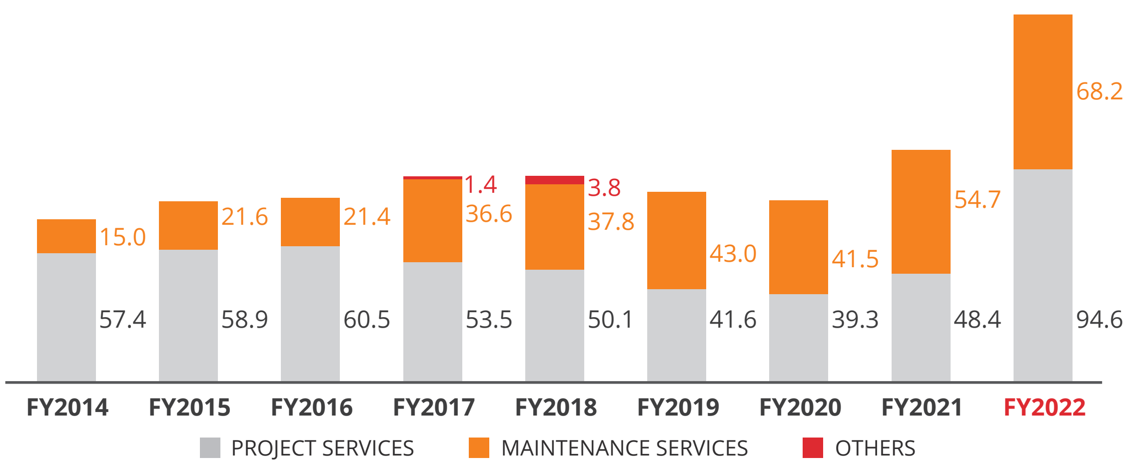
REVENUE AND PROFIT MARGIN



NET PROFIT (S$'M)



REVENUE BY PROJECT AND MAINTENANCE SEGMENT



Business Division

The Group's System Integration ("SI") division turns system into solutions by providing Flow, Automation and Navigation solutions that includes valve remote control systems, tank gauging systems, anti-heeling systems, alarm monitoring and power management systems for newly built ships as well as ships that require upgrades or conversions. SI also offers services such as electrical and instrumentation, engineering, procurement, installation and commissioning (EPIC) for conversion, upgrading, factory and infrastructure automation.

SI's Maintenance, Repair and Overhaul ("MRO") and Trading division provides round-the-clock after-sales service support for vessels.

The Group's Precision Engineering ("PE") division designs and builds tooling systems, as well as provides turnkey production solutions to customers in the marine, oil and gas ("O&G"), aerospace, medical, industrial, optical imaging and semi-conductor industries.

The Group's Scaffolding Services ("SS") division is an established leader in metal scaffold works for the O&G, construction, and marine industries. We offer a full suite of scaffolding services including design, erection, modification and dismantling, sales, and rental.

The Group's Insulation Services ("IS") division specializes in thermal, cryogenic, acoustic, clean room insulation, passive fireproofing services, and industrial coatings such as thermal spray aluminium in the petrochemical, pharmaceutical, marine, and O&G industries.

The Group's Petrochemical & Environmental Engineering Services ("PEES") division provides repairs, maintenance, operations, and plant turnaround services for the petrochemical, manufacturing, and infrastructure industries.

The Group's Cleanroom, Air and Water Solutions ("CAW") provides a holistic suite of service offerings including (i) facilities engineering services, (ii) maintenance, engineering, project management and construction for air pollution control systems, as well as (iii) water and waste treatment systems to semiconductor, pharmaceutical, O&G, power plant, and municipal sectors.

The Group's Specialist Structural Engineering ("SSE") division provides design, fabrication, installation and maintenance of anti-ricochet ballistic protection systems for tactical training facilities for the security agencies.

Business Segment

Our Project Services ("PS") business segment includes projects that require engineering, design, procurement, construction, machining, scaffolding works, insulation services, and passive fireproofing services. Revenue is typically non-recurring in nature.

The Group's Maintenance Services ("MS") business segment includes maintenance and repair services, trading, and supply of material, spare parts, and components. MS's segmental revenue is recurring with a contract period of 1 to 10 years.

Financial and Operation Review

Financial Review for FY2022 vs FY2021

Nordic's revenue grew by 58% from S$103.1 million in FY2021 to S$162.8 million in FY2022. Broadly, growth was attributed to contributions from newly acquired Starburst and Eratech.

Revenue from the PS segment nearly doubled from S$48.4 million in FY2021 to S$94.6 million in FY2022. This was largely driven by an increase in orders from semiconductor customers in Malaysia.

The MS segment reported revenue increment of 25% from S$54.7 million in FY2021 to S$68.2 million in FY2022. This was largely due to contributions from newly acquired Starburst Group.

Gross profit trended in line with the top line increase, rising by 65% from S$27.8 million in FY2021 to S$45.7 million in FY2022. Gross profit margin increased marginally from 27.0% in FY2021 to 28.1% in FY2022 due to higher margin products and services for the year under review.

Other income and gains jumped 86% from S$1.6 million in FY2021 to S$3.0 million in FY2022. Mainly, the increase came from gains on the disposal of property and negative goodwill from the acquisition of Eratech.

Distribution costs doubled from S$0.8 million in FY2021 to S$1.6 million in FY2022. The difference was mainly attributed to the addition of Starburst's businesses.

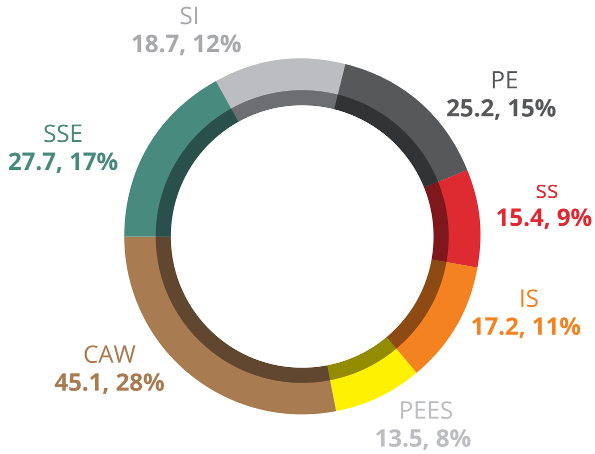
Administrative expenses increased by 60% from S$13.3 million in FY2021 to S$21.3 million in FY2022 due to the two acquisitions as well as the amortization of intangible assets of S$3.0 million during the year under review.

Finance costs rose by approximately 3.3 times from S$0.6 million in FY2021 to S$2.0 million in FY2022 which arose from higher loans and borrowings and higher interest rates.

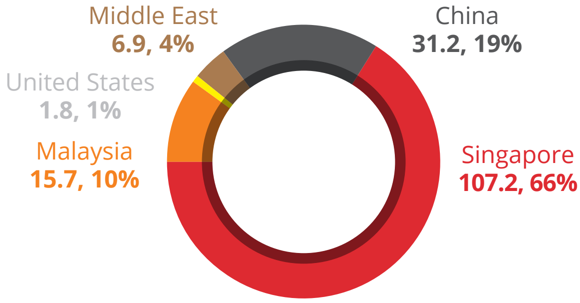
Other losses climbed nearly 4.6 times from S$0.3 million in FY2021 to S$1.4 million in FY2022 mainly due to foreign exchange loss. However, the absence of impairment of inventories in FY2022 vis-à-vis FY2021 offset some of the said increase.

In conclusion, the Group concluded FY2022 with a historic-high net profit of S$20.9 million, 50% higher than FY2021's net profit of S$13.9 million. However, there was a slight compression in its net profit margin from 13.5% to 12.8% due to higher finance costs and amortisation of intangibles.

Revenue by Business Division (in millions)



Revenue Breakdown by Geography (in millions)



Revenue Breakdown by Segment (in millions)

Financial and Operation Review

Balance Sheet Highlights

S$'000	31 December 2021	31 December 2022
Current assets	127,057	139,083
Non-current assets	65,209	98,726
Current liabilities	85,932	102,537
Non-current liabilities	8,699	25,256
Total equity	97,635	110,016
Cash and cash equivalents	75,337	55,915
Net asset value per share (cents)	25.2	27.5

Financial and Operation Review

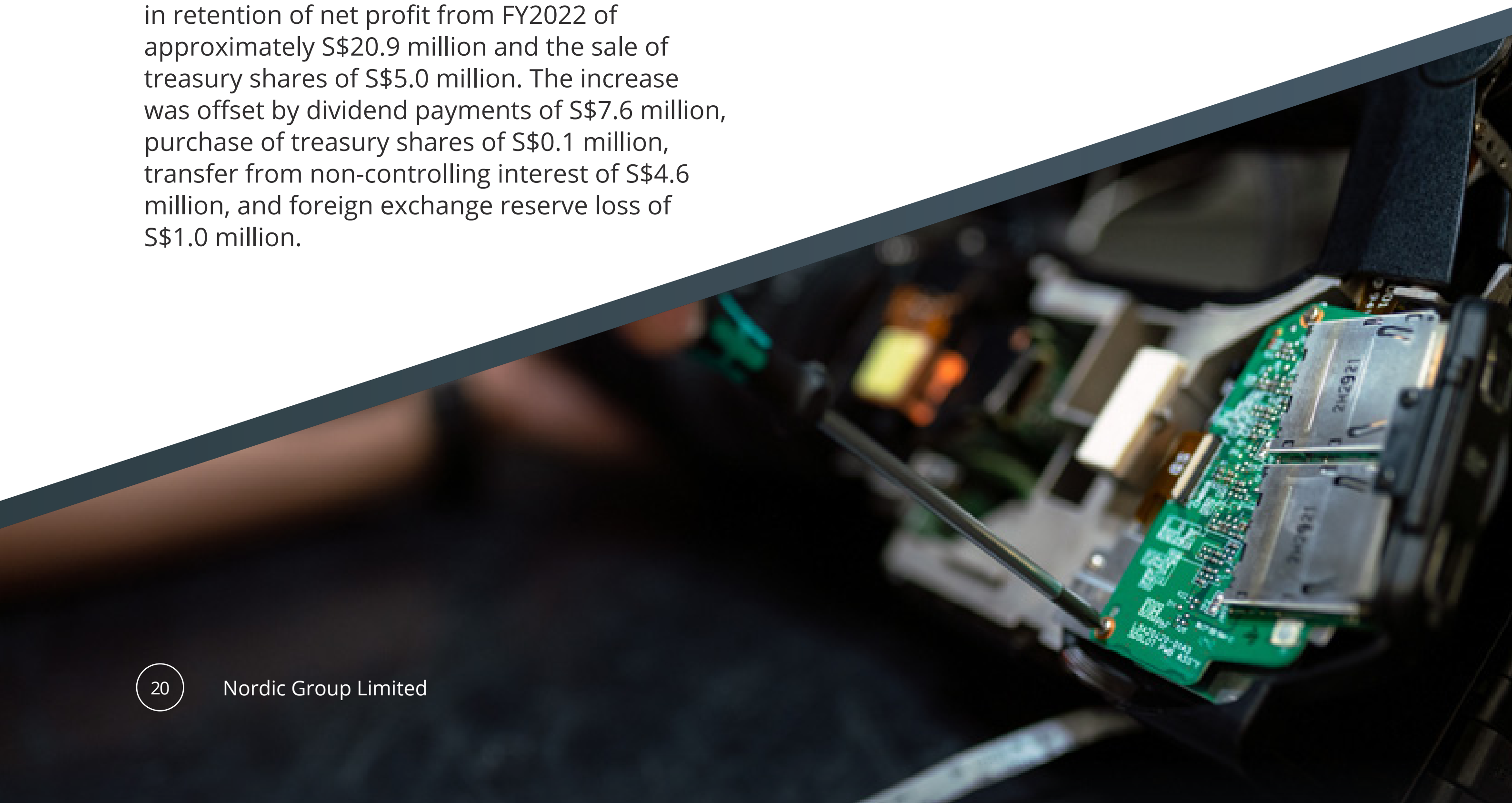
Non-current assets
Non-current assets increased by 51% from approximately S$65.2 million as at 31 December 2021 to approximately S$98.7 million as at 31 December 2022. This was largely attributed to the increase in property, plant and equipment ("PPE"), higher goodwill, and intangible asset from the acquisition of Starburst and Eratech. The increase was partially offset by the depreciation and amortization of intangible assets.

Current assets
Current assets increased 9% from approximately S$127.1 million as at 31 December 2021 to S$139.1 million as at 31 December 2022. The increment came from higher inventories (increased by S$4.9 million), trade and other receivables (increased by S$15.0 million), unbilled revenue and contract assets (increased by S$8.1 million), and prepayment, advance to suppliers and deposit (increased by S$3.4 million). These increases were mainly due to the acquisition of Starburst and Eratech. At the same time, cash and cash equivalent decreased by S$19.4 million as part of the payment to the vendors of Starburst and Eratech.

Equity
Our capital and reserves increased 13% from approximately S$97.6 million as at 31 December 2021 to S$110.0 million as at 31 December 2022. This was mainly attributed to the increase in retention of net profit from FY2022 of approximately S$20.9 million and the sale of treasury shares of S$5.0 million. The increase was offset by dividend payments of S$7.6 million, purchase of treasury shares of S$0.1 million, transfer from non-controlling interest of S$4.6 million, and foreign exchange reserve loss of S$1.0 million.

Non-current liabilities
Non-current liabilities increased by nearly 2.9 times from approximately S$8.7 million as at 31 December 2021 to approximately S$25.3 million as at 31 December 2022. This was due to higher loans and borrowings and financial liabilities (lease liabilities) from the acquisition of Starburst and Eratech.

Current liabilities
Current liabilities increased 19% from approximately S$85.9 million as at 31 December 2021 to S$102.5 million as at 31 December 2022. Higher income tax payable (increased by S$1.5 million), trade and other payables (increased by S$11.6 million), and other non-financial liabilities (increased by S$7.0 million) were key differentials. Similar to the increase in current assets, these increments were attributed to the acquisition of Starburst and Eratech. These increases were partially offset by the reduction in loans and borrowings and provisions of S$2.4 million and S$1.1 million respectively.



Cash Flow Review

S$'000	FY2021	FY2022
Net cash generated from operating activities	9,924	35,001
Net cash used for investing activities	(575)	(52,540)
Net cash generated from (used for) financing activities	8,069	(4,462)
Cash and cash equivalents at the end of the year	75,337	53,034

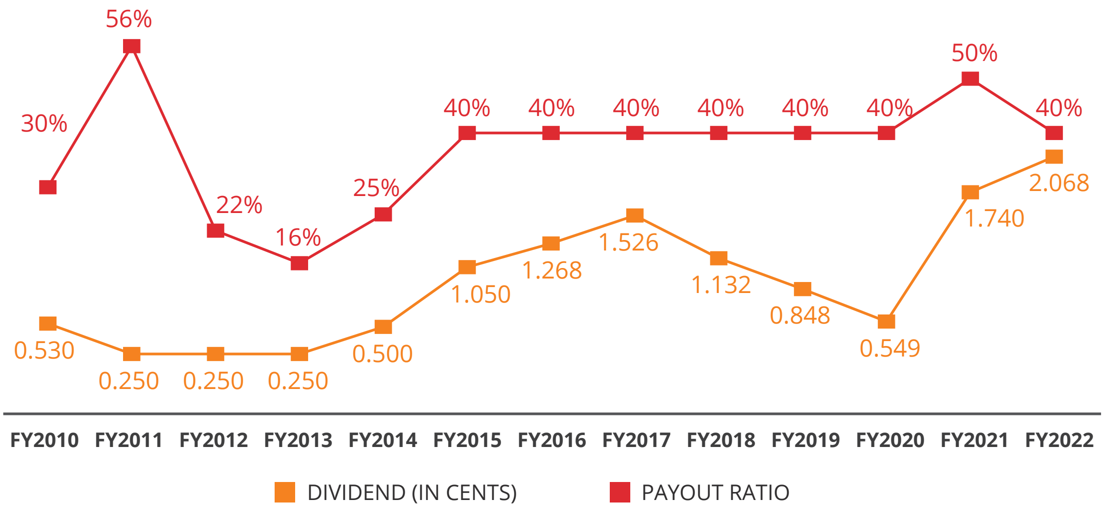
In FY2022, net cash generated from operating activities increased to S$35.0 million (FY2021: S$9.9 million). The Group generated net cash of approximately S$29.3 million from operating profits before working capital changes. Working capital cash inflow was approximately S$7.4 million, which was mainly due to a decrease in other assets, an increase in trade payables and other non-financial liabilities, and an increase in inventories, trade and other receivables, as well as a decrease in provision. Operating cash flow from operations of S$36.7 million was reduced by income tax payments of approximately S$1.7 million.

Nordic recorded net cash used for investing activities of approximately S$52.5 million in FY2022 (FY2021: S$0.6 million). The large differential was primarily due to the acquisition of subsidiaries of S$37.2 million and non-controlling interest of S$17.9 million conducted during the year under review. This was partially offset by proceeds from the disposal of property, plant and equipment of S$3.3 million.

The Group reported net cash used for financing activities of S$4.4 million in FY2022, versus net cash generated from financing activities of S$8.1 million in FY2021. The difference was primarily caused by the repayment of loans and borrowings of S$26.1 million (FY2021: S$4.1 million), dividend payments of S$7.6 million (FY2021: S$5.2 million), interest payment of S$1.9 million (FY2021: S$0.5 million). This cash outflows was offset by cash inflows from the sale of treasury shares of S$5.0 million and new loans and borrowings of S$26.6 million.

Dividends

In FY2022, the Group distributed an interim dividend of 1.162 cents per share. Subsequently, a final dividend of 0.906 cents per share, which will be subjected to shareholders' approval at the upcoming Annual General Meeting, was proposed. The total dividend proposed in FY2022 summed to 2.068 cents per share. This was consistent to our dividend policy of paying out 40% of our annual net profit. Compared to FY2021, the total dividend distributed was nearly 1.2 times higher due to the higher net profit recorded for the year under review.



Our Commitment to Corporate Social Responsibility

At Nordic Group, corporate social responsibility ("CSR") is not just a commitment, but is embedded in everything we do and we deliver. In 2022, as we continued to make progress in building on the growth momentum and supporting the recovery of engineering activities, we kept CSR in mind at all times to ensure the provision of sustainable benefits to our stakeholders.

Our CSR framework was formed based on our core values, "Nurture, Ownership, Respect, Discipline, Integrity, and Collaboration" and is progressively optimised with the practical experience gained from the ground up.

Throughout 2022, we managed to continue our CSR efforts and take new initiatives despite the relatively reduced social activities due to COVID-19. As we aspire to make meaningful contributions to the local communities we are in and minimise the negative impact that we create, we firmly believe that any minimal effort we made now will lay important building blocks for the future.

RUNNING TO SUPPORT COMMUNITY ENGAGEMENT

Yellow Ribbon Run 2022

On 25 September 2022, the Yellow Ribbon Run (the "**Race**"), formerly known as Yellow Ribbon Prison Run, resumed its physical race following a two-year hiatus due to COVID-19. Initiated in 2009, the Race aims to support the reintegration of ex-offenders into society and was rebranded as "I race for second chances" in 2022.

A total of S$150,000 was raised by corporations and the public this year through the Race and donations to the Yellow Ribbon Fund, which supports rehabilitation programs for inmates, ex-offenders, their families, and children.

As part of the Group's efforts to support social integration and harmony, 50 employees of Nordic Group participated in the Race, including our Group CFO as well as the CEO and COO of Starburst Engineering Pte Ltd.

The physical race, which provided participants with the choice of either running or walking in the 6km and 10km categories, symbolises the challenging journey that ex-offenders have to make to be re-accepted back into society and showcases the power of collaborations and second chances.

Here at Nordic, we always encourage our employees and management team to participate in meaningful social events and build a sense of accomplishment and social responsibility outside the workplace. We will continue to do so in a more proactive manner going forward as various social activities are reactivated progressively.

Our Commitment to Corporate Social Responsibility

LONG-TERM COMMITMENT TO ECONOMIC CONTRIBUTIONS

With the additional contributions from the newly acquired Starburst Holdings Limited, the Group was able to further diversify its revenue streams in the engineering sector and achieve another record year in 2022. The Group reported the highest-ever revenue and net profit of S$162.8 million and S$20.9 million respectively for FY2022. The Group's balance sheet position remained strong as at 31 December 2022 with a net asset value per share of 27.5 cents compared to 25.2 cents reported last year.

As at 31 December 2022, the Group's total outstanding orderbook stood at S$232.5 million compared to S$166.0 million last year, providing stronger revenue visibility for the next 36 months.

LONG-TERM COMMITMENT TO SUSTAINABLE BENEFITS FOR OUR SHAREHOLDERS

Backed by the Group's robust set of results and the extended revenue visibility, the Board is recommending a final dividend of 0.906 cents per ordinary share. Together with the interim dividend declared previously, the Group's total dividend was 2.068 cents per ordinary share, which is consistent with its dividend policy of a 40% payout ratio.

In addition to the improved returns to shareholders, the Group has been striving to provide transparent, accurate, and timely disclosures to our shareholders via SGXNET and our corporate website over the years. Our communication with shareholders is on the principles of rigor and consistency, and all information is to be submitted in a non-discriminatory and complete manner. With such, we hope to facilitate more effective engagement with the investment community, enabling them to make better investment decisions.

Furthermore, the Group hosts investor briefing calls on a quarterly basis, which our core management team attends and gives presentations on the latest business performance, followed by a Q&A session handled by our Group Executive Chairman Mr Chang. Shareholders are warmly welcome to join upon registration.

In summary, the Group's information and latest announcements are available via the following channels:

1. The Group's profile, business structure, corporate history, and latest announcements are well presented on its corporate website - https://nordicgrouplimited.com/
2. All our corporate announcements, including financial results, business updates, corporate presentations, and sustainability reports, are uploaded to SGXNET as well
3. For further information related to briefings, site visits, investor queries, media interviews, and requests for a meeting with the management, please feel free to email ir@nordicgrouplimited.com. Our IR team will reply you and coordinate accordingly.
4. The Group hosts an annual general meeting annually in April where our shareholders are welcome to join and communicate with the management directly

Our Commitment to
Corporate Social Responsibility

LONG-TERM COMMITMENT TO THE ENVIRONMENT

The Group continues to uphold its commitment to reducing its environmental footprint across all subsidiaries.

One of our subsidiaries has a solar roof for the factory and the Group has embarked on exploring solar roof installation for our other factories.

We have also set a target for water and electricity consumption and we monitor this monthly. We have also installed some water saving taps on some waterpoints that have high usage.

Corporate Information

BOARD OF DIRECTORS

Chang Yeh Hong
Executive Chairman

Teo Ling Ling
Executive Director and Chief Executive Officer of Nordic Flow Control Pte Ltd

Lee Kim Lian Juliana
Independent Director

Lee Kok Keng Andrew
Independent Director

Siau Kai Bing
Independent Director

AUDIT COMMITTEE

Siau Kai Bing *(Chairman)*
Lee Kim Lian Juliana
Lee Kok Keng Andrew

REMUNERATION COMMITTEE

Lee Kok Keng Andrew *(Chairman)*
Lee Kim Lian Juliana
Siau Kai Bing

NOMINATING COMMITTEE

Lee Kim Lian Juliana *(Chairwoman)*
Chang Yeh Hong
Lee Kok Keng Andrew
Siau Kai Bing

REGISTERED OFFICE

2 Tuas Ave 10
Singapore 639126

CORPORATE DIRECTORY

Company Registration NO.: 201007399N
Website: www.nordicgrouplimited.com

SHARE REGISTRAR AND SHARE TRANSFER OFFICE

Tricor Barbinder Share Registration Services
(A division of Tricor Singapore Pte. Ltd.)
80 Robinson Road #02-00, Singapore 068898

COMPANY SECRETARY

Chia Meng Ru, CA (Singapore)

AUDITORS

RSM Chio Lim LLP
Public Accountants and Chartered Accountants
8 Wilkie Road #03-08
Wilkie Edge, Singapore 228095

Partner-in-charge: Yeow Thuan Wee
(A member of the Institute of Singapore Chartered Accountants)
(Effective from the year ended 31 December 2019)

PRINCIPAL BANKERS

Bank of China
4 Battery Road
Bank of China Building, Singapore 049908

CIMB Bank Berhad
50 Raffles Place #09-01
Singapore Land Tower, Singapore 048623

Citibank N.A.
8 Marina View #21-00
Asia Square Tower 1, Singapore 018960

DBS Bank Ltd.
12 Marina Boulevard
Marina Bay Financial Centre Tower 3, Singapore 018982

Malayan Banking Berhad
2 Battery Road #15-01
Maybank Tower, Singapore 049907

Oversea-Chinese Banking Corporation Limited
65 Chulia Street #10-00
OCBC Centre East, Singapore 049514

RHB Bank Berhad
90 Cecil Street #12-00
RHB Bank Building, Singapore 069531

Standard Chartered Bank
8 Marina Boulevard #27-01
Marina Bay Financial Centre Tower 1, Singapore 018981

The Hongkong and Shanghai Banking Corporation Limited
21 Collyer Quay #08-01
HSBC Building, Singapore 049320

United Overseas Bank Ltd
80 Raffles Place UOB Plaza, Singapore 048624

Corporate Governance Report

The Board of Directors (the "Board") of Nordic Group Limited (the "Company") and its subsidiaries (the "Group") is committed to achieving high standards of corporate governance to ensure investor confidence in the Company as a trusted business enterprise. The Board and management will continue to uphold good corporate governance practices to enhance long-term value and returns for shareholders and protect shareholders' interests.

This report (the "Report") describes the Group's corporate governance structures and practices that were in place during the financial year ended 31 December 2022 with reference made to the principles and provisions of the Code of Corporate Governance 2018 (the "Code").

The Board is pleased to report on the compliance of the Group with the Code. Such compliance is regularly reviewed to ensure transparency and accountability. Where there are deviations from the Code, appropriate explanations have been provided.

BOARD OF DIRECTORS

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

The Board provides stewardship to Management, conferring with them regularly. There is objective decision making which allows exercise of independent judgement. The internal guidelines set out authorisation and approval limits for capital expenditure, investments and divestments as well as requisitions and expenditures. In addition to statutory duties and as required under the Listing Rules of the SGX-ST Listing Manual ("Listing Rules"), the Board has a reserved list of key matters for approval. The following is an extract of some of these matters:

- Approval of broad policies, strategies and financial objectives of the Group and ensuring that the necessary financial and human resources are in place for the Group to meet its objectives;

- Approval and release of financial results and disclosure of material information, including recommendation of dividend payout.

