ADJUSTING OUR SAILS

Navigating Through Change & Growth

Annual Report 2024

PEC LTD.

Contents

ADJUSTING OUR SAILS to Reach Forward

While we cannot change the direction of the wind, we can nimbly adjust the set of our sails to reach our destination. The winds of change sweeping the energy seascape are relentless, and companies are steadily charting their own courses towards adopting renewable energy sources and solutions to reduce their carbon footprint and combat climate change. Nevertheless, these voyages will span several years, during which fossil fuels will continue to be significant in meeting the world's energy needs.

Anchored by a robust business keel, built through decades of industry experience, strong capabilities, and an exemplary track record, we are steadfast in journeying alongside our customers on their journey to net zero. By fortifying core capabilities, enhancing customer engagements and calibrating investments, we are proactively strengthening our ability to navigate through the shifting currents in the industry in order to meet evolving needs of our customers, as their engineering partner of choice.

Corporate Profile

Established in 1982, PEC Ltd. (PEC) has grown into a recognised plant and terminal engineering specialist with fabrication facilities spread across the world — helmed by a strong management team with decades of experience in their individual fields. PEC serves four main sectors — **energy, petrochemicals, oil & chemical terminals** and **pharmaceuticals** – and is making good progress into the clean energy sector through our wholly-owned subsidiary, PEC Process Systems Pte Ltd, which designs and fabricates modular process and gas compression solutions. Our reputation for being a reliable and trusted provider of engineering solutions has won over a growing number of clients in the industries we serve, including prominent MNCs that have been with us since 1982. Over the years, these relationships have allowed us to establish a firm foothold in Asia and the Middle East, where we continue to expand our presence. One of PEC's core businesses is project works, under which we provide engineering, procurement & construction (EPC), EPC project management and project management consultancy services. Providing plant maintenance services, including plant turnarounds and upgrading, makes up our other core business, where we offer clients all the advantages of