- Approval of annual budgets, capital expenditure or contracts exceeding certain material limits, major funding proposals, investment and divestment proposals;

- Oversee the processes for evaluating the adequacy of internal controls, risk management, financial reporting and compliance to enable risks to be assessed and managed including safeguarding of shareholders' interest and the assets of the Group;

- Review performance of the management and approving the nominations of directors of the Company and appointment of key management personnel;

The Board set the Group's values and standards (including ethical standards) and ensure that the obligations to the shareholders and other stakeholders are met; and assume overall responsibility for corporate governance.

The Directors are cognisant of their fiduciary duties at law. Directors undertake to apply their best endeavours, including complying with the requirements of the Listing Rules, the Companies Act 1967 of Singapore, the Company's internal guidelines and policies, and other applicable laws and regulations. In the exercise of their powers and duties, Directors act in good faith and in the interests of the Company by exercising due care and diligence, and avoiding conflicts of interest. When actual or potential conflicts of interest arise, the conflicted Director will recuse himself/ herself from the conflict related discussions unless other Directors are of the opinion that his/her participation is necessary. In any event, the conflicted Director will abstain from the decision making.
A Director declares his/ her direct interests in all transactions with the Group, if any, and provides details on nature of such interests as soon as practicable after the relevant facts have come to his/ her knowledge.

The Board has established a number of Board Committees to assist in the discharging of its responsibilities. These Board Committees operate under clearly defined terms of reference. The three (3) Board Committees are:

- Audit Committee (the "AC")

- Nominating Committee (the "NC")

- Remuneration Committee (the "RC")

The Board delegates specific areas of responsibilities to these Board Committees but accepts that while the Board Committees have the authority to examine specific issues and report back to the Board with their decisions and/ or recommendations, the ultimate responsibility on all matters lies with the Board.

The Board meets at least four (4) times a year to review and approve, inter alia, the quarterly financial results of the Company, including the half-year and full year financial results announcements. The Board also meets as warranted by circumstances to deliberate on material developments and specific matters as deemed appropriate by the Board or Board Committees. Apart from Board meetings, where necessary, some matters are also put to the Board for approval by way of resolutions in writing. Telephonic attendance and conference via audio communication at Board and Board Committee meetings are allowed by the Company's Constitution.

The attendances of the Directors at meetings of the Board and Board Committees, as well as the frequency of such meetings during the financial year ended 31 December 2022 ("FY2022") are as follows:

	Board and Board Committees			
	Board	**Audit**	**Nominating**	**Remuneration**
No. of Meeting Held	**4**	**6**	**1**	**1**
Board/ Committee Members				
Chang Yeh Hong	4[(a)]	–	1	–
Teo Ling Ling	3	–	–	–
Lee Kim Lian Juliana	4	6	1[(a)]	1
Lee Kok Keng Andrew	4	6	1	1[(a)]
Siau Kai Bing	4	6[(a)]	1	1

Note:

(a) Chairman of the Board or Board Committees

During the year, Management kept the Directors up-to-date on pertinent developments in the business, financial reporting standards and industry-related matters. Such periodic updates were provided to the Directors to facilitate the discharge of their duties. The Directors are also encouraged to constantly keep abreast of developments in regulatory, legal and accounting frameworks that are of relevance to the Group through the extension of opportunities for participation in the relevant training courses, seminars and workshops as relevant and/or applicable. At each Board meeting, the Chief Executive Officers ("CEO") and/ or Chief Operating Officers ("COO") of the Group's respective business divisions update the Board on the business and strategic developments of their respective business divisions.

An incoming Director is briefed on his/her roles, duties, obligations and responsibilities; and on the Group's business and corporate governance policies by senior management, to familiarise the new director with business and governance policies. Familiarisation visits, including overseas offices, are organised, if necessary, to facilitate a better understanding of the Group's operations. The sessions also allow the new director to get acquainted with senior management, thereby facilitating Board interaction and independent access to senior management.

Board members are encouraged to attend seminars and receive training to improve themselves in the discharge of their duties as Directors. The Company works closely with professionals to provide its Directors with updates on changes to relevant laws, regulations and accounting standards. During the year, the Board underwent the sustainability training course organised by Singapore Institute of Directors and ISCA.

Newly appointed Directors will be provided with a formal letter setting out their roles, duties, obligations and responsibilities as member of the Board. There were no new Directors appointed during the year.

Access to Information

The members of the Board in their individual capacity have access to complete information on a timely basis in the form and quality necessary for the discharge of their duties and responsibilities. Prior to each Board meeting, the Directors are each provided with the relevant documents and information to enable them to obtain a comprehensive understanding of the issues to be deliberated upon to enable them to arrive at an informed decision. Senior management attends Board Meetings to answer any queries from the Directors. The Directors also have unrestricted access to the Company's senior management at all times.

To allow Directors sufficient time to prepare for the meetings, all Board and Board Committee papers are distributed to Directors in advance of the meeting. Any additional material or information requested by the Directors is promptly furnished.

In order to ensure that the Board is able to fulfil its responsibilities, Management provides the Board with regular updates on the financial position of the Group. The Directors have been provided with the phone numbers and email particulars of the Company's key management personnel to facilitate separate and independent access.

In furtherance of their duties, Directors, whether individually or collectively, may seek independent professional advice as and when the need arises. The cost of such professional advice will be borne by the Company.

The Company Secretary attends all Board and Board Committee meetings and is responsible for ensuring that the Board procedures and applicable rules and regulations are complied with, provides guidance and updates on best practices of corporate governance, administrative and regulatory compliance matters.

As Secretary for all the Board Committees, the Company Secretary assists in ensuring coordination and liaison between the Board, Board Committees and Management. The Company Secretary assists the Board Chairman, Chairman of each Board Committee and Management in the development of the agendas for the various Board and Board Committee meetings.

The appointment and removal of the Company Secretary rests with the Board.

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

The Board comprises five members: an Executive Chairman, an Executive Director and three Independent Directors. This composition is in compliance with the Rule 210(5) (c) of the Listing Rules, which requires independent directors to make up at least one-third of the Board; and the requirements of the Code which requires independent directors to make up a majority of the Board where the Chairman is not independent; and for Non-Executive Directors to make up a majority of the Board. Each Director has been appointed on the strength of his/her calibre, expertise and experience and the current Board composition also reflects the Company's commitment to Board diversity.

The Independent Directors have each confirmed in writing that they do not have any relationship with the Company, its related corporations, its officers or its shareholders with shareholdings of 5% or more in the voting shares of the Company that could interfere, or be reasonably perceived to interfere, with the exercise of their independent business judgement with a view to the best interests of the Group.

The NC, in its deliberation as to the independence of a Director, has reviewed and determined and confirmed the independence of the Independent Directors.

When there are directors who have served beyond nine years from the date of their first appointment, the Board will rigorously review their continuing contribution and independence and decide if they should continue with the appointment. Directors abstained from discussion and voting in respect of their own independence.

Ms Lee Kim Lian Juliana was appointed as an Independent Director of the Company on 16 September 2010 and has served as a Board member beyond 9 years. Approval from shareholders was obtained for her continued appointment as an Independent Director until her retirement or resignation as a Director, or the conclusion of the Company's third AGM following the passing of the relevant resolution under the two-tier voting, whichever is earlier, in accordance with Rule 210(5)(d)(iii) of the Listing Rules (which took effect from 1 January 2022) at the AGM of the Company held on 26 April 2021.

The Nominating Committee and the Board have rigorously reviewed and determined that Ms Lee remains objective and independent minded in Board deliberations and that her length of services does not interfere with her exercise of independent judgment nor hinder her ability to act in the best interests of the Company. She has expressed individual viewpoints, objectively scrutinised and challenged management and sought clarifications where deemed necessary. Taking into account the above, the Board has affirmed her independent status and resolved that Ms Lee Kim Lian Juliana continues to be considered an Independent Director, notwithstanding she has served on the Board beyond nine years from the date of her appointment.

On 11 January 2023, the SGX-ST amended the Listing Rules pursuant to which Rule 210(5)(d) (iii) was deleted and Rule 210(5)(d)(iv) was inserted. Under Rule 210(5)(d)(iv) of the Listing Rules, which takes effect for an issuer's annual general meeting for the financial year ending on or after 31 December 2023, a director will not be independent if he has been a director of the issuer for an aggregate period of more than 9 years (whether before or after the listing). Such directors may continue to be considered independent until the conclusion of the next annual general meeting of the issuer. Pursuant to the Transitional Practice Note 3 on transitional arrangements regarding tenure limit for independent directors, during the period between 11 January 2023 and the date of the issuer's annual general meeting for the financial year ending on or after 31 December 2023 (the "Transitional Period"), directors who have served for more than 9 years can remain as independent directors as long as they meet the requirements under Rules 210(5)(d)(i) and 210(5)(d)(ii) of the Listing Rules and are re-elected. However, the person must resign from the board or be re-designated as a non-independent director no later than at the annual general meeting of the issuer for the financial year ending on or after 31 December 2023. In view of the requirements under Rule 210(5)(d)(iv) of the Listing Rules, the Board, with the recommendations of the NC, will identify and appoint new Independent Director(s) to ensure that the Company complies with the Board composition requirements under the Code and the Listing Rules by the end of the Transitional Period.

The Company has adopted a board diversity policy, recognizing the importance of diversity in various areas including professional qualifications, skills, business experience, industry knowledge, gender and age and other distinguishing qualities. The NC reviews the size and composition of the Board and Board Committees and the skills and core competencies, as well as gender and age of the members to ensure appropriate balance of skills, experience and diversity. These competencies include accounting and finance, business acumen, management experience, industry knowledge, strategic planning experience, familiarity with regulatory requirements and knowledge of risk management.

The Board includes two female Directors in recognition of the importance and value of gender diversity and three directors have recent and relevant accounting or related financial management expertise or experience. The NC acknowledged that improvements to Board diversity practices are an ongoing process. The NC is satisfied that the current size and composition of the Board and Board Committees are appropriate for effective decision making, having taken into consideration the nature and scope of the Group's operations. The NC is also of the view that the Directors possess the necessary competencies and knowledge to lead and govern the Group effectively.

The strong independent element of the Board enables it to engage in robust decision making, monitor results and assess and remunerate Management on its performance. The Independent Directors of the Board will separately meet with the External Auditor and Internal Auditor, respectively without Management's presence, where deemed necessary. The Chairman of such meetings will provide feedback to the Board and/or the Executive Chairman, as appropriate.

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

There is a clear division of responsibilities between the Executive Chairman and the CEOs of each of the Group's business divisions who are separate persons so as to ensure an appropriate balance and separation of power and authority, and clear division of responsibilities and accountability.

The Executive Chairman's responsibility is to lead and ensure the effectiveness of the Board and, together with the AC, ensures the integrity and effectiveness of the governance process of the Board. The Executive Chairman plays a pivotal role in steering the strategic direction of the Group while the respective subsidiary CEOs manages the business of the subsidiaries, drive the growth and performance; and are accountable to the Board for the performance of their business segment, and ensures the execution of the Board's decisions.

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

NOMINATING COMMITTEE

The NC comprises four (4) members, a majority of whom including the Chairman are independent.

Chairman:	Lee Kim Lian Juliana	(Independent Director)
Members:	Lee Kok Keng Andrew	(Independent Director)
	Siau Kai Bing	(Independent Director)
	Chang Yeh Hong	(Executive Chairman)

The main role of the NC is to ensure that the process of Board appointments and re-appointments is transparent and to assess the effectiveness of the Board as a whole and the contribution of individual Directors to the effectiveness of the Board. When a vacancy arises under any circumstances, or where it is considered that the Board would benefit from the services of a new Director with a particular skill, the NC, in consultation with the Board, determines the selection criteria and selects the candidates with the appropriate expertise and experience for the position.

The NC performs the following functions:

– review of succession plans for directors, in particular the appointment and/or replacement of the Chairman, the Chief Executive Officer and key management personnel.

– make recommendations to the Board on the appointment and re-appointment of directors (including alternate directors, if applicable).

– regularly review the Board structure, size and composition and make recommendations to the Board with regard to any adjustments that are deemed necessary.

– determine the process for the search, nomination, selection and appointment of new Board members and assess nominees or candidates for appointment or election to the Board, determining whether or not such nominee has the requisite experience and qualification and whether or not he/she is independent.

– develop a process for the evaluation of performance of the Board, its Board committees and Directors.

– determine how the Board's performance may be evaluated and propose objective performance criteria.

– assess the effectiveness of the Board as a whole and its Board Committees and to assess the contribution by the Chairman and each individual Director to the effectiveness of the Board.

– review training and professional development programs for the Board.

– determine, on an annual basis, if a Director is independent.

– recommend Directors who are retiring by rotation or are newly appointed to be put forward for re-election.

NC is responsible for determining the independence of the director in line with Rule 210(5) (d) of the Listing Rules and the relevant guidelines set out under the 2018 Code. For FY2022, the NC has assessed and determined that the Independent Directors of the Company are independent.

The Constitution of the Company requires one-third of the Directors to retire and subject themselves to re-election by the shareholders at every Annual General Meeting ("AGM"). In addition, all Directors of the Company shall retire from office at least once every three years.

The Board acting on the recommendation of the NC and considering the composition, the director's integrity, independent mindedness, contributions and performance, proposes the re-election of Directors retiring by rotation at each AGM.

The Directors who are retiring and seeking re-election at the forthcoming AGM are:

(a) Ms Teo Ling Ling (pursuant to Regulation 106 of the Constitution of the Company);

(b) Mr Siau Kai Bing (pursuant to Regulation 106 of the Constitution of the Company).

Mr Siau Kai Bing, being a member of the NC, abstained from deliberation and voting in respect of his own nomination for re-election.

The NC is satisfied that the Directors retiring in accordance with Regulations 106 of the Company's Constitution at the forthcoming AGM are properly qualified for re-appointment by virtue of their skills, experience and their contribution in terms of guidance and time devoted to Board affairs.

On the matter of multiple board representations, and to address the issue of competing time commitments, the Board has endorsed the NC's recommendation that each Director shall not hold in excess of six listed company board representations.

As at the date of this Report, the Company does not have any alternate Director.

The Company has established the following process for the selection and appointment of new Directors:

- The NC determines a suitable size for the Board and evaluates the balance of diversity in skills, knowledge, gender and age, and experience of members of the Board required to add value and facilitate effective decision-making, after taking into consideration the scope and nature of the Group's operations;
- The NC considers various sources of seeking suitable candidate(s) or recommendations from, among others, Directors, professional search firms, business associates and advisors;
- The selection criteria include integrity, diversity of competencies, expertise, industry experience and financial literacy.
- Short-listed candidate(s) will be required to furnish their curriculum vitae stating in detail, amongst others, their qualification, working experiences and employment history;
- The NC evaluates candidate(s) in areas of academic and professional qualifications, knowledge and experiences in relation to the business of the Group, independence status and other present and past directorships;
- The NC meets the shortlisted potential candidates to assess suitability; and
- The NC then makes a recommendation to the Board for approval. The Board is to ensure that the candidate is aware of the expectations and the level of commitment required.

Key information of each member of the Board including other directorships and chairmanships, both present and those held over the preceding three (3) years, in other listed companies and other major appointments, academic/ professional qualifications, membership/chairmanship in the Board Committees can be found on pages 8 and 9 of this Annual Report.

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

The NC has established an appraisal process to assess the performance and effectiveness of the Board as a whole as well as to assess the contribution of individual Directors. The objective of the annual appraisal is to identify areas for improvement and to implement appropriate action. The appraisal process focuses on a set of performance criteria which includes qualitative and quantitative factors such as principal functions, fiduciary duties, attendance record, level of participation at meetings, and guidance provided to the management.

All Directors are required to complete a Board Assessment Checklist and an Individual Director Assessment Form designed to seek their views on the performance criteria so as to assess the overall performance and effectiveness of the Board (including Board Committees) and individual Directors. The checklists and forms were completed and submitted to the Company Secretary for collation and the consolidated responses were presented to the NC for review and discussion before making any recommendations to the Board. The NC has reviewed the overall performance and effectiveness of the Board and is of the view that the performance and effectiveness of the Board as a whole has been satisfactory. The NC is also of the view that each Director has been adequately carrying out his / her duties as a Director of the Company.

The NC has not engaged any external facilitator in conducting the assessment of the Board's performance. Where necessary, the NC will consider such an engagement.

REMUNERATION COMMITTEE

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

The RC comprises three members, all of whom including the Chairman are independent.

Chairman:	Lee Kok Keng Andrew	(Independent Director)
Members:	Lee Kim Lian Juliana	(Independent Director)
	Siau Kai Bing	(Independent Director)

The Company may also engage an external consultant to advise on all remuneration and related matters of Directors and senior management, as and when circumstances require, to ensure that the Directors' remuneration is fair and reasonable, and benchmarked against comparable companies.

The remuneration packages of the Executive Directors and certain key executive officers are based on their respective service agreements. These include a profit sharing scheme that is performance related to align their interests with those of the shareholders.

Independent Directors are paid Directors' fees of an agreed amount and these fees are subject to shareholders' approval at the AGM.

The principal terms of reference of the RC are as follows:

– review and recommend to the Board a general framework of remuneration for the Board and key management personnel and to review and recommend to the Board the specific remuneration package for each Director, key management personnel of the Group and employees who are substantial shareholders of the Company, or are immediate family members of a director, the Chief Executive Officer or a substantial shareholder of the Company.

– consider all aspects of remuneration, including termination terms, to ensure they are fair.

– review whether the Executive Directors and key management personnel should be eligible for benefits under any long-term incentive schemes which may be set up from time to time and to do all acts necessary in connection therewith.

– administer the performance based bonus scheme and any other share option scheme or share plan established from time to time for the Directors and key management personnel.

– carry out its duties in the manner that it deems expedient, subject always to any regulations or restrictions that may be imposed upon the RC by the Board.

The recommendations of the RC are submitted to the Board for endorsement. All aspects of remuneration, including but not limited to directors' fees, salaries, allowances, bonuses, options and benefits in kind are reviewed by the RC.

The RC has access to expert professional advice on human resource matters whenever there is a need to consult externally. In its deliberations, the RC will take into consideration industry practices and norms in compensation in addition to the Company's relative performance to the industry and the performance of the individual Director.

To minimise the risk of any potential conflict of interest, each member of the RC shall abstain from deliberation and voting on any resolution in respect of his/her own remuneration package. No individual Director is involved in deciding his/her own 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

The remuneration package of the Executive Chairman, Executive Director and key executive officers generally comprise two components. One component is fixed in the form of a base salary, car allowance and handphone allowance. The other component is variable consisting of incentive or performance bonuses. The remuneration package is appropriate to attract, retain and motivate the Directors to provide good stewardship of the Company and key executive officers to successfully manage the Company for the long term. The performance of the Executive Directors and key executive officers is review periodically by the RC and Board.

The incentive and performance bonuses are dependent on the financial performance of the Group or business segments as the RC strongly supports and endorses the flexible wage system which gives the Group more flexibility to ride through economic downturns. The RC has adopted set profitability levels to be achieved before incentive bonuses are payable.

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 be sensitive to the time horizon of risks.

The Independent Directors are paid Directors' fees for their efforts and time spent, responsibilities and contributions to the Board, subject to the approval by shareholders at the Annual General Meeting.

There are no termination or retirement benefits that are granted to the Directors. The Company has contractual provisions to allow the Company to reclaim performance-based components of remuneration from the Executive Chairman, Executive Director and key executive officers in exceptional circumstances of restatement of financial results. The Executive Chairman and Directors owe a fiduciary duty to the Company and the Company should be able to avail itself to remedies against the Executive Chairman and Directors in the event of such breach of fiduciary duties.

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

The Board exercises its discretion and independent judgment in ensuring that the amount and mix of compensation are aligned with the interests of shareholders and promote the long-term success of the Group. Total compensation is pegged to the achievement of organisational and individual performance objectives, and is benchmarked against relevant and comparative compensation in the market.

The total remuneration including level and mix of remuneration (in percentage terms) of the Directors for FY2022 is as follows:

Directors' Remuneration for FY2022

Name	Total Remuneration ($'000)	Fee[a]	Salary	Bonus	Allowance	Total
Chang Yeh Hong	1,399	–	26%	71%	3%	100%
Teo Ling Ling Dorcas	280	–	73%	10%	17%	100%
Lee Kim Lian Juliana	60	100%	–	–	–	100%
Lee Kok Keng Andrew	60	100%	–	–	–	100%
Siau Kai Bing	62	100%	–	–	–	100%

Note:

(a) Directors' fees of $137,000 for FY2022 have been approved by the shareholders at the AGM on 25 April 2022. Additional fees of $15,000 each will be tabled for approval by the shareholders at the coming AGM on 24 April 2023.

(b) The total remuneration of each Director shown above is inclusive of applicable employer Central Provident Fund (CPF) contributions.

(c) The allowance includes transport and handphone benefits.

No share options has been granted to the above Directors.

The breakdown of remuneration of the Group's top five key executives (who are not Directors) in percentage terms for FY2022 is as follows:

Remuneration of Key Executives for FY2022

Total remuneration paid to the top 5 key executives (who are not Directors) for FY2022 is $1,300,000. The breakdown in percentage terms are set out below:

Name	Salary	Bonus	Allowance	Total
Between $200,000 and $300,000				
Chang Yeh Fung Astro **	65%	17%	18%	100%
Chia Meng Ru	61%	23%	16%	100%
Lin Choon Hin *	69%	14%	17%	100%
Lee Mei Hue Jeanette	59%	17%	24%	100%
Teng Poh Liang	45%	37%	18%	100%

Note:

(a) The total remuneration shown above is inclusive of applicable employer CPF contributions.

(b) The allowance includes transport and handphone benefits.

* Lin Choon Hin who is a key executive, is also a substantial shareholder of the Company.

** Astro Chang Yeh Fung, CEO of Starburst Group, is a brother of the Executive Chairman, Chang Yeh Hong.

In considering the disclosure of remuneration of key executives, the Board has regarded the industry conditions in which the Group operates as well as the confidential nature of such remuneration.

No options, termination or retirement benefits have been granted to the above key executives.

Save as disclosed above, there is no other employee who is a substantial shareholder or is related to a Director, the CEO or substantial shareholders and whose remuneration exceeded $100,000 during FY2022.

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

The Board acknowledges that it is responsible for maintaining a sound system of internal controls to safeguard shareholders' interests and maintain accountability of its assets but acknowledges that no cost-effective risk management and internal controls system will preclude all errors and irregularities. While no cost effective internal control system can provide absolute assurance against loss or misstatement, the Group's internal controls and systems have been designed to provide reasonable assurance that assets are safeguarded, operational controls are in place, business risks are suitably protected, proper accounting records are maintained and financial information used within the business and for publication, are reasonable and accurate.

The Group has in place an Enterprise Risk Management ("ERM") Framework, which governs the risk management processes of the Group. Risk management capabilities and competencies are continuously enhanced through this Framework. The ERM Framework also enables the identification, prioritisation, assessment, management and monitoring of key risks and associated key controls in the Group's businesses. The key risks of the Group are deliberated by Management and reported to the AC at least once a year. The AC reviews the adequacy and effectiveness of the ERM Framework against leading practices in risk management and vis-à-vis the external and internal environments, which the Group operates.

Complementing the ERM framework is a Group-wide system of internal controls, which includes documented policies and procedures, proper segregation of duties, approval procedures and authorisations, as well as checks-and-balances built into the business processes. The Group has in place a risk management process that requires business units to perform regular assessments of the effectiveness of applicable internal controls. In addition to ensuring that internal controls and risk management processes are adequate and effective, the AC is assisted by various independent professional service providers. The external auditor provided assurance over the risk of material misstatements in the Group's financial statements. The Internal auditor conducted audit reviews based on the approved internal audit plans. All audit reports detailing audit findings and recommendations are provided to management who respond in a timely manner with actions to be taken. The AC performs close and timely monitoring to ensure proper implementation of the required corrective action plans undertaken by management.

Management has established the Group's risk profile which identifies the material risks faced by the Group and the counter measures that are in place to manage or mitigate those risks. As the Group does not have a risk management committee, the Board and the management assume the responsibility of the risk management function. The Group's risk profile is reviewed by the AC and the Board annually to ensure regular assessment and update of the Group's key risks, how they are managed, the key personnel responsible for each identified risk type and the various assurance mechanisms in place. It allows the Group to address the on-going changes and the challenges in the business environment, reduces uncertainties and facilitates the shareholder value creation process. In addition, the Board reviews and determines the Group's level of risk tolerance and risk policies, and oversees the design, implementation and monitoring of the risk management and internal control systems.

The internal auditor carried out internal audit on the system of internal controls and reported their findings to the AC. The external auditor has also carried out, in the course of their statutory audit, an understanding of the key internal controls assessed to be relevant to the audit. In this respect, the AC has reviewed the findings of both the external auditor and internal auditor and will ensure that the Group follows up on the auditors' recommendations raised during the audit process.

Based on the Group's framework of management controls in place, the internal control policies and procedures established and maintained by the Group, as well as the reviews performed by the external and internal auditors, 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, information technology risks and risk management systems are adequate and effective as at 31 December 2022 to address the risks that the Group considers relevant and material to its operations.

The Board and the AC have also received assurances from the Executive Chairman and Group Chief Financial Officer that (a) the Company's internal control and risk management systems in place are adequate and effective in addressing the material risks of the Company in its current business environment including financial, operational, compliance and information technology risks; and (b) that the financial records have been properly maintained and the financial statements give a true and fair view of the Group's business operations and finances.

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

The AC comprises three members, all of whom including the Chairman are independent.

Chairman:	Siau Kai Bing	(Independent Director)
Members:	Lee Kim Lian, Juliana	(Independent Director)
	Lee Kok Keng Andrew	(Independent Director)

The Board is of the view that the AC has the requisite financial management expertise and experience to discharge its responsibilities properly. The terms of reference of the AC are as follows:

- review significant financial reporting issues and judgments to ensure integrity of the financial statements of the Company and any announcements relating to the Company's financial performance.

- review and report to the Board at least annually the adequacy and effectiveness of the Company's internal controls (including financial, operational, compliance and information technology controls) and risk management systems (such reviews can be carried out internally or with the assistance of any competent third parties).

- review at least annually the adequacy and effectiveness of the Company's internal audit function including ensuring it is staffed with persons with the relevant qualifications and experience.

- the internal auditor should carry out its function according to the standards set by nationally or internationally recognised professional bodies including the standards for the Professional Practice of Internal Auditing set by The Institute of Internal Auditors.

- ensure that the internal audit function is adequately resourced and has appropriate standing within the Company.

- review the internal audit programme and ensure co-ordination between the internal auditor and management.

- review the adequacy, effectiveness, independence, scope and results of the Company's internal audit functions.

- review the adequacy, effectiveness, independence, scope and results of the external audit functions.

- approve the hiring, removal, evaluation and compensation of the Head of the Internal Audit function, or accounting/auditing firm or corporation if the internal audit function is outsourced.

- make recommendations to the Board on (i) the proposals to shareholders on the appointment, re-appointment, resignation and removal of the external auditor, and (ii) approving the remuneration and terms of engagement of the external auditor.

- ensure co-ordination where more than one auditing firm or corporation is involved.

- review with the internal and external auditors:

  (a) their audit plan, including the nature and scope of the audit before the audit commences;

  (b) their evaluation of the system of internal controls;

  (c) their audit report; and

  (d) their management letters and management's responses.

- review interested person transactions (IPTs) falling within the scope of the SGX-ST Listing Manual on a quarterly basis.

- review the half yearly and full year financial statements of the Company before submission to the Board for approval, focusing in particular, on:

  (a) changes in accounting policies and practices;

  (b) major risk areas;

  (c) significant adjustments resulting from the audit;

  (d) the going concern statement;

  (e) compliance with accounting standards;

  (f) compliance with stock exchange and statutory/regulatory requirements;

- review the audited financial statements of the Company and the consolidated balance sheet and statement of comprehensive income, before approval by the Board.

- discuss problems and concerns, if any, arising from the full year audits, in consultation with the external and internal auditors, where necessary.

- meet with the external and internal auditors without the presence of management, at least annually, to discuss any problems or concerns they may have.

- ensure where deficiencies in internal controls have been identified, appropriate and prompt remedial action is taken by management.

- review the assistance given by management to the internal and external auditors.

- review annually the independence of the external auditor, the aggregate amount of fees paid to the external auditor for the financial year and the breakdown of the fees paid in total for audit and non-audit services respectively.

  Where the external auditor also provide non-audit services to the Company, the nature and extent of such services should be reviewed in order to balance the maintenance of objectivity and value for money, and to ensure that the independence of the auditor would not be compromised.

- review and discuss with the external auditor, any suspected fraud or irregularity, or suspected infringement of any applicable law, rules or regulations, which has or is likely to have a material impact on the Company's operating results or financial position, and management's response.

- review the policy and arrangements by which staff of the Company or of the Group and any other persons may, in confidence, raise concerns about possible improprieties in matters of financial reporting or any other matters and conduct an independent investigation of such matters for appropriate follow-up action pursuant to the Company's whistle-blowing program.

- investigate any matter within the Terms of Reference, with full access to and cooperation by management and full discretion to invite any director or executive officer to attend its meetings, and reasonable resources to enable it to discharge its function properly.

- report to the Board its findings from time to time on matters arising and requiring the attention of the AC.

- undertake such other reviews and projects as may be requested by the Board.

- undertake such other functions and duties as may be required by statute or the Listing Manual, and by such amendments made thereto from time to time.

Summary of the Audit Committee's Activities

The AC met at least four times during the year under review. Details of members and their attendance at meetings are provided on page 27. The Group Chief Financial Officer, internal auditor and external auditor are invited to these meetings. Other members of senior management are also invited to attend as appropriate to present reports.

The AC has explicit authority to investigate any matter within its terms of reference. It has full access to and has the full cooperation of the management and employees. It also has the full discretion to invite any Director or any member of management to attend its meetings.

During FY2022, the AC has separately met the external auditor as well as the internal auditor, without the presence of the Company's management. This meetings enabled the external auditor and internal auditor to raise issues encountered in the course of their work directly to the AC.

The AC has reviewed the amount of non-audit related services rendered to the Group by the external auditor, RSM Chio Lim LLP. During the year 2022, the fees paid to RSM Chio Lim LLP for non-audit related services amounted to $26,350 or 8% of the audit fee. Being satisfied that the nature and extent of such services will not prejudice the independence and objectivity of the external auditor, the AC has recommended their nomination for re-appointment as external auditor of the Company to the Board.

The Company confirms that it is in compliance with Rule 712 and Rule 715 of the SGX-ST Listing Manual.

The Company has put in place a whistle-blowing framework ("Speaking Up Policy"), endorsed and with oversight by the AC where the employees of the Group or any other person may, in confidence, raise concerns about possible corporate improprieties in matters of financial reporting or other matters.

Details of the Speaking Up Policy and arrangements have been made available to all employees of the Group. It has a well-defined process which ensures independent investigation of issues/concerns raised and appropriate follow-up action, and provides assurance that whistle blowers will be protected from reprisal within the limits of the law. The Speak Up Policy and procedures are review by the AC from time to time to ensure that they remain relevant.

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 appropriate external advice where necessary.

In 2022, there were 2 incidents reported via the Speaking Up Policy.

Financial reporting and significant financial issues

The AC has considered whether accounting standards are consistently applied across the Group and whether disclosures to the financial statements are clear and sufficient. For the year reported on, the AC reviewed and approved the scope of the audit plans of the external auditor. In its recommendation to the Board to approve the full year financial statements, the AC reviewed the results of the audit, significant findings or areas of emphasis and audit recommendations. The AC also discussed with management the basis of the assumptions and methodologies used by management in relation to matters of significant impact. In particular, the following key audit matters identified by the external auditor were discussed with management and reviewed by the AC:

Assessment of impairment of goodwill

Goodwill is required to be assessed annually for impairment. The AC has reviewed the methodology used by management to determine the recoverable amount of goodwill for impairment assessment. In addition, the AC discussed with the external auditor on their review of the reasonableness and relevance of the assumptions used in the impairment assessment and the sensitivity analysis performed. The AC concurred with the management's conclusion that no impairment loss was recognised for goodwill as at 31 December 2022 as the carrying amount of all cash-generating units was lower than their recoverable amounts and the disclosures in the financial statements were appropriate.

Assessment of adequacy of inventories obsolescence

Inventory obsolescence was assessed at year end. Management is of the view that inventories which had no movement for more than two years are still realisable and there is no requirement to write down these inventories. This assessment was based on management's knowledge of the group's operations and the industry, and their technical assessment of the inventories. The AC concurred with the management's conclusion that no further inventory write down was necessary for year ended 31 December 2022.

Accounting for business combinations

The Group acquired Starburst Holdings Limited and Eratech Pte Ltd which resulted in the recognition of goodwill of $10,869,000, negative goodwill of $1,120,000 and intangible assets of $6,483,000. Management engaged an external valuer to assist in the purchase price allocation ("PPA") for the Starburst acquisition and the PPA for the Eratech acquisition was performed by management. Significant judgements and estimates were used in the valuation of the assets identified and liabilities assumed from the acquisitions.

The AC have assessed the independence and competency of the external valuer which included considering their experiences and qualification in performing valuations for such business combinations. The AC also discussed with the external auditor on their review of the reasonableness and relevance of the assumptions used in the PPAs and concurred with management on the assumptions and disclosures used in the PPAs evaluation.

Revenue from long term construction contracts

For the reporting year ended 31 December 2022, revenue from long term construction contracts of $22,727,000 has been recognised over time by using the input method based on the efforts or inputs to the satisfaction of a performance obligation such as costs incurred relative to the total expected inputs to the satisfaction of that performance obligation.

The AC discussed with the external auditor on their review of the reasonableness and relevance of the assumptions used in the revenue recognition of long term construction contracts and concurred with management on the assumptions and estimates in the determination of amongst others the stage of completion of a project, estimates of cost to complete and estimates of variation orders that can be recognised.

ACCOUNTABILITY AND AUDIT

Accountability

The Board is accountable to the shareholders and is mindful of its obligations to furnish timely information and to ensure full disclosure of material information to shareholders in compliance with statutory requirements and the Listing Manual of the SGX-ST.

The Board reviews and approves the results as well as any announcements before its release. In presenting the annual financial statements and half yearly and full year financial results announcements to shareholders, it is the aim of the Board to provide the shareholders with detailed analysis and a balanced and understandable assessment of the Group's performance, position and prospects. This responsibility is extended to regulators.

Financial reports and other price-sensitive information are disseminated to shareholders through announcement via SGXNET.

The Board also reviews legislation and regulatory compliance with management to ensure that the Group complies with the relevant regulatory requirements.

Internal Audit

The AC approves the hiring, removal, evaluation and compensation of the internal auditor. The internal audit function ("IA") of the Company is out-sourced to In.Corp Business Advisory Pte. Ltd. The IA reviews the effectiveness of key internal controls, including financial, operational and compliance controls for selected scope of review annually, as approved by the AC. Procedures are in place for the IA to report independently on their findings and recommendations to the AC for review. The IA reports primarily to the Chairman of the AC and has full access to the documents, records properties and personnel of the Group, including access to AC.

The primary functions of internal audit are to assist in the following:–

(a) assess if adequate systems of internal controls are in place to protect the assets of the Group and to ascertain whether control procedures are complied with;

(b) assess if operations of the business processes under review are conducted efficiently and effectively;

(c) identify and recommend improvement to internal control procedures, where required; and

(d) to conduct an internal review on sustainability reporting process.

The AC is satisfied that the internal audit function has adequate resources to perform its function effectively. The AC is satisfied that the internal audit function is staffed by suitably qualified and experienced professionals with the relevant qualifications and experience.

The Company's IA function is independent of the external audit. The IA is a member of the Institute of Internal Auditors Singapore ("IIA"), a professional internal auditing body affiliated to the Institute of Internal Auditors, Inc. The audit work carried out is guided by the International Standards for the Professional Practice of Internal Auditing laid down in the International Professional Practices Framework issued by the IIA. The IA continues to meet or exceed the IIA Standards in all key aspects. In.Corp Business Advisory Pte Ltd has confirmed their independence to the AC.

During the year, the IA adopted a risk-based audit approach that focused on material internal controls, including financial, operational, compliance and information technology controls. Audits were carried out on all significant business units in the Group. All Group Internal Audit reports are submitted to the AC for deliberation with copies of these reports extended to the Executive Chairman, Directors and the relevant key management personnel.

The AC has reviewed the Company's internal control assessment and based on the internal auditor's and external auditor's reports and the internal controls in place, it is satisfied that there are adequate and effective internal controls to meet the needs of the Group in its current business environment. The AC is satisfied that the internal audit function is independent, effective and adequately resourced.

The AC reviews the adequacy and effectiveness of the internal audit function of the Company annually. No former partner or director of the Group's EA and IA is a member of the AC.

SHAREHOLDER RIGHTS AND RESPONSIBILITIES

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

The Company's corporate governance practices promote the fair and equitable treatment to all shareholders. To facilitate shareholders' ownership rights, the Company ensures that all material information is disclosed on a comprehensive, accurate and timely basis via SGXNET, especially information pertaining to the Group's business development and financial performance which could have a material impact on the share price of the Company, so as to enable shareholders to make informed decisions in respect of their investments in our Company.

Shareholders are given opportunity to participate effectively and vote at general meetings of the company, where relevant rules and procedures governing such meetings are clearly communicated through Annual Report or Circular to shareholders.

Conduct of Shareholder Meetings

The Company supports active shareholder participation at general meetings. The shareholders are encouraged to attend the general meetings to ensure high level of accountability and to stay informed of the Group's strategies and visions.

If shareholders are unable to attend the meetings, the Company's Constitution allows a shareholder of the Company to appoint up to two proxy to attend, speak and vote in place of the shareholder. Shareholders who are relevant intermediaries (as defined in the Act) are allowed to appoint more than two proxies to attend, speak and vote at the Company's general meetings.

The Company has implemented poll voting for all resolutions tabled at the Company's general meetings. Independent scrutineers are appointed to review the poll voting procedure and verify the results of the poll.

The Board takes note that there should be separate resolution at general meetings on each substantially separate issue and supports the Code's principle as regards to "bundling" of resolutions.

Resolutions are as far as possible, structured separately and are voted on independently.

All Directors including Chairpersons of the Board, AC, RC and NC and senior management are in attendance at the AGMs and Extraordinary General Meetings to allow shareholders the opportunity to air their views and ask Directors or management questions regarding the Company. The external auditor are also invited to attend the AGMs and are available to assist the Directors in addressing any relevant queries by the shareholders relating to the conduct of the audit, the preparation and contents of the independent auditors' report.

In 2022, the AGM of the Company was conducted via electronic means in accordance with the COVID-19 (Temporary Measures)(Alternative Arrangements for Meetings for Companies, Variable Capital Companies, Business Trusts, Unit Trusts and Debenture Holders) Order 2020 whereby shareholders attended via live audio-visual webcast or live audio-only stream. The shareholders were invited to submit their questions for the AGM in advance of the meeting and the Company provided its responses via SGXNET and on the corporate website prior to the commencement of the AGM. The Executive Chairman, all the Directors and the external auditor, RSM Chio Lim LLP were virtually present at the Company' AGM held on 25 April 2022.

Minutes of the general meetings, including substantial and relevant comments or queries from shareholders and responses from the Board and/or Management will be published via SGXNet and on the Company's website within one month after the relevant general meeting.

Although the COVID-19 (Temporary Measures) (Alternative Arrangements for Meetings for Companies, Variable Capital Companies, Business Trusts, Unit Trusts and Debenture Holders) Order 2020, which prescribed alternative arrangement for the conduct of general meetings continues to be in force, the forthcoming AGM will be held , in a wholly physical format at Singapore Recreation Club, B Connaught Drive, Singapore 179682 at 10.00 a.m. on 24 April 2023. There will be no option for shareholders to participate virtually.

Dividend and Dividend Policy

The Company's dividend policy is to pay out 40% of the net profit, payable every half yearly.

For FY2022, the Company paid an interim dividend 1.162 Singapore cents per ordinary share. The Board has also proposed a final one-tier tax exempt dividend of 0.906 Singapore cent per ordinary share, which will be subject to shareholders' approval at the forthcoming AGM.

COMMUNICATION WITH SHAREHOLDERS

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

The Group is committed to maintaining high standards of corporate disclosure and transparency through timely communication of material and price sensitive information to shareholders and the public. It is the Company's policy that all shareholders and the public be informed of all major developments that impact the Group on a timely basis. Communication is made through:

- Annual reports which can be accessed through the SGX website and Company's website;
- Announcement of half-yearly and full-year financial results via SGXNET;
- Disclosure of price sensitive material information via SGXNET;
- Press releases on major developments of the Company; and
- Shareholders' briefings.

Investor Relations

The Company's corporate website (www.nordicgrouplimited.com) has a dedicated "Investor Relations" link which features the latest and past financial results and related information as well as other announcements released via SGXNet. The contact details of the Investor Relations team are available on the website. The Investor Relations team has procedures in place for addressing investor's queries or complaints as soon as possible.

The Company's Investor Relations Policy sets out the mechanism through which shareholders may contact the Company with questions and through which the Company may respond accordingly. To enable shareholder to contact the Company easily, shareholders may email ir@nordicgrouplimited.com

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

The Group has identified stakeholders as those who are impacted by the Group's business and operations as well as those who have a material impact on the Group's business and operations. Such stakeholders include customers, employees, contractors and suppliers, government and regulators, community, and shareholders and investors. The Company engages its stakeholders through various channels to ensure that the business interests of the Group are balanced against the needs and interests of its stakeholders.

The Group maintains a corporate website at www.nordicgrouplimited.com to communicate and engage with stakeholders.

Interested Persons Transactions

The Group has established internal control policies to ensure that transactions with interested persons are properly reviewed and approved, and are conducted at an arm's length basis.

The Group does not have a general mandate from shareholders for interested person transactions pursuant to Rule 920 of the SGX-ST Listing Manual. For the year under review, there were interested person transactions but these are below $100,000 in aggregate.

Securities Transaction

The Group has adopted a policy whereby the Directors and employees are prohibited from dealing in the securities of the Company while in possession of price-sensitive information as well as during the period commencing one (1) month before the announcement of the Company's half year and full year results until the said results announcement has been made. The Directors and employees of the Group are to refrain from dealing in the Company's securities on short-term considerations.

Directors and employees of the Group are also expected to observe insider trading laws at all times even when dealing with securities within the permitted trading period.

Material Contracts

There were no material contracts entered into by the Company or any of its subsidiaries involving the interest of any Director or controlling shareholders in FY2022.

Statement By Directors

The directors of the company are pleased to present the accompanying financial statements of the company and of the group for the reporting year ended 31 December 2022.

1. Opinion of the directors

In the opinion of the directors,

(a) the accompanying financial statements and the consolidated financial statements are drawn up so as to give a true and fair view of the financial position and performance of the company and, of the financial position and performance of the group for the reporting year covered by the financial statements or consolidated financial statements; and

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

The board of directors approved and authorised these financial statements for issue.

2. Directors

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

Executive Directors:

Chang Yeh Hong
Teo Ling Ling

Independent Directors:

Lee Kim Lian Juliana
Lee Kok Keng Andrew
Siau Kai Bing

3. Directors' interests in shares and debentures

The directors of the company holding office at the end of the reporting year had no interests in shares in or debentures of the company or other related body corporate as recorded in the register of directors' shareholdings kept by the company under section 164 of the Companies Act 1967 ("the Act") except as follows:

	Direct		**Deemed**	
Name of directors and companies in which interests are held	**At beginning of the reporting year**	**At end of the reporting year**	**At beginning of the reporting year**	**At end of the reporting year**
The company – Nordic Group Limited	***Number of shares of no par value***			
Chang Yeh Hong	218,017,325	218,190,325	–	–
Teo Ling Ling	32,319,500	32,419,500	–	–
Lee Kok Keng Andrew	467,000	467,000	594,800	594,800

By virtue of section 7 of the Act, Chang Yeh Hong is deemed to have an interest in the company and in all the related body corporate of the company.

The directors' interests as at 21 January 2023 were the same as those at the end of the reporting year.

4. Arrangements to enable directors to acquire benefits by means of the acquisition of shares and debentures

Neither at the end of the reporting year nor at any time during the reporting year did there subsist arrangements to which the company is a party, being arrangements whose objects are, or one of whose objects is, to enable 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.

5. Options

During the reporting year, no option to take up unissued shares of the company or other body corporate in the group was granted.

During the reporting year, there were no shares issued by virtue of the exercise of an option to take up unissued shares.

At the end of the reporting year, there were no unissued shares under option.

6. Independent auditor

RSM Chio Lim LLP has expressed willingness to accept re-appointment.

7. Report of audit committee

The members of the audit committee at the date of this report are as follows:

Siau Kai Bing	(Chairman of the audit committee)
Lee Kim Lian Juliana	
Lee Kok Keng Andrew	

The audit committee performs the functions specified by section 201B (5) of the Act. Among other functions, it reviewed the following, where relevant, with management, the external auditors and the internal auditors:

- The audit plan of the independent external auditor.
- The independent external auditor's evaluation of the company's internal accounting controls relevant to the statutory audit, the audit report on the financial statements and the assistance given by management to the auditor.
- The scope and results of the internal audit procedures (including those relating to financial, operational and compliance controls and risk management) and the assistance given by the management to the internal auditor.
- The financial statements of the group and the company prior to their submission to the directors of the company for adoption.
- The interested person transactions (as defined in Chapter 9 of the Singapore Exchange Securities Trading Limited's Listing Manual).

Other functions performed by the audit committee are described in the report on corporate governance included in the annual report of the company. It also includes an explanation of how independent auditor objectivity and independence is safeguarded where the independent auditor provides non-audit services.

The audit committee has recommended to the board of directors that the independent auditor, RSM Chio Lim LLP, be nominated for re-appointment as the independent auditor at the next annual general meeting of the company.

Statement By Directors

8. Directors' opinion on the adequacy of internal controls

Based on the internal controls established and maintained by the company, work performed by the internal and external auditors, and reviews performed by management, other committees of the board and the board, the audit committee and the board are of the opinion that the company's internal controls, addressing financial, operational and compliance risks, are adequate as at the end of the reporting year 31 December 2022.

9. Subsequent developments

There are no significant developments subsequent to the release of the group's and the company's preliminary financial statements, as announced on 25 February 2023, which would materially affect the group's and the company's operating and financial performance as of the date of this report.

On behalf of the directors

Chang Yeh Hong Director	Teo Ling Ling Director

6 April 2023

Report on the audit of the financial statements

Opinion

We have audited the accompanying financial statements of Nordic Group Limited (the "company") and its subsidiaries (the "group"), which comprise the consolidated statement of financial position of the group and the statement of financial position of the company as at 31 December 2022, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows of the group, and statement of changes in equity of the company for the reporting year then ended, and notes to the financial statements, including accounting policies.

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

Basis for opinion

We conducted our audit in accordance with Singapore Standards on Auditing ("SSAs"). Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the company 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 reporting 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.

- Assessment of impairment of goodwill

  Refer to Note 2 for the relevant accounting policy; Note 2C on critical judgements, assumptions and estimation uncertainties, Note 15 on goodwill and the annual report section on the audit committee's views and responses to the reported key audit matters.

  As at the reporting year end, the group had goodwill of $40,421,000, which accounted for approximately 17% of the group's total assets as at the reporting year end. Goodwill is assessed annually for impairment. Management used the value in use method to determine the recoverable amount of goodwill. The value in use method required management to estimate the future cash flows expected to arise from each of the cash-generating units as well as to use a suitable discount rate in order to measure the recoverable amount. In estimating the future cash flows of the cash-generating units, management forecasted the revenue growth and profit margins based on presently available information.

  With the assistance of our in-house valuation specialists, we evaluated management's inputs to the value in use calculations through discussions with management, checked to supporting documents where applicable as well as compared the inputs against available industry data and performed sensitivity analysis on the outcome of the calculations.

  We evaluated the adequacy of the disclosures included in the financial statements.

Key audit matters (cont'd)

- Assessment of adequacy of inventories obsolescence

  Refer to Note 2 for the relevant accounting policy; Note 2C on critical judgements, assumptions and estimation uncertainties, Note 18 for the breakdown of inventory balance and the annual report section on the audit committee's views and responses to the reported key audit matters.

  The carrying amount of inventories amounted to $19,440,000, which accounted for approximately 8% of the group's total assets as at the reporting year end. Inventories are stated after impairment allowance of $2,047,000 based on management's assessment. This assessment was based on management's knowledge of the group's operations and the industry, and their technical assessment of the inventories.

  We obtained an understanding of the group's accounting policy on the valuation of its inventories and management's basis in determining the inventories impairment allowance. On a sample basis, we verified management's assessment of inventories to state the inventories at the lower of cost and net realisable value by comparing the carrying amount of the inventories to recent sales. In addition, we also evaluated management's forecast future usage of the inventories and reviewed the utilisation patterns over the past years.

  We evaluated the adequacy of the disclosures included in the financial statements.

- Accounting for business combinations

  Refer to Note 2 for the relevant accounting policy; Note 2C on critical judgements, assumptions and estimation uncertainties, Note 28 for the details of acquisitions and the annual report section on the audit committee's views and responses to the reported key audit matters.

  During the reporting year, the group acquired Starburst Holdings Limited ("Starburst") and Eratech Pte Ltd ("Eratech") which resulted in the recognition of goodwill of $10,869,000, negative goodwill of $1,120,000 and intangible assets of $6,483,000. Management engaged an external valuer to assist in the purchase price allocation ("PPA") for the Starburst acquisition and the PPA for the Eratech acquisition was performed by management.

  Significant judgements and estimates were used in the valuation of the assets identified and liabilities assumed from the acquisitions.

  We have assessed the independence and competency of the external valuer which included considering their experiences and qualification in performing valuations for such business combinations.

  With the assistance of our in-house valuation specialists, we evaluated the valuation methodologies and the reasonableness of the assumptions used by the external valuer and management through discussions with the external valuer and management, checked to supporting documents where applicable as well as compared the inputs against available industry data and performed sensitivity analysis on the outcome of the calculations.

  We evaluated the adequacy of the disclosure included in the financial statements.

- Revenue from long term construction contracts

  Refer to Note 2 for the relevant accounting policy; Note 2C on critical judgements, assumptions and estimation uncertainties, Note 5 on revenue and the annual report section on the audit committee's views and responses to the reported key audit matters.

  For the reporting year ended 31 December 2022, revenue from long term construction contracts of $22,727,000 has been recognised over time by using the input method based on the efforts or inputs to the satisfaction of a performance obligation such as costs incurred relative to the total expected inputs to the satisfaction of that performance obligation.

Key audit matters (cont’d)

- Revenue from long term construction contracts (cont’d)

  There are significant judgements exercised and assumptions made by management relating to the measurement and timing of revenue recognition and the recognition of related balances in the statement of financial position, such as contract assets, capitalisation of costs to obtain a contract, trade receivables, and contract liabilities, that result from the performance of the contracts. These judgements are inherently subjective and may cover future events such as the achievement of contractual milestones and performance levels. Assumptions are made for certain contracts relating to contract extensions and amendments.

  We performed audit procedures on individually significant projects, including discussions with project managers on the terms of the contracts and on the status of the projects to understand the basis for the key assumptions used in forming the project completion timelines and the estimated contract costs. We evaluated management’s assumptions and estimates in the determination of amongst others the stage of completion of a project, estimates of cost to complete, and estimates of variation orders that can be recognised. Where relevant, we agreed to third party contracts for work contracted or to supporting documents. We also recalculated the stage of completion based on the total costs incurred to date compared to the total budgeted costs and performed re-computation of revenue to be recognised for the reporting year.

  We evaluated the adequacy of the disclosure included in the financial statements.

Other information

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

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

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

Responsibilities of management and directors for the financial statements

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

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

The directors’ responsibilities include overseeing the group’s financial reporting process.

Auditor's responsibilities for the audit of the financial statements

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

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

a) 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.

b) 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.

c) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

d) Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the group to cease to continue as a going concern.

e) 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.

f) Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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

Report on other legal and regulatory requirements

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

The engagement partner on the audit resulting in this independent auditor's report is Yeow Thuan Wee.

RSM Chio Lim LLP
Public Accountants and
Chartered Accountants
Singapore

6 April 2023

Engagement partner – effective from year ended 31 December 2019

Consolidated Statement of Profit or Loss and Other Comprehensive Income

Year ended 31 December 2022

	Notes	Group 2022 $'000	Group 2021 $'000
Revenue	5	**162,758**	103,065
Cost of sales		**(117,012)**	(75,267)
Gross profit		**45,746**	27,798
Other income and gains	6	**3,018**	1,623
Distribution costs		**(1,640)**	(775)
Administrative expenses	7	**(21,316)**	(13,316)
Finance costs	8	**(2,022)**	(567)
Other losses	6	**(1,422)**	(287)
Profit before tax		**22,364**	14,476
Income tax expense	10	**(1,511)**	(600)
Profit for the year		**20,853**	13,876
Other comprehensive (loss) / income:			
Items that may be reclassified subsequently to profit or loss:			
Exchange differences on translating foreign operations, net of tax		**(1,039)**	371
Other comprehensive (loss) / income for the year, net of tax:		**(1,039)**	371
Total comprehensive income for the year		**19,814**	14,247
Profit attributable to owners of the parent, net of tax		**20,673**	13,876
Profit attributable to non-controlling interests, net of tax		**180**	–
Profit, net of tax		**20,853**	13,876
Total comprehensive income attributable to owners of the parent		**19,634**	14,247
Total comprehensive income attributable to non-controlling interests		**180**	–
Total comprehensive income		**19,814**	14,247
Earnings per share			
Earnings per share currency unit		**Cents**	Cents
Basic and diluted	11	**5.3**	3.6

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

Statements of Financial Position

As at 31 December 2022

	Notes	Group 2022 $'000	Group 2021 $'000	Company 2022 $'000	Company 2021 $'000
ASSETS					
Non-current assets					
Property, plant and equipment	13	**47,601**	32,099	**5,757**	5,991
Right-of-use assets	14	**5,514**	3,109	**1,557**	1,615
Goodwill	15	**40,421**	29,552	**–**	–
Intangible assets	16	**3,487**	55	**–**	–
Investments in subsidiaries	17	**–**	–	**1,350**	1,350
Deferred tax assets	10C	**1,703**	394	**–**	–
Total non-current assets		**98,726**	65,209	**8,664**	8,956
Current assets					
Inventories	18	**19,440**	14,542	**–**	–
Trade and other receivables	19	**39,389**	24,419	**18,652**	39,300
Other assets	20	**24,339**	12,759	**685**	1,019
Cash and cash equivalents	21	**55,915**	75,337	**22,502**	5,043
Total current assets		**139,083**	127,057	**41,839**	45,362
Total assets		**237,809**	192,266	**50,503**	54,318
EQUITY AND LIABILITIES					
Equity attributable to owners of the parent					
Share capital	22	**24,864**	22,439	**24,864**	22,439
Treasury shares	22	**(112)**	(2,614)	**(112)**	(2,614)
Retained earnings		**84,945**	76,994	**8,900**	15,786
Other reserves	23	**319**	816	**–**	–
Total equity		**110,016**	97,635	**33,652**	35,611
Non-current liabilities					
Provisions	24	**–**	51	**–**	–
Deferred tax liabilities	10C	**2,818**	2,916	**43**	49
Loans and borrowings	25	**16,781**	2,575	**3,803**	–
Financial liabilities – lease liabilities	14	**5,657**	3,157	**1,607**	1,644
Total non-current liabilities		**25,256**	8,699	**5,453**	1,693
Current liabilities					
Provisions	24	**1,232**	2,377	**–**	–
Income tax payable		**2,388**	915	**147**	95
Loans and borrowings	25	**55,326**	57,687	**8,256**	14,511
Financial liabilities – lease liabilities	14	**219**	226	**36**	37
Trade and other payables	26	**35,465**	23,830	**2,959**	2,371
Other non-financial liabilities	27	**7,907**	897	**–**	–
Total current liabilities		**102,537**	85,932	**11,398**	17,014
Total liabilities		**127,793**	94,631	**16,851**	18,707
Total equity and liabilities		**237,809**	192,266	**50,503**	54,318

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

Statements of Changes in Equity

Year ended 31 December 2022

	Total equity $'000	Attributable to parent sub-total $'000	Share capital $'000	Treasury shares $'000	Retained earnings $'000	Other reserves $'000	Non-Controlling interests $'000
Group:							
Current period:							
Opening balance at 1 January 2022	97,635	97,635	22,439	(2,614)	76,994	816	–
Changes in equity:							
Total comprehensive income for the year	19,814	19,634	–	–	20,673	(1,039)	180
Transfer from retained earnings (Note 23B)	–	–	–	–	(542)	542	–
Acquisition of subsidiaries (Note 28(a))	13,180	–	–	–	–	–	13,180
Acquisition of non-controlling interest without a change in control (Note 28(b))	(17,946)	(4,586)	–	–	(4,586)	–	(13,360)
Dividends paid (Note 12)	(7,594)	(7,594)	–	–	(7,594)	–	–
Purchase of treasury shares (Note 22)	(112)	(112)	–	(112)	–	–	–
Sale of treasury shares (Note 22)	5,039	5,039	2,425	2,614	–	–	–
Closing balance at 31 December 2022	110,016	110,016	24,864	(112)	84,945	319	–
Previous period:							
Opening balance at 1 January 2021	88,836	88,836	22,439	(2,374)	68,326	445	–
Changes in equity:							–
Total comprehensive income for the year	14,247	14,247	–	–	13,876	371	–
Dividends paid (Note 12)	(5,208)	(5,208)	–	–	(5,208)	–	–
Purchase of treasury shares (Note 22)	(240)	(240)	–	(240)	–	–	–
Closing balance at 31 December 2021	97,635	97,635	22,439	(2,614)	76,994	816	–

	Total equity $'000	Share capital $'000	Treasury shares $'000	Retained earnings $'000
Company:				
Current year:				
Opening balance at 1 January 2022	35,611	22,439	(2,614)	15,786
Changes in equity:				
Total comprehensive income for the year	708	–	–	708
Dividends paid (Note 12)	(7,594)	–	–	(7,594)
Purchase of treasury shares (Note 22)	(112)	–	(112)	–
Sale of treasury shares (Note 22)	5,039	2,425	2,614	–
Closing balance at 31 December 2022	33,652	24,864	(112)	8,900
Previous year:				
Opening balance at 1 January 2021	40,285	22,439	(2,374)	20,220
Changes in equity:				
Total comprehensive income for the year	774	–	–	774
Dividends paid (Note 12)	(5,208)	–	–	(5,208)
Purchase of treasury share (Note 22)	(240)	–	(240)	–
Closing balance at 31 December 2021	35,611	22,439	(2,614)	15,786

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

Consolidated Statement of Cash Flows

Year ended 31 December 2022

	2022 $'000	2021 $'000
Cash flows from operating activities		
Profit before tax	**22,364**	14,476
Adjustments for:		
Interest expense	**2,022**	567
Interest income	**(171)**	(89)
Negative goodwill	**(1,120)**	–
Gain on disposal of plant and equipment	**(680)**	(42)
Depreciation of property, plant and equipment	**4,081**	3,540
Depreciation of right-of-use assets	**257**	172
Amortisation of intangible assets	**3,051**	305
Foreign exchange adjustments unrealised gains	**(488)**	(168)
Operating cash flows before changes in working capital	**29,316**	18,761
Inventories	**(3,055)**	(3,347)
Trade and other receivables	**(10,370)**	(3,055)
Other assets	**12,220**	(2,775)
Provisions	**(1,196)**	474
Trade payables	**2,788**	843
Other non-financial liabilities	**7,010**	(7)
Net cash flows from operations	**36,713**	10,894
Income taxes paid	**(1,712)**	(970)
Net cash flows from operating activities	**35,001**	9,924
Cash flows from investing activities		
Acquisition of subsidiaries (Note 28(c))	**(37,204)**	–
Acquisition of non-controlling interest (Note 28(b))	**(17,946)**	–
Purchase of property, plant and equipment	**(879)**	(723)
Disposal of property, plant and equipment	**3,318**	59
Interest received	**171**	89
Net cash flows used in investing activities	**(52,540)**	(575)
Cash flows from financing activities		
Dividends paid to equity owners	**(7,594)**	(5,208)
Increase in loans and borrowings	**26,614**	18,530
Interest paid	**(1,860)**	(467)
Lease liabilities – principal and interest portion paid	**(403)**	(405)
Loans and borrowings paid	**(26,146)**	(4,141)
Purchase of treasury shares	**(112)**	(240)
Sale of treasury shares	**5,039**	–
Net cash flows (used in) / from financing activities	**(4,462)**	8,069
Net (decrease) increase in cash and cash equivalents	**(22,001)**	17,418
Effects of exchange rate changes on the balance of cash held in foreign currencies	**(302)**	407
Cash and cash equivalents, statement of cash flows, beginning balance	**75,337**	57,512
Cash and cash equivalents, statement of cash flows, ending balance (Note 21A)	**53,034**	75,337

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

1. General

The company is incorporated in Singapore with limited liability. The financial statements are presented in Singapore dollar and they cover the company (referred to as "parent") and the subsidiaries.

The board of directors approved and authorised these financial statements for issue on the date of the statement by directors. The directors have the power to amend and reissue the financial statements.

The principal activities of the company are those of an investment holding company and providing management and administrative support to its subsidiaries. The company is listed on the Singapore Exchange Securities Trading Limited.

The principal activities of the subsidiaries are described in the notes to the financial statements below.

The registered office is: 2 Tuas Avenue 10, Singapore 639126. The principal place of business is in Singapore.

Uncertainties relating to the current economic conditions

The high interest rates, geopolitical tensions and inflationary pressures globally posed some near-term headwinds to the group's operations. However, the group remains positive over the long-term prospects in the marine, offshore oil and gas industries, petrochemical, pharmaceutical, infrastructure and semiconductor sectors. Management has considered the current economic conditions and reviewed the probable impact and plausible downside scenarios, no material uncertainties were identified in connection with the group's ability to continue in operational existence for the near future.

Statement of compliance with financial reporting standards

These financial statements have been prepared in accordance with the Singapore Financial Reporting Standards (International) ("SFRS(I)s") and the related Interpretations to SFRS(I) ("SFRS (I) INT") as issued by the Singapore Accounting Standards Council. They are in compliance with the provisions of the Companies Act 1967 and with the International Financial Reporting Standards (IFRSs) issued by the International Accounting Standards Board (IASB).

Accounting convention

The financial statements are prepared on a going concern basis under the historical cost convention except where a financial reporting standard requires an alternative treatment (such as fair values) as disclosed where appropriate in these financial statements. The accounting policies in the financial reporting standards may not be applied when the effect of applying them is not material. The disclosures required by financial reporting standards may not be provided if the information resulting from that disclosure is not material.

Basis of preparation of the financial statements

The preparation of financial statements in conformity with generally accepted accounting principles requires the management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting year. Actual results could differ from those estimates. The estimates and assumptions are reviewed on an ongoing basis. Apart from those involving estimations, management has made judgements in the process of applying the entity's accounting policies. The areas requiring management's most difficult, subjective or complex judgements, or areas where assumptions and estimates are significant to the financial statements, are disclosed at Note 2C, where applicable.

1. General (cont'd)

Basis of presentation

The consolidated financial statements include the financial statements made up to the end of the reporting year of the company and all of its subsidiaries. The consolidated financial statements are the financial statements of the group (the parent and its subsidiaries) presented as those of a single economic entity and are prepared using uniform accounting policies for like transactions and other events in similar circumstances. All significant intragroup balances and transactions are eliminated on consolidation. Subsidiaries are consolidated from the date the reporting entity obtains control of the investee and consolidation is ceased when the reporting entity loses control of the investee.

Changes in the group's ownership interest in a subsidiary that do not result in the loss of control are accounted for within equity as transactions with owners in their capacity as owners. The carrying amounts of the group's and non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiary. When the group loses control of a subsidiary it derecognises the assets and liabilities and related equity components of the former subsidiary. Any gain or loss is recognised in profit or loss. Any investment retained in the former subsidiary is measured at fair value at the date when control is lost and is subsequently accounted as equity investments financial assets in accordance with the financial reporting standard on financial instruments.

The company's separate financial statements have been prepared on the same basis, and as permitted by the Companies Act 1967, the company's separate statement of profit or loss and other comprehensive income is not presented.

2. Significant accounting policies and other explanatory information

2A. Significant accounting policies

Revenue and income recognition

The financial reporting standard on revenue from contracts with customers establishes a five-step model to account for revenue arising from contracts with customers. Revenue is recognised at an amount that reflects the consideration to which the entity expects to be entitled in exchange for transferring goods or services to a customer (which excludes estimates of variable consideration that are subject to constraints, such as right of return exists, and modifications), net of any related taxes and excluding any amounts collected on behalf of third parties. An asset (goods or services) is transferred when or as the customer obtains control of that asset. As a practical expedient the effects of any significant financing component is not adjusted if the payment for the good or service will be within one year.

Sale of goods – Revenue is recognised at a point in time when the performance obligation is satisfied by transferring a promised good or service to the customer. Control of the goods is transferred to the customer, generally on delivery of the goods (in this respect, incoterms are considered).

Services – Revenue from service orders and term projects is recognised when the entity satisfies the performance obligation at a point in time, generally when the significant acts have been completed and when transfer of control occurs or for services that are not significant transactions, revenue is recognised as the services are provided.

Distinct goods or services in a series – For distinct goods or services in a series such as routine or recurring service contracts where the promise under the contract is for a specified quantity of goods or services that meets the over time criteria or is a stand-ready or single continuous service and if the nature of each good or service is distinct, substantially the same and has the same pattern of transfer or each time increment is distinct, then revenue is recognised at the amount that the entity has the right to bill a fixed amount for each unit of goods or service provided.

2. Significant accounting policies and other explanatory information (cont'd)

2A. Significant accounting policies (cont'd)

Revenue and income recognition (cont'd)

Distinct goods or services created over time – For long-term service contracts and projects for constructing, manufacturing or developing an asset the customer value is created over time during the contract period and it is accounted for as a single performance obligation that is satisfied over time. This is because the customer simultaneously receives and consumes the benefits of the entity's performance in processing each transaction as and when each transaction is processed; the performance creates or enhances an asset (for example, work in progress) that the customer controls as the asset is created or enhanced; or the performance does not create an asset with an alternative use to the entity and the entity has an enforceable right to payment for performance completed to date. The revenue is recognised over time by using the output or input method for different performance obligation. For the output method the revenue is recognised based on direct measurements of the value to the customer of the goods or services transferred to date relative to the remaining goods or services promised under the contract. Output methods include methods such as surveys of performance completed to date and units produced or units delivered. For the output method, as a practical expedient for a performance obligation satisfied over time, if the entity has a right to invoice the customer at an amount that corresponds directly with the value to the customer of the entity's performance to date, revenue is recognised at that amount (for example, in a goods or services contract an entity may have the right to bill a fixed amount for each unit of goods or service provided. For the input method the revenue is recognised on the basis of the efforts or inputs to the satisfaction of a performance obligation such as costs incurred, relative to the total expected inputs to the satisfaction of that performance obligation.

Provisions for losses on contracts – When the current estimates of the total amount of consideration expected to be received in exchange for transferring promised goods or services to the customer, and contract cost indicate a loss, a provision for the entire loss on the contract is made as soon as the loss becomes evident. An adjustment is also made to reflect the effects of the customer's credit risk. The loss on a contract including both the incremental costs of fulfilling that contract and an allocation of other costs that relate directly to fulfilling that contract is reported as an additional contract cost (an operating expense), and not as a reduction of revenue or a non-operating expense.

Interest income is recognised using the effective interest method.

Government grants

Government grants are recognised at fair value when there is reasonable assurance that the conditions attaching to them will be complied with and that the grants will be received. Grants in recognition of specific expenses are recognised in profit or loss on a systematic basis over the periods necessary to match them with the related costs that they are intended to compensate.

Employee benefits

Contributions to a defined contribution retirement benefit plan are recorded as an expense as they fall due. The entity's legal or constructive obligation is limited to the amount that it is obligated to contribute for the Singapore employees to an independently administered fund (such as the Central Provident Fund in Singapore, a government managed defined contribution retirement benefit plan). Certain subsidiaries overseas have defined contribution retirement benefit plans in which employees are entitled to join upon fulfilling certain conditions. The assets of the fund may or may not be held separately from those of the entity in an independently administered fund. The entity contributes an amount equal to a fixed percentage of the salary of each participating employee. For employee leave entitlement the expected cost of short-term employee benefits in the form of compensated absences is recognised in the case of accumulating compensated absences, when the employees render service that increases their entitlement to future compensated absences; and in the case of non-accumulating compensated absences, when the absences occur. A liability for bonuses is recognised where the entity is contractually obliged or where there is constructive obligation based on past practice.

2. Significant accounting policies and other explanatory information (cont'd)

2A. Significant accounting policies (cont'd)

Borrowing costs

Borrowing costs are interest and other costs incurred in connection with the borrowings and are recognised as an expense in the period in which they are incurred. Interest expense is calculated using the effective interest rate method.

Foreign currency transactions

The functional currency is the Singapore dollar as it reflects the primary economic environment in which the company operates. Transactions in foreign currencies are recorded in the functional currency at the rates ruling at the dates of the transactions. At each end of the reporting year, recorded monetary balances and balances measured at fair value that are denominated in non-functional currencies are reported at the rates ruling at the end of the reporting year and fair value measurement dates respectively. All realised and unrealised exchange adjustment gains and losses are dealt with in profit or loss except when a gain or loss on a non-monetary item is recognised in other comprehensive income, any exchange component of that gain or loss is recognised in other comprehensive income. The financial statements are presented in the functional currency.

Translation of financial statements of other entities

Each entity in the group determines the appropriate functional currency as it reflects the primary economic environment in which the relevant reporting entity operates. In translating the financial statements of such an entity for incorporation in the consolidated financial statements in the presentation currency the assets and liabilities denominated in other currencies are translated at end of the reporting year rates of exchange and the income and expense items for each statement presenting profit or loss and other comprehensive income are translated at average rates of exchange for the reporting year. The resulting translation adjustments (if any) are recognised in other comprehensive income and accumulated in a separate component of equity until the disposal of that relevant reporting entity.

Income tax

The income taxes are accounted using the asset and liability method that requires the recognition of taxes payable or refundable for the current year and deferred tax liabilities and assets for the future tax consequence of events that have been recognised in the financial statements or tax returns. The measurements of current and deferred tax liabilities and assets are based on provisions of the enacted or substantially enacted tax laws; the effects of future changes in tax laws or rates are not anticipated. Tax expense (tax income) is the aggregate amount included in the determination of profit or loss for the reporting year in respect of current tax and deferred tax. Current and deferred income taxes are recognised as income or as an expense in profit or loss unless the tax relates to items that are recognised in the same or a different period outside profit or loss. For such items recognised outside profit or loss the current tax and deferred tax are recognised (a) in other comprehensive income if the tax is related to an item recognised in other comprehensive income and (b) directly in equity if the tax is related to an item recognised directly in equity. Deferred tax assets and liabilities are offset when they relate to income taxes levied by the same income tax authority. The carrying amount of deferred tax assets is reviewed at each end of the reporting year and is reduced, if necessary, by the amount of any tax benefits that, based on available evidence, are not expected to be realised. A deferred tax amount is recognised for all temporary differences, unless the deferred tax amount arises from the initial recognition of an asset or liability in a transaction which (i) is not a business combination; and (ii) at the time of the transaction, affects neither accounting profit nor taxable profit (tax loss). A deferred tax liability or asset is recognised for all taxable temporary differences associated with investments in subsidiaries except where the reporting entity is able to control the timing of the reversal of the taxable temporary difference and it is probable that the taxable temporary difference will not reverse in the foreseeable future or for deductible temporary differences, they will not reverse in the foreseeable future and they cannot be utilised against taxable profits.

2. Significant accounting policies and other explanatory information (cont'd)

2A. Significant accounting policies (cont'd)

Property, plant and equipment

Property, plant and equipment are carried at cost on initial recognition and after initial recognition at cost less any accumulated depreciation and any accumulated impairment losses. Depreciation is provided on a straight-line method to allocate the gross carrying amounts of the assets less their residual values over their estimated useful lives of each part of an item of these assets. The annual rates of depreciation are as follows:

Leasehold properties	–	3%
Plant and equipment	–	6% to 33%

An asset is depreciated when it is available for use until it is derecognised even if during that period the item is idle. Fully depreciated assets still in use are retained in the financial statements.

The gain or loss arising from the derecognition of an item of property, plant and equipment is recognised in profit or loss. The residual value and the useful life of an asset is reviewed at least at each end of the reporting year and, if expectations differ significantly from previous estimates, the changes are accounted for as a change in an accounting estimate, and the depreciation charge for the current and future periods are adjusted.

Cost also includes acquisition cost, borrowing cost capitalised and any cost directly attributable to bringing the asset or component to the location and condition necessary for it to be capable of operating in the manner intended by management.

Subsequent costs are recognised as an asset only when it is probable that future economic benefits associated with the item will flow to the entity and the cost of the item can be measured reliably. All other repairs and maintenance are charged to profit or loss when they are incurred.

Right-of-use assets

The right-of-use assets are accounted and presented as if they were owned such as property, plant and equipment. The annual rate of depreciation is as follows:

Leasehold properties	–	3%

Leases of lessee

A lease conveys the right to use an asset (the underlying asset) for a period of time in exchange for consideration. A right-of-use asset is capitalised in the statement of financial position, measured at the present value of the unavoidable future lease payments to be made over the lease term. A liability corresponding to the capitalised right-of-use asset is also recognised, adjusted for lease prepayments, lease incentives received, initial direct costs incurred and an estimate of any future restoration, removal or dismantling costs. The right-of-use asset is depreciated over the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. An interest expense is recognised on the lease liability (included in finance costs). For short-term leases of 12 months or less and leases of low-value assets (such as personal computers and small office equipment) where an accounting policy choice exists under the lease standard, the lease payments are expensed to profit or loss as incurred on a straight-line basis over the remaining lease term.

2. Significant accounting policies and other explanatory information (cont'd)

2A. Significant accounting policies (cont'd)

Intangible assets

An identifiable non-monetary asset without physical substance is recognised as an intangible asset at acquisition cost if it is probable that the expected future economic benefits that are attributable to the asset will flow to the entity and the cost of the asset can be measured reliably. After initial recognition, an intangible asset with finite useful life is carried at cost less any accumulated amortisation and any accumulated impairment losses. An intangible asset with an indefinite useful life is not amortised. An intangible asset is regarded as having an indefinite useful life when, based on an analysis of all of the relevant factors, there is no foreseeable limit to the period over which the asset is expected to generate net cash inflows for the entity.

The amortisable amount of an intangible asset with finite useful life is allocated on a systematic basis over the best estimate of its useful life from the point at which the asset is ready for use. The useful lives are as follows:

Order backlog	–	2 to 8 years
Customer relationship	–	7 years

Identifiable intangible assets acquired as part of a business combination are initially recognised separately from goodwill if the asset's fair value can be measured reliably, irrespective of whether the asset had been recognised by the acquiree before the business combination. An intangible asset is considered identifiable only if it is separable or if it arises from contractual or other legal rights, regardless of whether those rights are transferable or separable from the entity or from other rights and obligations.

Subsidiaries

A subsidiary is an entity including unincorporated and special purpose entity that is controlled by the reporting entity and the reporting entity is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. The existence and effect of substantive potential voting rights that the reporting entity has the practical ability to exercise (that is, substantive rights) are considered when assessing whether the reporting entity controls another entity.

In the reporting entity's separate financial statements, an investment in a subsidiary is accounted for at cost less any allowance for impairment in value. Impairment loss recognised in profit or loss for a subsidiary is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. The carrying value and the net book value of the investment in a subsidiary are not necessarily indicative of the amount that would be realised in a current market exchange.

Intra-group financial guarantees in the separate financial statements

Financial guarantees are financial instruments issued by the company that require the issuer to make specified payments to reimburse the holder for the loss it incurs because a specified debtor fails to meet payment when due in accordance with the original or modified terms of a debt instrument. Financial guarantees issued are initially measured at fair value. Subsequently, they are measured at the higher of the loss allowance determined in accordance with SFRS(I) 9 and the amount initially recognised less, where appropriate, the cumulative amount of income recognised in accordance with the principles of SFRS(I) 15.

2. Significant accounting policies and other explanatory information (cont'd)

2A. Significant accounting policies (cont'd)

Business combinations

A business combination is a transaction or other event which requires that the assets acquired and liabilities assumed constitute a business. It is accounted for by applying the acquisition method of accounting. The cost of a business combination includes the fair values, at the date of exchange, of assets given, liabilities incurred or assumed, and equity instruments issued by the acquirer, in exchange for control of the acquiree. The acquisition-related costs are expensed in the periods in which the costs are incurred and the services are received except for any costs to issue debt or equity securities are recognised in accordance with the financial reporting standard on financial instruments. As of the acquisition date, the acquirer recognises, separately from goodwill, the identifiable assets acquired, the liabilities assumed and any non-controlling interest in the acquiree measured at acquisition-date fair values as defined in and that meet the conditions for recognition under the financial reporting standard on business combinations. If there is gain on bargain purchase, for the gain on bargain purchase a reassessment is made of the identification and measurement of the acquiree's identifiable assets, liabilities and contingent liabilities and the measurement of the cost of the business combination and any excess remaining after this reassessment is recognised immediately in profit or loss.

Goodwill

Goodwill is an asset representing the future economic benefits arising from other assets acquired in a business combination that are not individually identified and separately recognised. Goodwill is recognised as of the acquisition date measured as the excess of (a) over (b); (a) being the aggregate of: (i) the consideration transferred which generally requires acquisition-date fair value; (ii) the amount of any non-controlling interest in the acquiree measured in accordance with the financial reporting standard on business combinations (measured either at fair value or as the non-controlling interest's proportionate share of the acquiree's net identifiable assets); and (iii) in a business combination achieved in stages, the acquisition-date fair value of the acquirer's previously held equity interest in the acquiree; and (b) being the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed measured in accordance with the financial reporting standard on business combinations.

After initial recognition, goodwill acquired in a business combination is measured at cost less any accumulated impairment losses. Goodwill is not amortised. Irrespective of whether there is any indication of impairment, goodwill and also any intangible asset with an indefinite useful life or any intangible asset not yet available for use are tested for impairment at least annually. Goodwill impairment is not reversed in any circumstances.

For the purpose of impairment testing and since the acquisition date of the business combination, goodwill is allocated to each cash-generating unit, or groups of cash-generating units that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the acquiree were assigned to those units or groups of units. Each unit or group of units to which the goodwill is so allocated represents the lowest level within the entity at which the goodwill is monitored for internal management purposes and is not larger than a segment.

Inventories

Inventories are stated at the lower of cost and selling price less costs to complete and sell. Cost is calculated using the (weighted average method and first in first out method. Cost includes all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition. In the case of manufactured inventories and work in progress, cost includes an appropriate share of overheads based on normal operating capacity.

2. Significant accounting policies and other explanatory information (cont'd)

2A. Significant accounting policies (cont'd)

Carrying amounts of non-financial assets

Irrespective of whether there is any indication of impairment, an annual impairment test is performed at about the same time every year on an intangible asset with an indefinite useful life or an intangible asset not yet available for use. The carrying amount of other non-financial assets is reviewed at each end of the reporting year for indications of impairment and where an asset is impaired, it is written down through profit or loss to its estimated recoverable amount. The impairment loss is the excess of the carrying amount over the recoverable amount and is recognised in profit or loss. The recoverable amount of an asset or a cash-generating unit is the higher of its fair value less costs of disposal and its value in use. When the fair value less costs of disposal method is used, any available recent market transactions are taken into consideration. When the value in use method is adopted, in assessing the value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). At each end of the reporting year non-financial assets other than goodwill with impairment loss recognised in prior periods are assessed for possible reversal of the impairment. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been measured, net of depreciation or amortisation, if no impairment loss had been recognised.

Financial instruments

Recognition and derecognition of financial instruments:

A financial asset or a financial liability is recognised in the statement of financial position when, and only when, the entity becomes party to the contractual provisions of the instrument. All other financial instruments (including regular-way purchases and sales of financial assets) are recognised and derecognised, as applicable, using trade date accounting or settlement date accounting. A financial asset is derecognised when the contractual rights to the cash flows from the financial asset expire or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the entity neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset. A financial liability is removed from the statement of financial position when, and only when, it is extinguished, that is, when the obligation specified in the contract is discharged or cancelled or expires. At initial recognition the financial asset or financial liability is measured at its fair value plus or minus, in the case of a financial asset or financial liability not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability.

Classification and measurement of financial assets:

Financial assets are classified into (1) Financial asset classified as measured at amortised cost; (2) Financial asset that is an equity investment measured at fair value through other comprehensive income (FVTOCI); (3) Financial asset that is a debt asset instrument classified as measured at fair value through other comprehensive income (FVTOCI); and (4) Financial asset classified as measured at fair value through profit or loss (FVTPL). At the end of the reporting year, the reporting entity had the following financial assets:

- Financial asset classified as measured at amortised cost: A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at fair value through profit or loss (FVTPL), that is (a) the asset is held within a business model whose objective is to hold assets to collect contractual cash flows; and (b) the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. Typically trade and other receivables, bank and cash balances are classified in this category.

2. Significant accounting policies and other explanatory information (cont'd)

2A. Significant accounting policies (cont'd)

Financial instruments (cont'd)

Classification and measurement of financial liabilities:

Financial liabilities are classified as at fair value through profit or loss (FVTPL) in either of the following circumstances: (1) the liabilities are managed, evaluated and reported internally on a fair value basis; or (2) the designation eliminates or significantly reduces an accounting mismatch that would otherwise arise. All other financial liabilities are carried at amortised cost using the effective interest method. Reclassification of any financial liability is not permitted.

Cash and cash equivalents

For the statement of cash flows, cash and cash equivalents includes cash and cash equivalents less cash subject to restriction and bank overdrafts payable on demand that form an integral part of cash management. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

Fair value measurement

The fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. When measuring the fair value of an asset or a liability, market observable data to the extent possible is used. If the fair value of an asset or a liability is not directly observable, an estimate is made using valuation techniques that maximise the use of relevant observable inputs and minimise the use of unobservable inputs (eg by use of the market comparable approach that reflects recent transaction prices for similar items, discounted cash flow analysis, or option pricing models refined to reflect the issuer's specific circumstances). Inputs used are consistent with the characteristics of the asset / liability that market participants would take into account. The entity's intention to hold an asset or to settle or otherwise fulfil a liability is not taken into account as relevant when measuring fair value.

Fair values are categorised into different levels in a fair value hierarchy based on the degree to which the inputs to the measurement are observable and the significance of the inputs to the fair value measurement in its entirety: Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities. Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (ie as prices) or indirectly (ie derived from prices). Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs). Transfers between levels of the fair value hierarchy are recognised at the end of the reporting period during which the change occurred.

The carrying values of current financial instruments approximate their fair values due to the short-term maturity of these instruments and the disclosures of fair value are not made when the carrying amount of current financial instruments is a reasonable approximation of the fair value. The fair values of non-current financial instruments may not be disclosed separately unless there are significant differences at the end of the reporting year and in the event the fair values are disclosed in the relevant notes to the financial statements.

2. Significant accounting policies and other explanatory information (cont'd)

2B. Other explanatory information

Provisions

A liability or provision is recognised when there is a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. A provision is made using best estimates of the amount required in settlement and where the effect of the time value of money is material, the amount recognised is the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense. Changes in estimates are reflected in profit or loss in the reporting year they occur.

Segment reporting

The reporting entity discloses financial and descriptive information about its consolidated reportable segments. Reportable segments are operating segments or aggregations of operating segments that meet specified criteria.

Operating segments are components about which separate financial information is available that is evaluated regularly by the chief operating decision maker in deciding how to allocate resources and in assessing the performance. Generally, financial information is reported on the same basis as is used internally for evaluating operating segment performance and deciding how to allocate resources to operating segments.

Treasury shares

Where the entity reacquires its own equity instruments as treasury shares, the consideration paid, including any directly attributable incremental cost is deducted from equity attributable to the entity's owners until the shares are cancelled, reissued or disposed of. Where such shares are subsequently sold or reissued, any consideration received, net of any directly attributable incremental transaction costs and the related income tax effects, is included in equity attributable to the entity's owners and no gain or loss is recognised in profit or loss.

2C. Critical judgements, assumptions and estimation uncertainties

The critical judgements made in the process of applying the accounting policies that have the most significant effect on the amounts recognised in the financial statements and the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting year, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities currently or within the next reporting year are discussed below. These estimates and assumptions are periodically monitored to ensure they incorporate all relevant information available at the date when financial statements are prepared. However, this does not prevent actual figures differing from estimates.

Assessment of impairment of goodwill:

The amount of goodwill is tested annually for impairment. This annual impairment test is significant and the process is complex and highly judgmental and is based on assumptions that are affected by expected future market or economic conditions. As a result, judgement is required in evaluating the assumptions and methodologies used by management, in particular those relating to the forecasted revenue growth and profit margins. The disclosures about goodwill are included in Note 15. Actual outcomes could vary from these estimates.

2. Significant accounting policies and other explanatory information (cont'd)

2C. Critical judgements, assumptions and estimation uncertainties (cont'd)

Allowance on inventories:

The allowance for impairment of inventories assessment requires estimation and judgement. The level of the loss allowance is assessed by taking into account the recent sales experience, the ageing of inventories, other factors that affect inventory obsolescence and subsequent events. Possible changes in these estimates could result in revisions to the stated value of the inventories. The carrying amount of inventories at the end of the reporting year is disclosed in Note 18.

Revenue from long term construction contracts:

For revenue recognition arising from contracts with customers and the consequential financial performance of the group, there are significant judgements exercised and assumptions made by management relating to the measurement and timing of revenue recognition and the recognition of related balances in the statement of financial position, such as contract assets, capitalisation of costs to obtain a contract, trade receivables, and contract liabilities, that result from the performance of the contracts. These judgements are inherently subjective and may cover future events such as the achievement of contractual milestones and performance levels. Assumptions are made for certain contracts relating to contract extensions and amendments. The related account balances at the end of the reporting year are disclosed in Notes 5 and 20A on revenues and contract assets / contract liabilities.

Accounting for business combination:

The accounting for a business combination requires an estimation of the fair value of identifiable assets acquired and liabilities assumed as at the date of acquisition. The purchase price allocation process requires significant judgement and estimation on key assumptions, such as future market conditions, growth rates and discount rates. The fair values determined for the identifiable assets and liabilities are disclosed in Note 28(a).

3. Related party relationships and transactions

The financial reporting standard on related party disclosures requires the reporting entity to disclose: (a) related party relationships, transactions and outstanding balances, including commitments, including (b) relationships between parents and subsidiaries irrespective of whether there have been transactions between those related parties. A party is related to a party if the party controls, or is controlled by, or can significantly influence or is significantly influenced by the other party.

The ultimate controlling party is Chang Yeh Hong, a director and significant shareholder.

3A. Related party transactions:

There are transactions and arrangements between the reporting entity and related parties and the effects of these on the basis determined between the parties are reflected in these financial statements. The related party balances and transfer of resources, services or obligations if any are unsecured, without fixed repayment terms and interest or charge unless stated otherwise.

Intragroup transactions and balances that have been eliminated in these consolidated financial statements are not disclosed as related party transactions and balances below.

3. Related party relationships and transactions (cont'd)

3B. Key management compensation:

	Group 2022 $'000	Group 2021 $'000
Salaries and other short-term employee benefits	**3,049**	2,509
Contributions to defined contribution plans	**113**	105
	3,162	2,614

The above amounts are included under employee benefits expense. Included in the above amounts are the following items:

	Group 2022 $'000	Group 2021 $'000
Remuneration of directors of the company	**1,679**	1,334
Fees to directors of the company	**182**	137

Further information about the remuneration of individual directors is provided in the report on corporate governance.

Key management personnel includes the directors and those persons having authority and responsibility for planning, directing and controlling the activities of the group, directly or indirectly.

3C. Other receivables from and other payables to related parties:

The trade transactions and the related receivables and payables balances arising from sales and purchases of goods and services are disclosed elsewhere in the notes to the financial statements.

The movements in other receivables from and other payables to related parties are as follows:

	Subsidiary 2022 $'000	Subsidiary 2021 $'000
<u>Company</u>:		
Other receivables:		
At beginning of the year	**17,681**	–
Advances to a subsidiary	**–**	17,681
Repayment by a subsidiary	**(17,681)**	–
At end of the year (Note 19)	**–**	17,681

4. Financial information by operating segments

4A. Information about reportable segment profit or loss, assets and liabilities

Disclosure of information about operating segments, products and services, the geographical areas, and the major customers are made as required by the financial reporting standard on operating segments. This disclosure standard has no impact on the reported financial performance or financial position of the reporting entity.

For management purposes the reporting entity is organised into the following major strategic operating segments that offer different products and services: (1) Project services, (2) Maintenance services and (3) Others. The results of all other activities, mainly investment holding which are not included within the two primary segments, are included in the "Others" segment. Such a structural organisation is determined by the nature of risks and returns associated with each business segment and it defines the management structure as well as the internal reporting system.

It represents the basis on which the management reports the primary segment information that is available and that is evaluated regularly by the chief operating decision maker in deciding how to allocate resources and in assessing the performance. They are managed separately because each business requires different strategies.

The segments and the types of products and services are as follows:

(1) The Project services segment includes projects that requires engineering, design, fabrication, procurement, construction, machining, scaffolding works, insulation services and passive fireproofing services.

(2) The Maintenance services segment includes maintenance and repair services, including trading and supply of material, spare parts and components.

(3) The Others segment relates to other revenue streams.

Inter-segment sales are measured on the basis that the entity actually used to price the transfers. Internal transfer pricing policies of the reporting entity are as far as practicable based on market prices. The accounting policies of the operating segments are the same as those described in the significant accounting policies. The management reporting system evaluates performances based on a number of factors. However, the primary measurement to evaluate segment's operating results is the earnings from operations before depreciation and amortisation, interests and income taxes (called "EBITDA").

The following tables illustrate the information about the reportable segment profit or loss, assets and liabilities.

4. Financial information by operating segments (cont'd)

4B. Profit or loss from continuing operations and reconciliations

	Project services $'000	Maintenance services $'000	Others $'000	Elimination $'000	Group $'000
2022					
Revenue by segment					
Total revenue by segment	**100,134**	**70,207**	**–**	**(7,583)**	**162,758**
Inter-segment sales	**(5,578)**	**(2,005)**	**–**	**7,583**	**–**
Total revenue	**94,556**	**68,202**	**–**	**–**	**162,758**
Recurring EBITDA	**14,320**	**13,435**	**1,394**	**2,455**	**31,604**
Inter-segment expenses	**1,131**	**1,324**	**–**	**(2,455)**	**–**
Adjusted EBITDA	**15,451**	**14,759**	**1,394**	**–**	**31,604**
Finance costs	**(503)**	**(1,055)**	**(464)**	**–**	**(2,022)**
Amortisation of intangible assets	**(2,052)**	**(999)**	**–**	**–**	**(3,051)**
	12,896	**12,705**	**930**	**–**	**26,531**
Unallocated:					
Interest income					**171**
Depreciation of property, plant and equipment					**(4,081)**
Depreciation of right-of-use assets					**(257)**
Income tax expenses					**(1,511)**
Profit for the year					**20,853**
2021					
Revenue by segment					
Total revenue by segment	54,565	55,635	–	(7,135)	103,065
Inter-segment sales	(6,193)	(942)	–	7,135	–
Total revenue	48,372	54,693	–	–	103,065
Recurring EBITDA	7,387	8,193	1,425	1,966	18,971
Inter-segment expenses	754	1,212	–	(1,966)	–
Adjusted EBITDA	8,141	9,405	1,425	–	18,971
Finance costs	(84)	(278)	(205)	–	(567)
Amortisation of intangible assets	(23)	(282)	–	–	(305)
	8,034	8,845	1,220	–	18,099
Unallocated:					
Interest income					89
Depreciation of property, plant and equipment					(3,540)
Depreciation of right-of-use assets					(172)
Income tax expenses					(600)
Profit for the year					13,876

4. Financial information by operating segments (cont'd)

4C. Assets and reconciliations

	Project services $'000	Maintenance services $'000	Others $'000	Group $'000
2022				
Reportable segment assets	**13,737**	**4,063**	**–**	**17,800**
Unallocated:				
Cash and cash equivalents				**55,915**
Inventories				**19,440**
Trade and other receivables, and other assets				**45,928**
Property, plant and equipment				**47,601**
Other non-current assets				**51,125**
Total group assets				**237,809**
2021				
Reportable segment assets	6,490	3,170	–	9,660
Unallocated:				
Cash and cash equivalents				75,337
Inventories				14,542
Trade and other receivables, and other assets				27,518
Property, plant and equipment				32,099
Other non-current assets				33,110
Total group assets				192,266

4D. Liabilities and reconciliations

	Project Services $'000	Maintenance services $'000	Others $'000	Group $'000
2022				
Reportable segment liabilities	**1,949**	**5,958**	**–**	**7,907**
Unallocated:				
Provisions				**1,232**
Trade payables				**35,465**
Loans and borrowings				**72,107**
Financial liabilities – lease liabilities				**5,876**
Income tax payable and deferred tax liabilities				**5,206**
Total group liabilities				**127,793**
2021				
Reportable segment liabilities	711	186	–	897
Unallocated:				
Provisions				2,428
Trade payables				23,830
Loans and borrowings				60,262
Financial liabilities – lease liabilities				3,383
Income tax payable and deferred tax liabilities				3,831
Total group liabilities				94,631

4. Financial information by operating segments (cont'd)

4E. Geographical information

	Revenue		Non-current assets	
	2022	2021	**2022**	2021
	$'000	$'000	**$'000**	$'000
Group				
China	**31,181**	24,947	**3,076**	3,788
Malaysia	**15,722**	2,461	**84**	–
Middle East	**6,905**	–	**–**	–
Singapore	**107,165**	75,657	**93,863**	61,027
United States	**1,785**	–	**–**	–
	162,758	103,065	**97,023**	64,815

Revenues are attributed to countries on the basis of the customer's location, irrespective of the origin of the goods and services. The non-current assets are analysed by the geographical area in which the assets are located. The non-current assets exclude any financial instruments and deferred tax assets.

4F. Other material items and reconciliations

Capital expenditures of $879,000 (2021: $723,000) have been recognised in respect of property, plant and equipment. Segment information is not available for capital expenditures as the information is not available and the cost to allocate to the segment would be excessive.

4G. Information about major customers

	Group	
	2022	2021
	$'000	$'000
Top 1 customer in more than one segment	**15,502**	13,760
Top 2 customers in more than one segment	**24,101**	22,401
Top 3 customers in more than one segment	**31,651**	28,836

5. Revenue

Revenue from contracts with customers

A. Revenue classified by type of good or service:

	Group	
	2022	2021
	$'000	$'000
Services	**90,290**	66,963
Sale of goods	**42,380**	31,652
Construction contracts	**30,088**	4,450
Total revenue	**162,758**	103,065

5. Revenue (cont'd)

B. Revenue classified by duration of contract:

	Group	
	2022 **$'000**	2021 $'000
Short-term contracts – less than 12 months	**132,670**	98,615
Long-term contracts – more than 12 months	**30,088**	4,450
Total revenue	**162,758**	103,065

C. Revenue classified by timing of revenue recognition:

	Group	
	2022 **$'000**	2021 $'000
Point in time	**42,380**	31,652
Over time	**120,378**	71,413
Total revenue	**162,758**	103,065

D. Other information on revenue:

Distinct goods or services created over time and in a series – For service contracts and projects for constructing, manufacturing or developing an asset include the following:

The group's Scaffolding Services ("SS") division is an established leader in metal scaffold works servicing the process, construction and marine industries, offering a full suite of scaffolding services including design, erection, modification and dismantling, sales and rental.

The group's Insulation Services ("IS") division specialises in thermal and cryogenic insulation, thermal spray aluminium and passive fireproofing services in the petrochemical, pharmaceutical, marine, oil and gas industries.

The group's Petrochemical and Engineering services division specialises in a wide range of services: pre and post commissioning cleaning, heat exchanger cleaning, tank cleaning, process plant recovery work, temporary intervention activities in process plants, on line cleaning process, turnaround work and support, decontamination services, temporary equipment support services, product filtering services and support in operation of utility plants. We serve the petrochemical, manufacturing, and infrastructure industries.

The Group's Cleanroom, Air and Water Solutions Engineering Services provides holistic suite of services in facilities engineering services, maintenance, engineering, project management and construction for air pollution control system, water and waste treatment system to semiconductor, pharmaceutical, oil and gas, power plant and municipal sectors.

The Group's Specialist Structural Engineering Services division provides design, fabrication, installation and maintenance of anti-ricochet ballistic protection systems for tactical training facilities for the public security agencies.

5. Revenue (cont'd)

D. Other information on revenue (cont'd):

Sale of goods or services in a point in time include the following:

The group's System Integration ("SI") division offers integrated control and management systems for newly built ships as well as ships that require upgrades or conversions. SI division designs, procures, develops and manufactures actuators, valves and other components for assembly and integration into valve remote control systems, tank gauging systems, anti-heeling systems, alarm monitoring and power management systems used by customers in their vessels.

The group's Precision Engineering ("PE") division designs and builds tooling systems, and provides turnkey production solutions to customers in the marine, oil and gas, aerospace, medical and electronic manufacturing services industries.

The group's Maintenance, Repair and Overhaul ("MRO") and Trading division provides customers with after-sales requests for maintenance, repairs and overhauls for the vessels. MRO division includes maintenance and repair services, trading and supply of materials, spare parts and components.

6. Other income and gains and (other losses)

	Group	
	2022	2021
	$'000	$'000
Allowance for impairment on trade receivables – (loss) / reversal	**(1)**	122
Reversal for impairment on other receivables	**7**	76
Foreign exchange adjustment (losses) / gains	**(896)**	395
Gain on disposal of plant and equipment	**680**	42
Government grant	**699**	673
Interest income	**171**	89
Inventories written down	**(525)**	(287)
Negative goodwill (Note 28)	**1,120**	–
Other income	**341**	226
Net	**1,596**	1,336
Presented in profit or loss as:		
Other income and gains	**3,018**	1,623
Other losses	**(1,422)**	(287)
Net	**1,596**	1,336

7. Administrative expenses

The major component includes the following:

	Group	
	2022	2021
	$'000	$'000
Employee benefits expense (Note 9)	**11,154**	7,448

8. Finance costs

	Group	
	2022	2021
	$'000	$'000
Interest expense	**1,860**	467
Interest on lease liabilities	**162**	100
Total finance costs	**2,022**	567

9. Employee benefits expense

	Group	
	2022	2021
	$'000	$'000
Short term employee benefits expense	**41,354**	27,927
Other benefits	**5,901**	4,311
Contributions to defined contribution plan	**2,098**	1,403
Total employee benefits expense	**49,353**	33,641
Allocation of employee benefits expense:		
Administrative expenses	**11,154**	7,448
Cost of sales	**36,863**	25,554
Distribution costs	**1,336**	639
Total employee benefits expense	**49,353**	33,641

In 2022, government grants from Job Support Scheme of $Nil (2021:$1,592,000) were included in above short term employee benefits expense. The grants were to provide wage support to employers to help them defray some employee related costs during this period of economic uncertainty due to Covid-19 pandemic.

10. Income tax

10A. Components of tax expense recognised in profit or loss include:

	Group	
	2022	2021
	$'000	$'000
Current tax expense:		
Current tax expense	**2,795**	1,090
Under / (over) adjustments in respect of prior periods	**123**	(153)
Subtotal	**2,918**	937
Deferred tax income:		
Deferred tax income	**(1,407)**	(337)
Subtotal	**(1,407)**	(337)
Total income tax expense	**1,511**	600

10. Income tax (cont'd)

10A. Components of tax expense recognised in profit or loss include (cont'd):

The income tax in profit or loss varied from the amount of income tax amount determined by applying the Singapore income tax rate of 17.0% (2021: 17.0%) to profit or loss before income tax as a result of the following differences:

	Group	
	2022 **$'000**	2021 $'000
Profit before tax	**22,364**	14,476
Income tax expense at the above rate	**3,802**	2,461
Income not subject to tax	**(444)**	(465)
Expenses not deductible for tax purposes	**797**	208
Under / (over) adjustments to tax in respect of prior periods	**123**	(153)
Effect of different tax rates in different countries	**(40)**	(57)
Stepped income exemption and tax rebate	**(136)**	(119)
Previously unrecognised tax assets recognised this year	**(1,669)**	(645)
Merger and acquisition allowances	**(773)**	(582)
Others	**(149)**	(48)
Total income tax expense	**1,511**	600

There are no income tax consequences of dividends to owners of the company.

10B. Deferred tax income recognised in profit or loss includes:

	Group	
	2022 **$'000**	2021 $'000
Excess of tax over book depreciation on plant and equipment	**–**	71
Capital allowances carryforwards	**(94)**	(119)
Merger and acquisition allowances	**(320)**	116
Tax losses carryforwards	**(1,145)**	–
Provisions	**138**	(394)
Others	**14**	(11)
Total deferred income tax income recognised in profit or loss	**(1,407)**	(337)

10. Income tax (cont'd)

10C. Deferred tax balance in the statements of financial position:

	Group		Company	
	2022 $'000	2021 $'000	**2022 $'000**	2021 $'000
From deferred tax liabilities recognised in profit or loss:				
Excess of book value of plant and equipment over tax values	**(3,142)**	(3,142)	**(43)**	(49)
Capital allowances carryforwards	**213**	119	**–**	–
Merger and acquisition allowances carryforwards	**414**	94	**–**	–
Provisions	**256**	394	**–**	–
Tax losses carryforwards	**1,145**	–	**–**	–
Others	**(1)**	13	**–**	–
Net balance	**(1,115)**	(2,522)	**(43)**	(49)

Presented in the statement of financial position as follows:

	Group		Company	
	2022 $'000	2021 $'000	**2022 $'000**	2021 $'000
Deferred tax asset	**1,703**	394	**–**	–
Deferred tax liabilities	**(2,818)**	(2,916)	**(43)**	(49)
Net balance	**(1,115)**	(2,522)	**(43)**	(49)

Included in tax losses carryforwards are losses of a Malaysia subsidiary that will expire as follows:

	Tax losses		Deferred tax assets	
Group	**2022 $'000**	2021 $'000	**2022 $'000**	2021 $'000
Expiring in year				
2028	**4,546**	–	**1,091**	–
2029	**225**	–	**54**	–
	4,771	–	**1,145**	–

For the Malaysia companies, the realisation of the future income tax benefits from tax loss carryforwards is available for a maximum period of ten consecutive years. Any unutilised amounts thereafter will be disregarded.

Temporary differences arising in connection with interests in subsidiaries are insignificant.

11. Earnings per share

The following table illustrates the numerators and denominators used to calculate basic and diluted earnings per share of no par value:

	Group	
	2022 **$'000**	2021 $'000
Numerators: earnings attributable to equity:		
Profit attributable to equity holders	**20,673**	13,876
	'000	'000
Denominators: weighted average number of equity shares		
Basic and diluted	**392,644**	388,179

The weighted average number of ordinary shares refers to shares in issue outstanding during the reporting period.

The basic amount per share ratio is based on the weighted average number of ordinary shares outstanding during each reporting year. It is after the neutralisation by the treasury shares.

Both basic and diluted earnings per share are the same as there are no diluted ordinary share equivalents outstanding during the reporting years.

12. Dividends on equity shares

	Group and Company			
	Rate per share			
	2022 **cents**	2021 cents	**2022** **$'000**	2021 $'000
Final tax exempt (one-tier) dividend paid	**0.608**	0.362	**2,359**	1,405
Interim tax exempt (one-tier) dividend paid	**1.162**	0.780	**4,645**	3,027
Special tax exempt (one-tier) dividend paid	**0.152**	0.200	**590**	776
Total dividends paid in the year	**1.922**	1.342	**7,594**	5,208

In respect of the current reporting year, the directors have proposed that a final dividend of 0.906 cents per share with an approximately total of $3,619,000 be paid to shareholders after the annual general meeting to be held on 24 April 2023. There are no income tax consequences on the reporting entity. This dividend is subject to approval by shareholders at the next annual general meeting and has not been included as a liability in these financial statements. The proposed dividend is payable in respect of all ordinary shares in issue at the end of the reporting year and including the new qualifying shares issued up to the date the dividend becomes payable.

13. Property, plant and equipment

	Leasehold properties $'000	Plant and equipment $'000	Total $'000
Group			
Cost:			
At 1 January 2021	30,716	52,128	82,844
Foreign exchange adjustments	–	387	387
Additions	–	723	723
Disposals	–	(245)	(245)
At 31 December 2021	30,716	52,993	83,709
Arising from acquisition of subsidiaries (Note 28)	17,810	3,856	21,666
Foreign exchange adjustments	–	(1,012)	(1,012)
Additions	–	879	879
Disposals	(3,760)	(1,129)	(4,889)
At 31 December 2022	**44,766**	**55,587**	**100,353**
Accumulated depreciation:			
At 1 January 2021	8,597	39,446	48,043
Foreign exchange adjustments	–	255	255
Depreciation for the year	1,426	2,114	3,540
Disposals	–	(228)	(228)
At 31 December 2021	10,023	41,587	51,610
Foreign exchange adjustments	–	(688)	(688)
Depreciation for the year	1,922	2,159	4,081
Disposals	(1,178)	(1,073)	(2,251)
At 31 December 2022	**10,767**	**41,985**	**52,752**
Carrying value:			
At 1 January 2021	22,119	12,682	34,801
At 31 December 2021	20,693	11,404	32,099
At 31 December 2022	**33,999**	**13,602**	**47,601**

Allocation of the depreciation expense:

	Group	
	2022 $'000	2021 $'000
Cost of sales	**1,448**	1,201
Administrative expenses	**2,633**	2,339
Total	**4,081**	3,540

Plant and equipment includes certain right-of-use assets with net book value of $Nil (2021: $374,000) that are under lease liability agreements (see Note 14).

13. Property, plant and equipment (cont'd)

The leasehold properties are mortgaged or pledged as security for bank facilities (see Note 25A).

	Leasehold properties	Plant and equipment	Total
	$'000	$'000	$'000
Company			
Cost:			
At 1 January 2021	6,280	426	6,706
Additions	–	87	87
At 31 December 2021	6,280	513	6,793
Additions	–	38	38
At 31 December 2022	**6,280**	**551**	**6,831**
Accumulated depreciation:			
At 1 January 2021	452	94	546
Depreciation for the year	244	12	256
At 31 December 2021	696	106	801
Depreciation for the year	252	20	273
At 31 December 2022	948	126	1,074
Carrying value:			
At 1 January 2021	5,828	332	6,160
At 31 December 2021	5,584	407	5,991
At 31 December 2022	**5,332**	**425**	**5,757**

14. Right-of-use assets and financial liabilities – lease liabilities

The leases are for office space and land use rights. The lease contracts are usually for fixed periods of 5 to 36 years but may have extension options. Lease terms contain a wide range of different terms and conditions. The lease agreements do not impose any covenants, but leased assets may not be used as security for borrowing purposes.

The lease liability above does not include the short-term leases and leases of low-value underlying assets. Variable lease payments which do not depend on an index or a rate or based on a percentage of revenue are not included from the initial measurement of the lease liability and the right-of-use assets.

Lease payments to be made under reasonably certain extension options are also included in the measurement of the liabilities.

14. Right-of-use assets and financial liabilities – lease liabilities (cont'd)

The right-of-use assets and lease liabilities are in the statement of financial position. The movements are as follows:

	Group		Company	
	Right-of-use assets	Lease liabilities	Right-of-use assets	Lease liabilities
	$'000	$'000	$'000	$'000
Cost:				
At 1 January 2021	3,637	3,688	1,788	1,716
Accretion of interest	–	100	–	50
Lease payment – principal and interest portion paid	–	(405)	–	(85)
At 31 December 2021	3,637	3,383	1,788	1,681
Arising from acquisition of subsidiaries (Note 28)	2,909	2,691	–	–
Accretion of interest	–	162	–	47
Additions	43	43	–	–
Lease payment – principal and interest portion paid	–	(403)	–	(85)
Foreign exchange adjustments	39	–	–	–
At 31 December 2022	**6,628**	**5,876**	**1,788**	**1,643**
Accumulated depreciation:				
At 1 January 2021	356	–	116	–
Depreciation for the year	172	–	57	–
At 31 December 2021	528	–	173	–
Arising from acquisition of subsidiaries (Note 28)	365	–	–	–
Depreciation for the year	257	–	58	–
Foreign exchange adjustments	(36)	–	–	–
At 31 December 2022	**1,114**	**–**	**231**	**–**
Carrying value:				
At 1 January 2021	3,281	3,688	1,672	1,716
At 31 December 2021	3,109	3,383	1,615	1,681
At 31 December 2022	**5,514**	**5,876**	**1,557**	**1,643**

The depreciation is charged to administrative expenses.

The land use rights for the land in 1 Tuas Avenue 10, 2 Tuas Avenue 10, and 6 Tuas View Circuit (Singapore) are for office and factory space. The land use rights are amortised over the period of the lease term on the straight-line method and expire in August 2035, December 2049 and October 2058 respectively. They are not transferable.

Lease liabilities include amounts of $Nil (2021: $140,000) for items included in property, plant and equipment (Note 13).

14. Right-of-use assets and financial liabilities – lease liabilities (cont'd)

Lease liabilities are presented in the statement of financial position as follows:

	Group		Company	
	2022	2021	**2022**	2021
	$'000	$'000	**$'000**	$'000
Lease liabilities, current	**219**	226	**36**	37
Lease liabilities, non-current	**5,657**	3,157	**1,607**	1,644
	5,876	3,383	**1,643**	1,681

A summary of the maturity analysis of lease liabilities is disclosed in Note 29E. Total cash outflows from leases are shown in the statement of cash flows.

Subsequent to initial measurement, the liability will be reduced for payments made and increased for interest. It is re-measured to reflect any reassessment or modification, or if there are changes to in-substance fixed payments. When the lease liability is re-measured, the corresponding adjustment is reflected in the right-of-use asset, or profit and loss if the right-of-use asset is already reduced to zero.

There were no future cash outflows to which the lessee is potentially exposed that are not reflected in the measurement of lease liabilities above.

The weighted average incremental borrowing rate applied to lease liabilities recognised is 3% (2021: 3%) per year.

Other disclosures on leases:

Apart from the disclosures made in other notes to the financial statements, amounts relating to leases include the following:

	Group	
	2022	2021
	$'000	$'000
Expense relating to short-term leases included in other expenses	**3,544**	2,322
Total commitments on short-term leases at year end date	**500**	1,293

15. Goodwill

	Group	
	2022	2021
	$'000	$'000
<u>Cost</u>:		
At beginning of the year	**29,552**	29,552
Additions	**10,869**	–
At end of the year	**40,421**	29,552

15. Goodwill (cont'd)

Goodwill is allocated to cash-generating units for the purpose of impairment testing. Each of those cash-generating units represents the group's investment by each subsidiary as follows:

	Group	
	2022	2021
	$'000	$'000
Name of subsidiary:		
Multiheight Scaffolding Pte Ltd and its subsidiary	**12,292**	12,292
Austin Energy (Asia) Pte Ltd and its subsidiary	**10,159**	10,159
Ensure Engineering Pte Ltd	**7,101**	7,101
Starburst Holdings Limited and its subsidiaries	**10,869**	–
Net book value at end of the year	**40,421**	29,552

The goodwill was tested for impairment at the end of the reporting year. No impairment allowance was required because the carrying amounts of all cash-generating units were lower than their estimated recoverable amounts. The recoverable amounts of cash-generating units have been measured based on the value in use method.

The value in use was measured by management. The key assumptions for the value in use calculations are as follows. The value in use is a recurring fair value measurement (Level 3).

The quantitative information about the value in use measurement using significant unobservable inputs for the cash-generating unit ("CGU") are consistent with those used for the measurement last performed and are as follows:

		Group	
		2022	2021
	Valuation technique and Unobservable inputs Discounted cash flow method:		
1.	Estimated discount rates using pre-tax rates that reflect current market assessments at the risks specific to the CGUs.		
	Multiheight Scaffolding Pte Ltd and its subsidiary	**13%**	13%
	Austin Energy (Asia) Pte Ltd and its subsidiary	**13%**	13%
	Ensure Engineering Pte Ltd	**13%**	13%
	Starburst Holdings Limited and subsidiaries	**13%**	–
2.	Cash flow forecasts derived from the most recent financial budgets and plans approved by management.	**5 years**	5 years
3.	Growth rates based on industry growth forecasts and not exceeding the average long-term growth rate for the relevant markets.	**1.4%**	1.4%

Actual outcomes could vary from these estimates. If the revised estimated revenue had been 10% less favourable than management's estimates, if the revised estimated gross margin had been 10% less favourable than management's estimates or if the revised estimated pre-tax discount rate applied to the discounted cash flows had been 1 percent point higher than management's estimates, there would not be a need to impair the carrying amount of goodwill.

Management's calculation of value in use took into account projects on hand and the effect of the projects that were delayed due to the current economic conditions.

16. Intangible assets

	Customer relationship $'000	Order backlog $'000	Total $'000
Group			
Cost:			
At 1 January 2021 and 31 December 2021	–	720	720
Arising from acquisition of subsidiaries (Note 28)	1,164	5,319	6,483
At 31 December 2022	**1,164**	**6,039**	**7,203**
Accumulated amortisation:			
At 1 January 2021	–	360	360
Amortisation for the year	–	305	305
At 31 December 2021	–	665	665
Amortisation for the year	166	2,885	3,051
At 31 December 2022	**166**	**3,550**	**3,716**
Carrying value:			
At 1 January 2021	–	360	360
At 31 December 2021	–	55	55
At 31 December 2022	**998**	**2,489**	**3,487**

The amortisation is charged to administrative expenses.

17. Investments in subsidiaries

	Company	
	2022 $'000	2021 $'000
Movements during the year. At cost:		
At beginning and end of the year	**1,350**	1,350
Total cost comprising:		
Unquoted equity shares at cost	**1,350**	1,350

The listing of and information on the subsidiaries are given below.

17. Investments in subsidiaries (cont'd)

The following subsidiaries are wholly owned by the group:

Name of subsidiaries, country of incorporation, place of operations and principal activities (and independent auditor)	Cost	
	2022	2021
	$'000	$'000
Nordic Flow Control Pte. Ltd. [(a)] Singapore Integration, assembly, trading, importing and exporting of hydraulic systems and marine components	**1,350**	1,350
Held by Nordic Flow Control Pte. Ltd.:		
Avitools (Suzhou) Co., Ltd [(b)] The People's Republic of China Engineering works and manufacturing of aircraft components and hydraulic actuators for the marine, oil and gas industry (Suzhou Allpro Certified Public Accountants Co., Ltd.)	**7,788**	3,500
Nordic Flow Control (Suzhou) Co., Ltd [(b)] The People's Republic of China Integration, assembly, trading, importing and exporting of hydraulic systems and marine components (Suzhou Allpro Certified Public Accountants Co., Ltd.)	**1,347**	1,347
Austin Energy (Asia) Pte Ltd [(a)] Singapore Provision of construction, scaffolding, insulation, painting and fireproofing services	**25,747**	25,747
Multiheight Scaffolding Pte Ltd [(a)] Singapore Scaffolding works for refinery, marine and construction industries and sales and rental of tubular frames and aluminium scaffolds	**28,945**	28,945
Envipure Pte. Ltd. [(a)] Singapore Providers of facilities engineering services, undertaking projects for air pollution control systems, water and waste water treatment systems	**14,800**	14,800
Held by Nordic Flow Control Pte. Ltd.:		
Starburst Holdings Limited [(a)] Singapore Dormant since April 2022. Acquired in January 2022.	**59,135**	–
Avitools Singapore Pte Ltd [(c)] Singapore Manufacture of precision components and electro-mechanical assembly business.	**10**	10

17. Investments in subsidiaries (cont'd)

Name of subsidiaries, country of incorporation, place of operations and principal activities (and independent auditor)	Cost 2022 $'000	2021 $'000
Held by Austin Energy (Asia) Pte Ltd:		
Austin Energy Offshore Pte Ltd [a] Singapore Building construction specialist (insulation and fireproofing) contractor in process plan construction and general wholesale trade	**1,350**	1,350
Held by Multiheight Scaffolding Pte Ltd:		
Multiheight Marine Pte Ltd [a] Singapore Repairing ships, tankers and other ocean going vessels and providing scaffolding works	**204**	204
Ensure Engineering Pte Ltd [a] Singapore Chemical and engineering activities for marine, manufacturing refineries, utilities and petrochemical industries	**16,325**	16,325
Held by Envipure Pte. Ltd.:		
Envipure Sdn Bhd [b] Malaysia Integration, assembly, trading, importing and exporting of hydraulic systems and marine components (Mazars LLP) 49% is held in trust by an ex-employee	**2,781**	2,781
Pollution Control Pte Ltd [c] Singapore	**143**	143
Held by Avitools Singapore Pte Ltd:		
Eratech Pte Ltd [a] Singapore Provision of precision machining and turnkey manufacturing services. Acquired in August 2022.	**10,000**	–
Held by Starburst Holdings Limited:		
Starburst Engineering Pte Ltd [a] Singapore Design, fabrication, installation and maintenance of anti-ricochet ballistic protection systems for shooting ranges and tactical training mock-ups. Acquired in January 2022	**30,437**	–

17. Investments in subsidiaries (cont'd)

Name of subsidiaries, country of incorporation, place of operations and principal activities (and independent auditor)	Cost	
	2022 $'000	2021 $'000
Held by Starburst Holdings Limited: (cont'd)		
Starburst Risk Consulting Pte Ltd [(a)] Singapore Provision of security services and installation of the protection and security alarm systems. Dormant since January 2023. Acquired in January 2022.	**200**	–
Starburst Engineering (M) Sdn Bhd [(c)] Malaysia Dormant since January 2022. Acquired in January 2022.	**40**	–

(a) Audited by RSM Chio Lim LLP in Singapore.

(b) Other independent auditors. Audited by firms of accountants other than member firms of RSM International of which RSM Chio Lim LLP in Singapore is a member. Their names are indicated above.

(c) Dormant during the reporting year.

As is required by Rule 716 of the Listing Manual of The Singapore Exchange Securities Trading Limited, the audit committee and the board of directors of the company have satisfied themselves that the appointment of different auditor for certain of its overseas subsidiaries would not compromise the standard and effectiveness of the audit of the group.

18. Inventories

	Group	
	2022 $'000	2021 $'000
Raw material, consumables and supplies	**12,483**	9,020
Work in progress	**5,795**	3,754
Finished goods	**1,162**	1,768
	19,440	14,542

	Group	
	2022 $'000	2021 $'000
Inventories are stated after allowance. Movements in allowance:		
At beginning of the year	**1,757**	1,623
Charged to profit or loss included in other losses	**525**	287
Used	**(235)**	(150)
Foreign exchange adjustments	**–**	(3)
At end of the year	**2,047**	1,757
Raw materials, consumables and supplies used	**47,171**	29,067

There are no inventories pledged as security for liabilities.

19. Trade and other receivables

	Group		Company	
	2022 **$'000**	2021 $'000	**2022** **$'000**	2021 $'000
Trade receivables:				
Outside parties	**34,872**	23,399	**–**	–
Less allowance for impairment	**(130)**	(195)	**–**	–
Subsidiaries (Note 3)	**–**	–	**18,652**	21,619
Retention receivables	**4,647**	1,085	**–**	–
Net trade receivables – subtotal	**39,389**	24,289	**18,652**	21,619
Other receivables:				
Outside parties	**–**	81	**–**	–
Less allowance for impairment	**–**	(7)	**–**	–
Subsidiary (Note 3)	**–**	–	**–**	17,681
Grant receivable	**–**	56	**–**	–
Net other receivables – subtotal	**–**	130	**–**	17,681
Total trade and other receivables	**39,389**	24,419	**18,652**	39,300
Movements in above allowance on trade receivables:				
At beginning of the year	**195**	368	**–**	–
Charge / (reversed) for trade receivables to profit or loss included in other losses / (other income and gains)	**1**	(122)	**–**	–
Foreign exchange adjustments	**–**	(3)	**–**	–
Used	**(66)**	(48)	**–**	–
At end of the year	**130**	195	**–**	–
Movements in above allowance on other receivables:				
At beginning of the year	**7**	83	**–**	–
Reversed for other receivables to profit or loss included in other income and gains	**(7)**	(76)	**–**	–
At end of the year	**–**	7	**–**	–

The expected credit losses (ECL) on the above trade receivables are based on the simplified approach to measuring expected credit losses (ECL) which uses a lifetime ECL allowance approach for all trade receivables recognised from initial recognition of these assets. These assets are grouped based on shared credit risk characteristics and the days past due for measuring the ECL. The allowance matrix is based on the historical observed default rates (over a period of 36 months) over the expected life of the trade receivables and is adjusted for forward-looking estimates including the impact of the current economic conditions. At every reporting date the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

19. Trade and other receivables (cont'd)

The ageing of the assets is as follows:

	Gross amount		Loss allowance	
	2022	2021	**2022**	2021
	$'000	$'000	**$'000**	$'000
Group				
Trade receivables:				
Within due date	**28,363**	17,328	**–**	–
1 to 30 days past due	**5,310**	3,758	**–**	–
31 to 60 days past due	**2,149**	1,169	**–**	–
61 to 90 days past due	**1,411**	172	**–**	–
Over 90 days past due	**2,286**	2,057	**130**	195
Total	**39,519**	24,484	**130**	195
Company				
Trade receivables:				
Within due date	**–**	1,086	**–**	–
1 to 30 days past due	**–**	–	**–**	–
31 to 60 days past due	**–**	673	**–**	–
61 to 90 days past due	**–**	197	**–**	–
Over 90 days past due	**18,652**	19,663	**–**	–
Total	**18,652**	21,619	**–**	–

The loss allowance disclosed above totalling $130,000 (2021: $195,000) is based on individual accounts that are determined to be impaired at the end of the reporting year.

The amounts are written off when there are indications that there is no reasonable expectation of recovery or the failure of a debtor to make contractual payments over an extended period.

There are no collateral held as security and other credit enhancements for the trade receivables.

As part of the process of setting customer credit limits, different credit terms are used. The average credit period generally granted to trade receivable customers is about 30 to 90 days (2021: 30 to 90 days). But some customers take a longer period to settle the amounts.

Concentration of trade receivable customers as at the end of reporting year:

	Group	
	2022	2021
	$'000	$'000
Top 1 customer	**3,081**	3,247
Top 2 customers	**5,100**	4,997
Top 3 customers	**7,068**	6,430

19. Trade and other receivables (cont'd)

The other receivables shown above are subject to the expected credit loss (ECL) allowance assessment under the financial reporting standard on financial instruments. The other receivables can be graded for credit risk individually. At inception they are recorded net of any expected 12 month expected credit losses. At the end of the reporting year a loss allowance is recognised if there has been a significant increase in credit risk since initial recognition. For any significant increase or decrease in credit risk an adjustment is made to the loss allowance. The credit risk grade assessed is based on predictive nature of the risk of loss (such as the use of internal and external ratings, audited financial statements, management accounts and cash flow projections and available published information about debtors that is available without undue cost or effort) and applying experienced credit judgement.

Other receivables are normally with no fixed terms and therefore there is no fixed maturity date.

20. Other assets

	Group		Company	
	2022	2021	**2022**	2021
	$'000	$'000	**$'000**	$'000
Contract assets (Note 20A)	**9,957**	1,915	**–**	–
Unbilled revenue	**7,843**	7,745	**628**	1,000
Prepayments	**989**	436	**53**	10
Advances to suppliers	**2,469**	1,951	**–**	–
Deposits to secure services	**3,081**	712	**4**	9
	24,339	12,759	**685**	1,019

20A. Contract assets / contract liabilities

	Group	
	2022	2021
	$'000	$'000
Contract assets (Note 20)	**9,957**	1,915
Contract liabilities (Note 27)	**(1,340)**	–
Net	**8,617**	1,915

Contract assets shown above are subject to the expected credit loss model under the financial reporting standard on financial instruments. No loss allowance is necessary.

The contract assets are for: entity's rights to consideration for work completed but not billed at the reporting date on the contracts; costs incurred to obtain or fulfil a contract with a customer; costs to obtain contracts with customers; pre-contract costs and setup costs; and the amount of amortisation and any impairment losses recognised in the reporting year. The contract assets are transferred to the receivables when the rights become unconditional.

20. Other assets (cont'd)

20A. Contract assets / contract liabilities (cont'd)

The contract liabilities primarily relate to the advance consideration received from customers for which transfer of control have not occur, and therefore revenue is not recognised. The entity recognises revenue for each respective performance obligation when control of the product or service transfers to the customer.

	Group	
	2022	2021
	$'000	$'000
The movements in contract assets / contract liabilities are as follows:		
At beginning of the year	**1,915**	534
Arising from acquisition of subsidiaries (Note 28)	**19,737**	–
Consideration received or receivable	**(35,762)**	(3,069)
Performance obligation satisfied – revenue recognised	**22,727**	4,450
At end of the year	**8,617**	1,915

The aggregate amount of transaction price allocated to the unsatisfied (or partially unsatisfied) performance obligations as at the end of the reporting year is $15,788,000 (2021: $2,734,000). This will be recognized as revenue by reference to percentage of completion, which is expected to complete over the next 2 years (2021: 1 years). The amount disclosed above does not include any estimated amounts of variable consideration that is constrained.

21. Cash and cash equivalents

	Group		Company	
	2022	2021	**2022**	2021
	$'000	$'000	**$'000**	$'000
Not restricted in use	**53,034**	75,337	**22,502**	5,043
Cash pledged for bank facilities #a	**2,881**	–	**–**	–
Cash at end of the year	**55,915**	75,337	**22,502**	5,043

The interest earning balances are not significant.

#a. This is for amounts held by a bank to cover the bank facilities issued (see Note 25A).

21A. Cash and cash equivalents in the statement of cash flows:

	Group	
	2022	2021
	$'000	$'000
Amount as shown above	**55,915**	75,337
Cash pledged for bank facilities	**(2,881)**	–
Cash and cash equivalents for statement of cash flows purposes at end of the year	**53,034**	75,337

21. Cash and cash equivalents (cont'd)

21B. Reconciliation of movement of liabilities to cash flows arising from financing activities:

Group	2021 $'000	Cash flows $'000	Non-cash changes $'000	2022 $'000
Lease liabilities	**3,383**	**(403)**	**2,896** [(a)]	**5,876**
Loans and borrowings	**60,262**	**468 ***	**11,377** [(b)]	**72,107**
Total liabilities from financing activities	**63,645**	**108**	**14,230**	**77,983**

* Reflected in consolidated statement of cash flows as increase in loans and borrowings $26,614,000 and loans and borrowings paid $26,146,000.

Group	2020 $'000	Cash flows $'000	Non-cash changes $'000	2021 $'000
Lease liabilities	3,688	(405)	100 [(c)]	3,383
Loans and borrowings	45,873	14,389 *	–	60,262
Total liabilities from financing activities	49,561	13,984	100	63,645

* Reflected in consolidated statement of cash flows as increase in loans and borrowings $18,530,000 and loans and borrowings paid $4,141,000.

(a) Arising from acquisition of subsidiaries, additions and interest charged (see Note 14).

(b) Arising from acquisition of subsidiaries (see Note 28).

(c) Interest charged.

22. Share capital

Group and Company	Number of shares issued '000	Share capital $'000	Treasury shares $'000	Total $'000
Ordinary shares of no par value:				
At beginning of the year 1 January 2021	388,900	22,439	(2,374)	20,065
Treasury shares purchased [(a)]	(900)	–	(240)	(240)
At end of the year 31 December 2021	388,900	22,439	(2,614)	19,825
Treasury shares purchased [(a)]	(264)	–	(112)	(112)
Treasury shares sold [(b)]	12,000	2,425	2,614	5,039
At end of the year 31 December 2022	399,736	24,864	(112)	24,752

The ordinary shares of no par value are fully paid, carry one vote each and have no right to fixed income. The company is not subject to any externally imposed capital requirements.

22. Share capital (cont'd)

(a) Pursuant to the share purchase mandate approved at the extraordinary general meeting on 29 April 2015 and renewed at the annual general meeting on 25 April 2022, during the reporting year, the company acquired 263,900 ordinary shares (2021: 900,000 ordinary shares) on the Singapore Stock Exchange and held as treasury shares. The total is 263,900 (2021: 12,000,000) treasury shares.

(b) On 8 July 2022, the company sold 12,000,000 treasury shares at the price of $0.42 for each share to Edward Lim Chin Wah and Yap Tin Foo for an aggregate consideration of $5,039,000. They were the Chairman and Executive Director and Managing and Executive Director of Starburst Holdings Limited (Note 28) respectively. They are currently employed by the company as advisers to the Executive Chairman of the company.

Capital management:

The objectives when managing capital are: to safeguard the reporting entity's ability to continue as a going concern, so that it can continue to provide returns for owners and benefits for other stakeholders, and to provide an adequate return to owners by pricing the sales commensurately with the level of risk. The management sets the amount of capital to meet its requirements and the risk taken. There were no changes in the approach to capital management during the reporting year. The management manages the capital structure and makes adjustments to it where necessary or possible in the light of changes in conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the management may adjust the amount of dividends paid to owners, return capital to owners, issue new shares, or sell assets to reduce debt. Adjusted capital comprises all components of equity (that is, share capital and reserves).

In order to maintain its listing on the Singapore Stock Exchange it has to have share capital with a free float of at least 10% of the shares. The company met the capital requirement on its initial listing and the rules limiting treasury share purchases mean it will continue to satisfy that requirement, as it did throughout the reporting year. Management receives a report from the share registrars frequently on substantial share interests showing the non-free float to ensure continuing compliance with the 10% limit throughout the reporting year.

The management does not set a target level of gearing but uses capital opportunistically to support its business and to add value for shareholders. The key discipline adopted is to widen the margin between the return on capital employed and the cost of that capital.

The management monitors the capital on the basis of the debt-to-adjusted capital ratio. This ratio is calculated as net debt / adjusted capital (as shown below). Net debt is calculated as total borrowings less cash and cash equivalents.

	Group	
	2022	2021
	$'000	$'000
Net debt:		
All current and non-current borrowings excluding lease liabilities	**72,107**	60,262
Less cash and cash equivalents	**(55,915)**	(75,337)
Net debt / (cash)	**16,192**	(15,075)
Adjusted capital (less goodwill and intangible assets)	**66,108**	68,028
Debt-to-adjusted capital ratio	**24%**	N.M

N.M.: Not meaningful

23. Other reserves

	Group	
	2022	2021
	$'000	$'000
Foreign currency translation reserve (Note 23A)	**(559)**	581
Statutory reserve (Note 23B)	**878**	235
Total at the end of the year	**319**	816

All the reserves classified on the face of the statements of financial position as retained earnings represents past accumulated earnings and are distributable as cash dividends. The other reserves are not available for cash dividends unless realised.

23A. Foreign currency translation reserve

	Group	
	2022	2021
	$'000	$'000
At beginning of the year	**581**	210
Exchange differences on translating foreign operations	**(1,140)**	371
At end of the year	**(559)**	581

The currency translation reserve accumulates all foreign exchange differences on translating foreign operations.

23B. Statutory reserve

	Group	
	2022	2021
	$'000	$'000
At beginning of the year	**235**	235
Transferred from retained earnings	**542**	–
Foreign exchange adjustments	**101**	–
At end of the year	**878**	235

The subsidiaries in the People's Republic of China are required by local regulation to appropriate 10% of the profits each year to a non-distributable statutory reserve. Contribution to this reserve is no longer mandatory when the reserve reaches 50% of the registered share capital. The use of the funds in the non-distributable statutory reserve is subject to approval by the relevant authorities in the People's Republic of China.

24. Provisions

	Group	
	2022 **$'000**	2021 $'000
Non-current:		
Warranties	**–**	51
Total non-current portion	**–**	51
Current:		
Warranties	**1,232**	2,377
Total current portion	**1,232**	2,377
Total non-current and current	**1,232**	2,428
Movements in above provisions:		
At beginning of the year	**2,428**	1,954
Charge to profit or loss included in cost of sales	**439**	633
Reversed to profit or loss included in cost of sales	**(1,597)**	(158)
Used	**(38)**	(1)
At end of the year	**1,232**	2,428

Certain products are covered by product warranty plans of varying periods. If the customer has the option to purchase a warranty separately or is negotiated separately, the warranty is accounted as a performance obligation and a portion of the transaction price is allocated to that performance obligation and recognised as revenue over the period the warranty services are provided. The warranty obligations are affected by actual product failure rates and by material usage and service delivery costs incurred in correcting a product failure.

25. Loans and borrowings

	Group		Company	
	2022 **$'000**	2021 $'000	**2022** **$'000**	2021 $'000
Non-current:				
Financial instruments with floating interest rates:				
Bank loans (secured) (Note 25A)	**–**	2,575	**–**	–
Bank loans (Note 25B)	**7,137**	–	**3,803**	–
Financial instruments with fixed interest rates:				
Bank loan (secured) (Note 25A)	**9,644**	–	**–**	–
Total non-current portion	**16,781**	2,575	**3,803**	–
Current:				
Financial instruments with floating interest rates:				
Bank loans (secured) (Note 25A)	**15,600**	23,250	**6,600**	13,250
Bank loans (Note 25B)	**35,823**	24,880	**1,656**	–
Invoice financing and trust receipts (Note 25B)	**3,191**	8,296	**–**	–
Financial instruments with fixed interest rates:				
Bank loans (secured) (Note 25A)	**712**	1,261	**–**	1,261
Total current portion	**55,326**	57,687	**8,256**	14,511
Total non-current and current	**72,107**	60,262	**12,059**	14,511

25. Loans and borrowings (cont'd)

The non-current portion is repayable as follows:

	Group		Company	
	2022	2021	**2022**	2021
	$'000	$'000	**$'000**	$'000
Due within 2 to 5 years	**10,131**	2,575	**3,803**	–
Due more than 5 years	**6,650**	–	**–**	–
Total non-current portion	**16,781**	2,575	**3,803**	–

The range of floating interest rates paid was as follows:

	Group		Company	
	2022	2021	**2022**	2021
Bank loans, invoice financing and trust receipts	**1.07% to 4.85%**	1% to 1.75%	**1.07% to 4.68%**	1% to 1.35%

The range of fixed interest rates paid was as follows:

	Group		Company	
	2022	2021	**2022**	2021
Bank loans	**1.98%**	1.20%	**–**	1.20%

25A. Bank loans (secured)

The bank agreements for certain of the bank loans and other credit facilities provide among other matters for the following:

1. Corporate guarantee from the company.

2. Legal mortgage over the leasehold properties (Note 13).

3. Subject to certain financial covenants.

4. The bank loans comprise:

   a. Short term borrowings with an average maturity period of 1 to 3 months and are settled at the end of maturity period.

   b. Loan repayable in 16 semi-annual instalments of $1,000,000 from June 2017. This loan was fully repaid during the year.

   c. Loan repayable in 30 quarterly instalments of $200,000 from June 2018. Although the loan is for a period of 7.5 years from June 2018, it has been classified as "current" because the entity does not have an unconditional right to defer settlement of the liability for at least twelve months after the end of the reporting year.

   d. Loan repayable over 2 years from September 2020 with quarterly instalments of $633,467. The weighted average interest rate is 1.35% per annum. The loan was fully repaid in June 2022.

25. Loans and borrowings (cont'd)

25A. Bank loans (secured) (cont'd)

4. The bank loans comprise: (cont'd)

   e. Loan repayable over 240 months from May 2015 with monthly instalment of approximately $62,500. This loan arose from the acquisition of Starburst Holdings Limited and its subsidiaries and is secured by a leasehold property, legal assignment of proceeds from certain projects, charge on cash in current account, fixed deposit of not less than $2.1 million and a first legal assignment of all the rights, title, interest and benefits under and arising out of the life insurance policies taken out on the lives of certain advisors of the company and a corporate guarantee from a subsidiary. The company is in the process of re-negotiating these terms. The weighted average interest rate is 2.04% per annum.

25B. Bank loans, invoice financing and trust receipts

The bank agreements for certain of the bank loans and other credit facilities provide among other matters for the following:

1. Corporate guarantee from the company.
2. Loan repayable over 4 years from January 2022 with monthly instalment of about $145,000.
3. Loan repayable over 36 months from January 2023 with monthly instalment of $138,888.
4. Short term borrowings (invoice financing and money market loans) with an average maturity period of 1 to 3 months and are settled at the end of maturity period.

26. Trade and other payables

	Group		Company	
	2022	2021	**2022**	2021
	$'000	$'000	**$'000**	$'000
Trade payables:				
Outside parties and accrued liabilities	**32,465**	23,830	**2,959**	2,371
Other payables:				
Outside parties – previous shareholders of Eratech Pte Ltd (Note 28) [(a)]	**3,000**	–	**–**	–
Total trade and other payables	**35,465**	23,830	**2,959**	2,371

(a) The balance was fully paid on 24 February 2023.

27. Other non-financial liabilities

	Group	
	2022	2021
	$'000	$'000
Deferred revenue	**803**	897
Advances from customers	**5,764**	–
Contract liabilities (Note 20A)	**1,340**	–
Total other non-financial liabilities	**7,907**	897

28. Acquisition of subsidiaries

(a) Acquisition of subsidiaries

On 7 January 2022, the group made a voluntary acquisition offer to acquire all the issued and paid-up ordinary shares of Starburst Holdings Limited ("Starburst") at a consideration of S$0.238 for each share. On 24 January 2022, the group received valid acceptances in respect of 173,061,556 shares, constituting 69.70% of the total number of issued shares (excluding treasury shares) of Starburst, and the offer was declared unconditional in all respects. As such, the group obtained controlling interest in Starburst through a wholly owned subsidiary, Nordic Flow Control Pte Ltd on 24 January 2022 and subsequent acceptances were treated as acquisition of non-controlling interests without a change in control (Note 28(b)).

On 25 August 2022 the group acquired 100% of the share capital in Eratech Pte Ltd ("Eratech") and from that date the group gained control. It became a subsidiary.

The above transactions were accounted for by the acquisition method of accounting.

The fair values of identifiable assets acquired and liabilities assumed are set out below. An external valuer was engaged to assist in the purchase price allocation ("PPA") for the Starburst acquisition and the PPA for the Eratech acquisition was performed by management. Both PPA exercises have been finalised as at the date of this report.

	Pre-acquisition book value under SFRS(I) $'000	**At fair value $'000**
2022: Starburst Group and Eratech Pte Ltd		
Intangible assets – customer relationship	–	1,164
Intangible assets – order backlog	–	5,319
Property, plant and equipment	22,178	21,666
Right-of-use asset	2,544	2,544
Inventories	1,843	1,843
Trade and other receivables	4,600	4,600
Other assets	4,063	4,063
Contract asset	19,737	19,737
Cash and cash equivalents (unrestricted)	10,984	10,984
Cash pledged for bank facilities (restricted)	2,881	2,881
Trade and other payables	(5,847)	(5,847)
Lease liabilities	(2,691)	(2,691)
Loans and borrowings	(11,377)	(11,377)
Income tax payable	(267)	(267)
Net assets	48,648	54,619

The goodwill arising on acquisition is as follows:	
Consideration transferred	51,188
Non-controlling interest at fair value	13,180
Fair value of identifiable net assets acquired	(54,619)
Goodwill arising on acquisition	9,749
Goodwill (Note 15)	10,869
Negative goodwill (Note 6)	(1,120)
	9,749

28. Acquisition of subsidiaries (cont'd)

(a) Acquisition of subsidiaries (cont'd)

The contributions from the acquired subsidiaries for the period between the date of acquisition and the end of the reporting year were as follows:

	From date of acquisition in 2022 $'000	For the reporting year 2022 $'000
Revenue	31,836	38,594
Profit before income tax	9,094	10,423

(b) Acquisition of additional interest in subsidiaries

On 20 April 2022, the group had received acceptances in respect of an aggregate of 248,300,050 shares at S$0.238 for each share, constituting 100% of the total number of issued shares (excluding treasury shares) of Starburst for an aggregate cash consideration of $59.1 million.

The consideration paid for the acquisition of additional interest of 30.3% in Starburst amounted to $17.9 million and the fair value of the non-controlling interests in Starburst was approximately $13.4 million.

As a result of the acquisition of additional interest, the group derecognised non-controlling interests of $13.4 million (including non-controlling interest share of profits of $0.2 million) and recorded a decrease in equity attributable to owner of the parent of $4.6 million. The effect of changes in changes in equity during the financial period is summarised as follows:

	$'000
Non-controlling interest at fair value	13,180
Consideration paid to non-controlling interest	(17,946)
Non-controlling interest share of profits	180
Excess of consideration paid recognised in parent's equity	4,586

The group incurred acquisition related costs of approximately $245,000 relating to external legal fees and compliance costs and these have been charged to administrative expenses.

(c) Effect of cash flows of the group

	$'000
Fair value of purchase consideration	51,188
Amount payable to vendor (Note 26)	(3,000)
Less: cash and cash equivalents (unrestricted) in subsidiaries acquired	(10,984)
Net cash outflow on acquisition	37,204
Acquisition of non-controlling interest	17,946

29. Financial instruments: information on financial risks

29A. Categories of financial assets and liabilities

The following table categorises the carrying amount of financial assets and liabilities recorded at the end of the reporting year:

	Group		Company	
	2022	2021	**2022**	2021
	$'000	$'000	**$'000**	$'000
Financial assets:				
Financial assets at amortised cost	**95,304**	99,756	**41,154**	44,343
At end of the year	**95,304**	99,756	**41,154**	44,343
Financial liabilities:				
Financial liabilities at amortised cost	**113,448**	87,475	**16,661**	18,563
At end of the year	**113,448**	87,475	**16,661**	18,563

Further quantitative disclosures are included throughout these financial statements.

29B. Financial risk management

The main purpose for holding or issuing financial instruments is to raise and manage the finances for the entity's operating, investing and financing activities. There are exposures to the financial risks on the financial instruments such as credit risk, liquidity risk and market risk comprising interest rate, currency risk and price risk exposures. Management has certain practices for the management of financial risks. However these are not formally documented in written form. The guidelines include the following:

1. Minimise interest rate, currency, credit and market risks for all kinds of transactions.

2. Maximise the use of "natural hedge": favouring as much as possible the natural off-setting of sales and costs and payables and receivables denominated in the same currency and therefore put in place hedging strategies only for the excess balance (if necessary). The same strategy is pursued with regard to interest rate risk.

3. All financial risk management activities are carried out and monitored by senior staff.

4. All financial risk management activities are carried out following acceptable market practices.

There have been no changes to the exposures to risk; the objectives, policies and processes for managing the risk and the methods used to measure the risk.

29C. Fair values of financial instruments

The analyses of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 are disclosed in the relevant notes to the financial statements. These include the significant financial instruments stated at amortised cost and at fair value in the statement of financial position. The carrying values of current financial instruments approximate their fair values due to the short-term maturity of these instruments and the disclosures of fair value are not made when the carrying amount of current financial instruments is a reasonable approximation of the fair value.

29. Financial instruments: information on financial risks (cont'd)

29D. Credit risk on financial assets

Financial assets are principally from cash balances with banks, cash equivalents, receivables and other financial assets at amortised cost. They are potentially subject to credit risk due to failures by counterparties to discharge their obligations in full or in a timely manner. The maximum exposure to credit risk is the total of the fair value of the financial assets at the end of the reporting year. Credit risk on cash balances and any other financial instruments with banks and other financial institutions is limited because the counter-parties are entities with acceptable credit ratings. For expected credit losses (ECL) on financial assets, the general approach (three-stage approach) in the financial reporting standard on financial instruments is applied to measure the ECL allowance. Under this general approach the financial assets move through the three stages as their credit quality change. On initial recognition, a day-1 loss is recorded equal to the 12 month ECL unless the assets are considered credit impaired. However, for trade receivables that do not contain a significant financing component or when the reporting entity applies the practical expedient of not adjusting the effect of a significant financing component, the reporting entity applies the simplified approach in calculating ECL as is permitted by the financial reporting standard on financial instruments. Under the simplified approach, the reporting entity does not track changes in credit risk, but instead recognises the loss allowance at an amount equal to lifetime ECL at initial recognition and throughout its life at each reporting date. For the credit risk on the financial assets an ongoing credit evaluation is performed on the financial condition of the debtors and any loss is recognised in profit or loss. Reviews and assessments of credit exposures in excess of designated limits are made. Renewals and reviews of credits limits are subject to the same review process.

Note 21 discloses the cash and cash equivalents balances. Cash and cash equivalents are also subject to the impairment requirements of the standard on financial instruments. There was no identified impairment loss.

29E. Liquidity risk – financial liabilities maturity analysis

The following table analyses the non-derivative financial liabilities by remaining contractual maturity (contractual undiscounted cash flows):

	Less than 1 year $'000	2 to 5 years $'000	More than 5 years $'000	Total $'000
Group				
Non-derivative financial liabilities:				
2022:				
Gross loans and borrowings	56,986	10,435	6,848	74,269
Gross lease liabilities	332	1,703	6,181	8,216
Trade and other payables	35,465	–	–	35,465
At end of the year	92,783	12,138	13,029	117,950
Non-derivative financial liabilities:				
2021:				
Gross loans and borrowings	58,697	2,620	–	61,317
Gross lease liabilities	328	1,182	2,997	4,507
Trade payables	23,830	–	–	23,830
At end of the year	82,855	3,802	2,997	89,654

29. Financial instruments: information on financial risks (cont'd)

29E. Liquidity risk – financial liabilities maturity analysis (cont'd)

	Less than 1 year $'000	2 to 5 years $'000	More than 5 years $'000	Total $'000
Company				
Non-derivative financial liabilities:				
2022:				
Gross loans and borrowings	8,504	3,917	–	12,421
Gross lease liabilities	89	443	1,855	2,387
Trade payables	2,959	–	–	2,959
At end of the year	11,552	4,360	1,855	17,767
Non-derivative financial liabilities:				
2021:				
Gross loans and borrowings	14,764	–	–	14,764
Gross lease liabilities	89	443	1,944	2,476
Trade payables	2,371	–	–	2,371
At end of the year	17,224	443	1,944	19,611

The undiscounted amounts on the borrowings with fixed and floating interest rates are determined by reference to the conditions existing at the reporting date.

The liquidity risk refers to the difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset. It is expected that all the liabilities will be settled at their contractual maturity. The average credit period taken to settle current trade payables is about 30 to 60 days (2021: 30 to 60 days). The classification of the financial assets is shown in the statement of financial position as they may be available to meet liquidity needs and no further analysis is deemed necessary.

The above amounts disclosed in the maturity analysis are the contractual undiscounted cash flows and such undiscounted cash flows differ from the amount included in the statement of financial position. When the counterparty has a choice of when an amount is paid, the liability is included on the basis of the earliest date on which it can be required to pay.

For issued financial guarantee contracts the maximum amount of the guarantee is allocated to the earliest period in which the guarantee could be called, i.e. within 1 year. During the year, the company provided financial guarantees to various banks in connection with the bank loans and other banking facilities granted to its subsidiaries. At the end of the reporting year no claims on the financial guarantees are expected to be payable.

	Company	
	2022 $'000	2021 $'000
Corporate guarantee in favour of subsidiaries	**61,848**	46,553
At end of the year	**61,848**	46,553

29. Financial instruments: information on financial risks (cont'd)

29E. Liquidity risk – financial liabilities maturity analysis (cont'd)

Bank facilities:	Group	
	2022	2021
	$'000	$'000
Undrawn borrowings and trade lines	**59,584**	46,407
Undrawn foreign exchange lines and interest rate swap	**34,100**	34,900
Total undrawn borrowing facilities	**93,684**	81,307

The undrawn borrowing facilities are available for operating activities and to settle other commitments. Borrowing facilities are maintained to ensure funds are available for the operations. A schedule showing the maturity of financial liabilities and unused bank facilities is provided regularly to management to assist in monitoring the liquidity risk.

29F. Interest rate risk

Interest rate risk arises on interest-bearing financial instruments. The following table analyses the breakdown of the significant financial instruments by type of interest rate:

	Group		Company	
	2022	2021	**2022**	2021
	$'000	$'000	**$'000**	$'000
Financial liabilities with interest:				
Fixed rates	**16,232**	4,644	**1,643**	2,942
Floating rates	**61,751**	59,001	**12,059**	13,250
Total at end of the year	**77,983**	63,645	**13,702**	16,192

The floating rate debt asset instruments are with interest rates that are re-set at regular intervals. The interest rates are disclosed in the respective notes.

Sensitivity analysis: The effect on pre-tax profit is not significant.

29G. Foreign currency risk

Foreign exchange risk arises on financial instruments that are denominated in a foreign currency, ie in a currency other than the functional currency in which they are measured. For the purpose of this financial reporting standard on financial instruments: disclosures, currency risk does not arise from financial instruments that are non-monetary items or from financial instruments denominated in the functional currency.

29. Financial instruments: information on financial risks (cont'd)

29G. Foreign currency risk (cont'd)

Analysis of amounts denominated in non-functional currency:

	United States Dollar $'000	RMB $'000	Total $'000
Group			
2022:			
Financial assets:			
Cash	**25,385**	**7,529**	**32,914**
Loans and receivables	**8,569**	**–**	**8,569**
Total financial assets at end of the year	**33,954**	**7,529**	**41,483**
2021:			
Financial assets:			
Cash	25,786	–	25,786
Loans and receivables	4,487	–	4,487
Total financial assets	30,273	–	30,273
Financial liabilities:			
Trade payables	(142)	–	(142)
Total financial liabilities	(142)	–	(142)
Net financial assets (liabilities) at end of the year	30,131	–	30,131

	United States Dollar $'000	RMB $'000	Total $'000
Company			
2022:			
Financial assets:			
Cash	**10,851**	**7,529**	**18,380**
Total financial assets at end of the year	**10,851**	**7,529**	**18,380**
2021:			
Financial assets:			
Cash	1,962	–	1,962
Total financial assets at end of the year	1,962	–	1,962

There is exposure to foreign currency risk as part of normal business.

29. Financial instruments: information on financial risks (cont'd)

29G. Foreign currency risk (cont'd)

Sensitivity analysis:

	Group		Company	
	2022 **$'000**	2021 $'000	**2022** **$'000**	2021 $'000
A hypothetical 10% strengthening in the exchange rate of the functional currency $ against the US$ with all other variables held constant would have an adverse effect on pre-tax profit of	**(3,086)**	(2,739)	**(986)**	(178)
A hypothetical 10% strengthening in the exchange rate of the functional currency $ against the RMB with all other variables held constant would have a favourable effect on pre-tax profit of	**(684)**	–	**(684)**	–

The above table shows sensitivity to the hypothetical percentage variations in the functional currency against the relevant non-functional foreign currencies. The sensitivity rate used is the reasonably possible change in foreign exchange rates. For similar rate weakening of the functional currency against the relevant foreign currencies above, there would be comparable impacts in the opposite direction.

In management's opinion, the above sensitivity analysis is unrepresentative of the foreign currency risks as the historical exposure does not reflect the exposure in future.

The hypothetical changes in exchange rates are not based on observable market data (unobservable inputs). The sensitivity analysis is disclosed for each non-functional currency to which the entity has significant exposure at end of the reporting year. The analysis above has been carried out on the basis that there are no hedged transactions.

30. Items in profit or loss

In addition to the profit and loss line items disclosed elsewhere in the notes to the financial statements, this item includes the following expenses:

	Group	
	2022 **$'000**	2021 $'000
Audit fees to the independent auditor of the company	**333**	208
Audit fees to the other independent auditors – non-network firms	**25**	37
Non-audit-related services fees to the independent auditor of the company	**26**	36

31. Changes and adoption of financial reporting standards

For the current reporting year, new or revised financial reporting standards were issued by the Singapore Accounting Standards Council. Those applicable to the company are listed below. These applicable new or revised standards did not require any significant modification of the measurement methods or the presentation in the financial statements.

SFRS (I) No.	Title
SFRS (I) 1-16	Property, Plant and Equipment: Proceeds before Intended Use - Amendments to
SFRS (I) 1-37	Onerous Contracts - Costs of Fulfilling a Contract – Amendments to
SFRS (I) 3	Definition of a Business - Reference to the Conceptual Framework - Amendments to
SFRS (I) 9	Financial Instruments - Fees in the "10 per cent" test for derecognition of financial liabilities (Annual Improvement Project)
Various	Annual Improvements to SFRS (I)s 2018-2020 - Amendments to SFRS(I) 1 First-time Adoption of SFRS(I); IFRS 9 Financial Instruments; and SFRS(I) 16 Leases

32. New or amended standards in issue but not yet effective

For the future reporting years certain new or revised financial reporting standards were issued by the Singapore Accounting Standards Council and these will only be effective for future reporting years. Those applicable to the company for future reporting years are listed below. The transfer to the applicable new or revised standards from the effective dates is not expected to result in any significant modification of the measurement methods or the presentation in the financial statements for the following year from the known or reasonably estimable information relevant to assessing the possible impact that application of the new or revised standards may have on the company's financial statements in the period of initial application.

SFRS (I) No.	Title	Effective date for periods beginning on or after
SFRS (I) 1-1	Presentation of Financial Statements – amendment relating to Classification of Liabilities as Current or Non-current	1 Jan 2024
SFRS (I) 1-1	Disclosure of Accounting Policies – Amendments to SFR (I) 1-1 and SFRS (I) Practice Statement 2 Making Materiality Judgements	1 Jan 2023
SFRS (I) 1-8	Definition of Accounting Estimates - Amendments to	1 Jan 2023
SFRS(I) 1-12 SFRS(I) 1	Deferred Tax related to Assets and Liabilities arising from a Single Transaction - Amendments to	1 Jan 2023
SFRS (I)10 and SFRS (I) 1-28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	To be determined

Shareholdings Statistics

As at 15 March 2023

Number of Issued Shares	400,000,000
Number of Issued Shares (excluding treasury shares and subsidiary holdings)	399,736,100
Number of Subsidiary holdings	Nil
Class of Shares	Ordinary Shares
Voting Rights (excluding Treasury Shares)	1 vote per share

As at 15 March 2023, the total number of ordinary shares held in treasury is 263,900. The percentage[(a)] of such holding against the total number of issued ordinary shares (excluding treasury shares and subsidiary holdings) is 0.07%.

DISTRIBUTION OF SHAREHOLDERS BY SIZE OF SHAREHOLDINGS AS AT 15 MARCH 2023

SIZE OF SHAREHOLDINGS	NO. OF SHAREHOLDERS	%	NO. OF SHARES	%(a)
1-99	0	0.00	0	0.00
100 - 1,000	86	10.06	53,175	0.01
1,001-10,000	312	36.49	1,839,000	0.46
10,001-1,000,000	438	51.23	32,437,800	8.12
1,000,001 and above	19	2.22	365,406,125	91.41
Total	**855**	**100.00**	**399,736,100**	**100.00**

TWENTY LARGEST SHAREHOLDERS AS AT 15 MARCH 2023

	Name	No. of Shares	%(a)
1	CHANG YEH HONG	218,190,325	54.58
2	LIN CHOON HIN	44,050,000	11.02
3	DBS NOMINEES PTE LTD	35,554,700	8.89
4	OCBC SECURITIES PRIVATE LTD	12,467,800	3.12
5	CITIBANK NOMINEES SINGAPORE PTE LTD	9,858,800	2.47
6	EDWARD LIM CHIN WAH	7,000,000	1.75
7	CHANG HUI MIN MARISSA	5,523,300	1.38
8	YAP TIN FOO	5,000,000	1.25
9	CHOU CHEE FATT	4,877,000	1.22
10	PHILLIP SECURITIES PTE LTD	3,360,000	0.84
11	CHANG YEH FUNG	3,249,300	0.81
12	RAFFLES NOMINEES (PTE) LIMITED	3,083,100	0.77
13	IFAST FINANCIAL PTE LTD	2,633,100	0.66
14	QUEK HUILING JOANNE	2,437,800	0.61
15	CHIA MENG RU	1,871,600	0.47
16	UNITED OVERSEAS BANK NOMINEES PTE LTD	1,747,800	0.44
17	PANG HENG KWEE	1,747,000	0.44
18	OCBC NOMINEES SINGAPORE PTE LTD	1,566,600	0.39
19	MAYBANK SECURITIES PTE. LTD.	1,187,900	0.30
20	LEE HENG SWEE	903,000	0.23
	TOTAL:	**366,309,125**	**91.64**

(a) Percentage is calculated based on 399,736,100 shares (excluding shares held as treasury shares and subsidiary holdings) as at 15 March 2023.

SUBSTANTIAL SHAREHOLDERS AS AT 15 MARCH 2023
as recorded in the Register of Substantial Shareholders

	Number of Ordinary Shares			
Name of Substantial Shareholder	**Direct Interest**	**%**	**Deemed Interest**	**%**
Chang Yeh Hong	218,190,325	54.58	–	–
Lin Choon Hin	44,050,000	11.02	–	–
Teo Ling Ling(1)	32,419,500	8.11	–	–

(1) 32,084,500 shares are held under DBS Nominees Pte Ltd and they are treated as direct interest.

SHAREHOLDING HELD IN HANDS OF PUBLIC

As at 15 March 2023, approximately 23.78% of the issued ordinary shares of the Company is held by the public and therefore, Rule 723 of the Listing Manual is complied with.

Notice of Annual General Meeting
Nordic Group Limited

(Incorporated In Singapore) Registration No. 201007399N

NOTICE IS HEREBY GIVEN that the Annual General Meeting of Nordic Group Limited (the "**Company**") will be held at Singapore Recreation Club, B Connaught Drive, Singapore 179682 on Monday, 24 April 2023 at 10.00 a.m. (Singapore time) to transact the following business:

ROUTINE BUSINESS

1. To receive and adopt the Directors' statement and audited financial statements of the Company for the financial year ended 31 December 2022 together with the Auditor's Report thereon. **Resolution 1**

2. To declare a final one-tier tax exempt dividend of 0.906 Singapore cents per ordinary share for the financial year ended 31 December 2022. **Resolution 2**

3. To re-elect Ms Teo Ling Ling, who is retiring pursuant to Regulation 106 of the Constitution of the Company, as a Director of the Company. **Resolution 3**
(See Explanatory Note (i))

4. To re-elect Mr Siau Kai Bing, who is retiring pursuant to Regulation 106 of the Constitution of the Company, as a Director of the Company. **Resolution 4**
(See Explanatory Note (ii))

5. To approve additional Directors' fees of S$45,000 for financial year ended 31 December 2022. **Resolution 5**
(See Explanatory Note (iii))

6. To approve Directors' fees of S$137,000 for the financial year ending 31 December 2023, payable half-yearly in arrears. **Resolution 6**

7. To re-appoint Messrs RSM Chio Lim LLP as Auditor of the Company and to authorise the Directors to fix their remuneration. **Resolution 7**

SPECIAL BUSINESS

To consider and, if thought fit, to pass the following resolutions as Ordinary Resolutions, with or without amendments:

8. **Authority to allot and issue shares** **Resolution 8**

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

(a) (i) allot and issue shares in the Company ("**Shares**") whether by way of rights, bonus or otherwise; and/or

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

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

(b) (notwithstanding the authority conferred by this Resolution may have ceased to be in force) issue Shares in pursuance of any Instruments made or granted by the Directors of the Company while this Resolution was in force, provided that:

(1) the aggregate number of Shares (including Shares to be issued in pursuance of the Instruments, made or granted pursuant to this Resolution) to be issued pursuant to this Resolution shall not exceed fifty per centum (50%) of the total number of issued Shares (excluding treasury shares and subsidiary holdings) in the capital of the Company (as calculated in accordance with sub-paragraph (2) below), of which the aggregate number of Shares to be issued other than on a pro rata basis to shareholders of the Company shall not exceed twenty per centum (20%) of the total number of issued Shares (excluding treasury shares and subsidiary holdings) in the capital of the Company (as calculated in accordance with sub-paragraph (2) below);

(2) (subject to such calculation as may be prescribed by the SGX-ST) for the purpose of determining the aggregate number of Shares that may be issued under sub-paragraph (1) above, the percentage of the total number of issued Shares (excluding treasury shares and subsidiary holdings) shall be based on the total number of issued Shares (excluding treasury shares and subsidiary holdings) in the capital of the Company at the time of the passing of this Resolution, after adjusting for:

(a) new Shares arising from the conversion or exercise of any convertible securities or share options or vesting of share awards which were issued and are outstanding or subsisting at the time this Resolution is passed; and

(b) any subsequent bonus issue, consolidation or subdivision of Shares;

and, in sub-paragraph (1) above and this sub-paragraph (2), "subsidiary holdings" has the meaning given to it in the Listing Manual of SGX-ST;

(3) in exercising the authority conferred by this Resolution, the Company shall comply with the provisions of the Listing Manual of the SGX-ST for the time being in force (unless such compliance has been waived by the SGX-ST) and the Constitution of the Company; and

(4) unless revoked or varied by the Company in a general meeting, such authority shall continue in force until the conclusion of the next Annual General Meeting of the Company or the date by which the next Annual General Meeting of the Company is required by law to be held, whichever is earlier.

(See Explanatory Note (iv))

9. **Renewal of Share Purchase Mandate** **Resolution 9**

That:

(a) for the purposes of Sections 76C and 76E of the Companies Act 1967 (the "**Companies Act**"), the Directors of the Company be and are hereby authorised to exercise all the powers of the Company to purchase or otherwise acquire ordinary Shares in the capital of the Company not exceeding in aggregate the Maximum Limit (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 hereinafter defined), whether by way of:

(i) on-market purchases (each a "**Market Purchase**") transacted through the SGX-ST's trading system, through one or more duly licensed stock brokers appointed by the Company for that purpose; and/or

(ii) off-market purchases (each an "**Off-Market Purchase**") pursuant to an equal access scheme(s) as may be determined or formulated by the Directors in their discretion, which scheme(s) shall satisfy all the conditions prescribed by the Companies Act and otherwise be in accordance with all other laws and other regulations and rules of the SGX-ST (the "**Share Purchase Mandate**");

(b) any Share that is purchased or otherwise acquired by the Company pursuant to the Share Purchase 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 Purchase Mandate may be exercised by the Directors at any time and from time to time during the period commencing from the passing of this Resolution and expiring on the earlier of:

(i) the date on which the next Annual General Meeting of the Company is held or is required by law to be held;

(ii) the date on which the share purchase is carried out to the full extent mandated; or

(iii) the date on which the authority contained in the Share Purchase Mandate is varied or revoked;

(d) for purposes of this Resolution:

"**Maximum Limit**" means 10% of the total number of issued Shares of the Company as at the date of passing of this Resolution (excluding treasury shares and subsidiary holdings (as defined in the Listing Manual of SGX-ST));

"**Maximum Price**" in relation to a Share to be purchased, means the purchase price (excluding brokerage, commission, applicable goods and services tax and other related expenses) not exceeding:-

(i) in the case of a Market Purchase, 105% of the Average Closing Price of the Shares; and

(ii) in the case of an Off-Market Purchase pursuant to an equal access scheme, 120% of the Average Closing Price of the Shares, where:

"**Average Closing Price**" means the average of the closing market prices of a Share over the last five Market Days on which the Shares are transacted on the SGX-ST or, as the case may be, such securities exchange on which the Shares are listed or quoted, immediately preceding the day of the Market Purchase by the Company or, as the case may be, the day of the making of the offer pursuant to the Off-Market Purchase, and deemed to be adjusted, in accordance with the rules of the SGX-ST, for any corporate action that occurs during the relevant five-day period; and

"**day of the making of the offer**" means the day on which the Company makes an offer for the purchase or acquisition of Shares from holder of Shares, stating therein the relevant terms of the equal access scheme for effecting the Off-Market Purchase; and

(e) any of the Directors of the Company be and are hereby authorised to complete and do all such acts and things (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 or he may consider desirable, expedient or necessary to give effect to the transactions contemplated by this Resolution.

(See Explanatory Note (v))

10. To transact any other business which may be properly transacted at an Annual General Meeting.

Explanatory Notes:

(i) Information on Ms Teo Ling Ling can be found under the section entitled "Additional Information on Directors Seeking Re-election at the Annual General Meeting" in the Company's Annual Report 2022.

(ii) Mr Siau Kai Bing will, upon re-election as a Director of the Company, remain as Chairman of the Audit Committee and as a member of the Nominating Committee and Remuneration Committee. Mr Siau will be considered independent for the purpose of Rule 704(8) of the Listing Manual of the SGX-ST. Information on Mr Siau can be found under the section entitled "Additional Information on Directors Seeking Re-election at the Annual General Meeting" in the Company's Annual Report 2022.

(iii) Directors' fees of $137,000 for financial year ended 31 December 2022 have been approved by the shareholders at the AGM on 25 April 2022. The Board has recommended for additional fees of S$45,000 to be paid to the Independent Directors for financial year ended 31 December 2022.

(iv) The proposed Resolution 8, if passed, will empower the Directors of the Company, from the date of the Annual General Meeting until the date the next Annual General Meeting is held or is required by law to be held, whichever is the earlier, to allot and issue Shares and convertible securities in the Company. The number of Shares and convertible securities, which the Directors may allot and issue under this Resolution shall not exceed 50% of the total number of issued Shares (excluding treasury shares and subsidiary holdings) of the Company at the time of passing this Resolution. For allotment and issue of Shares and convertible securities other than on a pro-rata basis to all shareholders of the Company, the aggregate number of Shares and convertible securities to be allotted and issued shall not exceed 20% of the total number of issued Shares (excluding treasury shares and subsidiary holdings) of the Company. This authority will, unless previously revoked or varied at a general meeting, expire at the next Annual General Meeting.

(v) The proposed Resolution 9, if passed, will empower the Directors of the Company, from the date of the Annual General Meeting until the date the next Annual General Meeting is to be held or is required by law to be held, whichever is the earlier, to repurchase (whether by way of Market Purchases or Off-Market Purchases on an equal access scheme) from time to time of up to 10% of the total number of issued Shares excluding treasury shares and subsidiary holdings at prices up to but not exceeding the Maximum Price.

NOTICE OF RECORD DATE AND DIVIDEND PAYMENT DATE

NOTICE IS HEREBY GIVEN that the Share Transfer Books and Register of Members of the Company will be closed on 10 May 2023 for the purpose of determining members' entitlements to the final one-tier tax exempt dividend (the "Final Dividend") to be proposed at the Annual General Meeting of the Company to be held on 24 April 2023.

Duly completed registrable transfers in respect of the shares in the Company received up to the close of business at 5:00 p.m. on 9 May 2023 by the Company's Share Registrar, Tricor Barbinder Share Registration Services (A division of Tricor Singapore Pte Ltd), 80 Robinson Road #02-00 Singapore 068898 will be registered to determine members' entitlements to the proposed Final Dividend. Members whose Securities Accounts with The Central Depository (Pte) Limited are credited with shares in the Company as at 5:00 p.m. on 9 May 2023 will be entitled to such proposed Final Dividend.

The proposed Final Dividend, if approved at the Annual General Meeting will be paid on 17 May 2023.

By Order Of the Board

Chia Meng Ru
Company Secretary

Date: 6 April 2023

Notes:

1. The Annual General Meeting ("AGM") will be held, in a **wholly physical format** at Singapore Recreation Club, B Connaught Drive, Singapore 179682 on Monday, 24 April 2023 at 10.00 a.m. There will be no option for shareholders to participate virtually.

2. This Notice of AGM and accompanying Proxy Form, the Annual Report 2022 and the Letter to Shareholders dated 6 April 2023 have been published and may be accessed at the Company's website at www.nordicgrouplimited.com and the SGX website. Printed copies of this Notice of AGM and the accompanying Proxy Form, the Annual Report 2022 and the Letter to Shareholders dated 6 April 2023 will not be sent to members.

3. Arrangements relating to attendance at the AGM by shareholders, including CPF and SRS investors, submission of questions to the Chairman of the Meeting by shareholders, including CPF and SRS investors, in advance of, or at, the AGM, addressing of substantial and relevant questions in advance of, or at, the AGM, and voting at the AGM by shareholders, including CPF and SRS investors, or (where applicable) duly appointed proxy(ies), are set out in the **Appendix** to this Notice of AGM.

4. (a) A member who is not a relevant intermediary is entitled to appoint not more than two proxies. Where such member's instrument appointing a proxy(ies) appoints more than one proxy, the proportion of the shareholding concerned to be represented by each proxy shall be specified in the instrument.

   (b) A member who is a relevant intermediary is entitled to appoint more than two proxies, but each proxy must be appointed to exercise the rights attached to a different share or shares held by such member. Where such member's instrument appointing a proxy(ies) appoints more than two proxies, the number and class of shares in relation to which each proxy has been appointed shall be specified in the instrument.

   "Relevant intermediary" has the meaning ascribed to it in Section 181 of the Companies Act 1967.

   A member can appoint the Chairman of the Meeting as his/ her/ its proxy, but this is not mandatory. CPF and SRS investors who wish to appoint the Chairman of the Meeting as proxy to vote on their behalf at the AGM, should approach their respective CPF Agent Banks or SRS Operators to submit their votes by 5.00 p.m. on 12 April 2023.

5. A proxy need not be a member of the Company.

6. The instrument appointing a proxy(ies), duly executed in accordance with the instructions on the proxy form, must be submitted to the Company in the following manner:

   (a) via email to ir@nordicgrouplimited.com; or

   (b) by post to the Company's Share Registrar, Tricor Barbinder Share Registration Services at 80 Robinson Road #11-02 Singapore 068898.

   in either case, by 10.00 a.m. on 21 April 2023, being no later than 72 hours before the time set for the AGM.

   Members are strongly encouraged to submit completed proxy forms electronically via email to ir@nordicgrouplimited.com to ensure that they are received by the Company by the stipulated deadline.

Personal Data Privacy

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

APPENDIX

Steps for registration, submission of questions and voting at the AGM

No.	Steps	Details
1.	**Register in person to attend the AGM**	**Shareholders, including CPF and SRS investors, and (where applicable) duly appointed proxies can attend the AGM in person.** To do so, they will need to register in person at the registration counter(s) outside the AGM venue on the day of the event. Registration will commence at 9.00 a.m. on that day. Please bring along your NRIC/ passport to enable the Company to verify your identity. Shareholders are advised not to attend the AGM if they are feeling unwell.
2.	**Submit questions in advance of, or at, the AGM**	**Shareholders, including CPF and SRS investors, can submit questions in advance of, or at, the AGM.** **Submission of substantial and relevant questions in advance of the AGM.** Shareholders can submit substantial and relevant questions related to the resolutions to be tabled for approval at the AGM to the Chairman of the Meeting, in advance of the AGM, in the following manner: (a) via email to the Company at ir@nordicgrouplimited.com; or (b) by post to the Company's Share Registrar, Tricor Barbinder Share Registration Services at 80 Robinson Road #11-02 Singapore 068898. To ensure that questions are received by the Company by the stipulated deadline, shareholders are strongly encouraged to submit questions by email. When submitting questions by email or by post, shareholders should also provide us with the following details: ● your full name ● your address ; and ● the manner in which shareholders holds shares in the Company (e.g. via CDP, CPF or SRS). **Deadline to submit questions in advance of the AGM.** All questions submitted in advance of the AGM via any of the above channels must be received by 5.00 p.m. on 14 April 2023. **Asking substantial and relevant questions at the AGM.** Shareholders, including CPF and SRS investors and (where applicable) duly appointed proxies can also ask the Chairman of the Meeting substantial and relevant questions related to the resolutions to be tabled for approval at the AGM, at the AGM itself. **Addressing questions.** The Company will endeavour to address substantial and relevant questions received from shareholders by the 14 April 2023 submission deadline by publishing our responses to such questions on the Company's website at www.nordicgrouplimited.com and the SGX website prior to the AGM. The Company will address any subsequent clarifications sought, or substantial and relevant follow up questions received after the 14 April 2023 submission deadline which have not been addressed prior to the AGM, as well as substantial and relevant questions received at the AGM, at the AGM itself. **Minutes of AGM.** The Company will publish the minutes of the AGM on the Company's website and the SGX website within one month from the conclusion of the AGM.

No.	Steps	Details
3.	**Vote, or submit proxy forms appointing a proxy(ies), to vote at the AGM**	**Shareholders can vote at the AGM themselves or through duly appointed proxy(ies). Shareholders who wish to appoint a proxy(ies) <u>must</u> submit an instrument appointing a proxy(ies) in accordance with the instructions on the proxy form.** **Submission of instruments appointing a proxy(ies).** Shareholders who wish to submit instruments appointing a proxy(ies) must do so in the following manner: (a) if submitted by post, the instrument must be lodged with the Company's Share Registrar, Tricor Barbinder Share Registration Services at 80 Robinson Road #11-02 Singapore 068898; or (b) if submitted electronically, the instrument must be submitted via email to the Company at ir@nordicgrouplimited.com, in each case, by 10.00 a.m. on 21 April 2023. A shareholder who wishes to submit an instrument appointing a proxy(ies) can download a copy of the proxy form from the Company's website or the SGX website, and complete and sign the proxy form, before submitting it by post to the address provided above, or before scanning and submitting it via email to the email address provided above. **Deemed revocation of proxy appointment if shareholder attends the AGM in person.** Completion and submission of the instrument appointing a proxy(ies) by a shareholder will not prevent him/her from attending, speaking and voting at the AGM if he/she so wishes. The appointment of the proxy(ies) for the AGM will be deemed to be revoked if the shareholder attends the AGM in person, and in such event, the Company reserves the right to refuse to admit any person or persons appointed under the relevant instrument appointing a proxy(ies) to the AGM. **CPF and SRS investors:** (a) may vote at the AGM if they are appointed as proxies by their respective CPF Agent Banks or SRS Operators, and should contact their respective CPF Agent Banks or SRS Operators if they have any queries regarding their appointment as proxies; or (b) may appoint the Chairman of the Meeting as proxy to vote on their behalf at the AGM, in which case they should approach their respective CPF Agent Banks or SRS Operators to submit their votes by 5.00 p.m. on 12 April 2023.

Additional Information On Directors Seeking Re-Election At The Annual General Meeting

Details	Name of Director	
	Teo Ling Ling Dorcas	**Siau Kai Bing**
Date of Appointment	30 June 2010	27 April 2020
Date of last re-appointment (if applicable)	26 April 2021	26 April 2021
Age	53	68
Country of principal residence	Singapore	Singapore
The Board's comments on this appointment (including rationale, selection criteria, and the search and nomination process)	The Board had considered the Nominating Committee's recommendation and assessment on Ms Teo's background, experience and commitment in the discharge of her duties as a Director of Nordic Group Limited, and is satisfied that she will continue to contribute to the Board.	The Board had considered the Nominating Committee's recommendation and assessment on Mr Siau's background, experience, independence and commitment in the discharge of his duties as a Director of Nordic Group Limited, and is satisfied that he will continue to contribute to the Board.
Whether appointment is executive, and if so, the area of responsibility	Executive appointment. Ms Teo is the CEO of the subsidiary, Nordic Flow Control. She is responsible for the overall operations, sales and business development and profit and loss management of Nordic Flow Control.	Non-Executive
Job Title (e.g. Lead ID, AC Chairman, AC Member etc.)	Executive Director and CEO, Nordic Flow Control	Independent Director, Chairman of the Audit Committee and member of the Remuneration Committee and Nominating Committee
Professional qualifications	Nil	Fellow Chartered Accountant with the Institute of Singapore Chartered Accountants
Working experience and occupation(s) during the past 10 years	1994 to 2003 - Ms Teo was a sales manager with Tyco Flow Control Pte Ltd. Thereafter, she joined Nordic Flow Control Pte Ltd and rose to CEO.	2006 to 2020 CFO DP Architects Pte Ltd and subsidiaries
Shareholding interest in the listed issuer and its subsidiaries	Yes – 32,419,500 ordinary shares in Nordic Group Limited	Nil
Any relationship (including immediate family relationships) with any existing director, existing executive officer, the issuer and/or substantial shareholder of the listed issuer of any of its principal subsidiaries	Nil	Nil

Additional Information On Directors Seeking Re-Election At The Annual General Meeting

Details	Name of Director	
	Teo Ling Ling Dorcas	**Siau Kai Bing**
Conflict of interest (including any competing business)	Nil	Nil
Undertaking (in the format set out in Appendix 7.7 under Rule 720(1) has been submitted to the listed issuer	Yes	Yes
Other Principal Commitments Including Directorships	Nil	Mr Siau also serves as an Independent Director at Union Steel Holdings Ltd and Econ Healthcare (Asia) Limited
Information required under items (a) to (k) of Appendix 7.4.1 of the SGX-ST Listing Manual	There is no change to the responses previously disclosed by Ms Teo under items (a) to (k) of Appendix 7.4.1 of the SGX-ST Listing Manual which were all "No". The Appendix 7.4.1 information in respect of Ms Teo's appointment as Director was announced in 2010.	There is no change to the responses previously disclosed by Mr Siau under items (a) to (k) of Appendix 7.4.1 of the SGX-ST Listing Manual which were all "No". The Appendix 7.4.1 information in respect of Mr Siau's appointment as Director was announced on 27 April 2020

NORDIC GROUP LIMITED

(Incorporated in the Republic of Singapore)
(Company Registration No.: 201007399N)

ANNUAL GENERAL MEETING PROXY FORM

Important:
1. The Annual General Meeting ("**AGM**") will be held, in a wholly physical format, at Singapore Recreation Club, B Connaught Drive, Singapore 179682 on Monday, 24 April 2023 at 10.00 a.m. (Singapore time), pursuant to the Covid-19 (Temporary Measures) (Alternative Arrangements for Meetings for Companies, Variable Capital Companies, Business Trusts, Unit Trusts and Debenture Holders) Order 2020. There will be no option for shareholders to participate virtually. The Notice of AGM and this accompanying proxy form will be sent to members by electronic means via publication on the Company's website at www.nordicgrouplimited.com and the SGX website
2. Arrangements relating to attendance at the AGM by shareholders, including CPF and SRS investors, submission of questions to the Chairman of the Meeting by shareholders, including CPF and SRS investors, in advance of, or at, the AGM, addressing of substantial and relevant questions in advance of, or at, the AGM, and voting at the AGM by shareholders, including CPF and SRS investors, or (where applicable) duly appointed proxy(ies), are set out in the Appendix to the Notice of AGM dated 6 April 2023.
3. This Proxy Form is not valid for use by CPF and SRS investors and shall be ineffective for all intents and purposes if used or purported to be used by them. CPF and SRS investors should contact their respective CPF Agent Banks or SRS Operators to submit their votes by 5.00 p.m. on 12 April 2023.
4. By submitting an instrument appointing a proxy(ies), a member accepts and agrees to the personal data privacy terms set out in the Notice of AGM dated 6 April 2023.
5. Please read the notes overleaf which contains instructions on the appointment of proxy(ies).

I/We ________________________ (Name), NRIC/Passport number ________________

of ____ (Address)

being a *member/members of Nordic Group Limited (the "**Company**") hereby appoint:

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

*and/or (delete as appropriate)

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

or failing whom the Chairman of the Annual General Meeting as *my/our proxy/proxies to vote for *me/us on my/our behalf at the Annual General Meeting of the Company to be held Singapore Recreation Club, B Connaught Drive, Singapore 179682 on Monday, 24 April 2023 at 10:00 am and at any adjournment thereof.

*I/We direct *my/our proxy/proxies to vote for or against the Resolutions proposed at the Annual General Meeting as indicated hereunder. If no specific direction as to voting is given or in the event of any other matter arising at the Annual General Meeting and at any adjournment thereof, the *proxy/proxies will vote or abstain from voting at *his/her/their discretion.

No.	ORDINARY RESOLUTIONS	Number of Votes For (1)	Number of Votes Against (1)	Number of Votes Abstain (1)
ROUTINE BUSINESS				
1.	To receive and adopt the Directors' statement and audited financial statements of the Company for the financial year ended 31 December 2022 together with the auditor's report thereon.			
2.	To declare a final one-tier tax exempt dividend of 0.906 Singapore cents per ordinary share for the financial year ended 31 December 2022.			
3.	To re-elect Ms Teo Ling Ling as a Director of the Company.			
4.	To re-elect Mr Siau Kai Bing, as a Director of the Company.			
5.	To approve additional Directors' fees of S$45,000 for the financial year ended 31 December 2022.			
6.	To approve Directors' fees of S$137,000 for the financial year ending 31 December 2023, payable half-yearly in arrears.			
7.	To re-appoint RSM Chio Lim LLP as Auditor of the Company.			
SPECIAL BUSINESS				
8.	To authorise the Directors to allot and issue shares			
9.	To approve the renewal of Share Purchase Mandate.			

*(1) Voting will be conducted by poll. If you wish to exercise all your votes "For" or "Against" or to abstain from voting on the resolution in respect of all your votes, please tick "√" in the relevant box provided. Alternatively, please indicate the number of votes "For", "Against" or "Abstain" in the relevant boxes provided. If no specific direction as to voting is given or in the event of any other matter arising at the Annual General Meeting and at any adjournment thereof, the *proxy/proxies will vote or abstain from voting at *his/her/their discretion.*

Dated this ________ day of ________________ 2023

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

Signature (s) of Member(s)
or, Common Seal of Corporate Member(s)

Contact Number/ Email Address of Member(s)

Notes:

1. Please insert the total number of Shares held by you. If you have Shares entered against your name in the Depository Register (maintained by The Central Depository (Pte) Limited), 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. If no number is inserted, the instrument appointing a proxy or proxies shall be deemed to relate to all the Shares held by you.

2. A member who is not a Relevant Intermediary is entitled to appoint not more than two (2) proxies to attend, speak and vote on his/her/its behalf at the AGM. A member of the Company which is a corporation is entitled to appoint its authorised representative or proxy to vote on its behalf. Where such member appoints two (2) proxies, the proportion of his shareholding to be represented by each proxy shall be specified. If no proportion is specified, the Company shall be entitled to treat the first named proxy as representing the entire number of shares entered against his name in the Depository Register and any second named proxy as an alternate to the first named.

3. 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 form of proxy. The proxy need not be a member of the Company. Please note that if any of your shareholdings are not specified in the list provided by the intermediary to the Company, the Company may have the sole discretion to disallow the said participation of the said proxy at the forthcoming AGM. A member can appoint the Chairman of the Meeting as his/her/its proxy but this is not mandatory.

   *Relevant Intermediary has the meaning ascribed to it in Section 181 of the Companies Act 1967.

   CPF/SRS investors who wish to appoint the Chairman of the Meeting as proxy should approach their respective CPF Agent Banks or SRS Operators to submit their votes not less than seven (7) working days before the AGM (i.e. by 5.00 p.m. on 12 April 2023).

4. A proxy need not be a member of the Company.

5. The instrument appointing a proxy(ies), duly executed in accordance with the instructions on the proxy form, must be submitted to the Company in the following manner:

   (a) by email to ir@nordicgrouplimited.com; or

   (b) by post to the Company's Share Registrar, Tricor Barbinder Share Registration Services at 80 Robinson Road #11-02 Singapore 068898.

   in either case, by 10.00 a.m. on 21 April 2023, being no later than 72 hours before the time set for the AGM.

   Members are strongly encouraged to submit completed proxy forms electronically via email to ir@nordicgrouplimited.com to ensure that they are received by the Company by the stipulated deadline.

6. The instrument appointing a proxy(ies) must be under the hand of the appointor or of his attorney duly authorised in writing. Where the instrument appointing a proxy(ies) is executed by a corporation, it must be executed either under its seal or under the hand of an officer or attorney duly authorised. Where the instrument appointing a proxy(ies) 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.

7. A corporation which is a member may authorise by resolution of its directors or other governing body such person as it thinks fit to act as its representative at the Meeting, in accordance with Section 179 of the Companies Act 1967.

8. Completion and return of the Proxy Form by a member will not prevent him/her from attending, speaking and voting at the AGM if he/she so wishes. The appointment of the proxy(ies) for the AGM will be deemed to be revoked if the member attends the AGM in person and in such event, the Company reserves the right to refuse to admit any person or persons appointed under the relevant instrument appointing a proxy(ies) to the AGM.

General:

The Company shall be entitled to reject an instrument appointing a proxy(ies) which is incomplete, improperly completed, illegible or where the true intentions of the appointer are not ascertainable from the instructions of the appointer specified in the instrument (including any related attachment). In addition, in the case of a member whose shares are entered in the Depository Register, the Company may reject an instrument appointing a proxy(ies) if the member, being the appointer, is not shown to have shares entered against his name in the Depository Register as at 72 hours before the time appointed for holding the AGM, as certified by The Central Depository (Pte) Limited to the Company.

Personal Data Privacy:

By submitting an instrument appointing a proxy, the members accepts and agrees to the personal data privacy terms set out in the Notice of Annual General Meeting dated 6 April 2023.

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NORDIC
Group Limited

(Incorporated in the Republic of Singapore on 8 April 2010)

Company Registration
Number: 201007399N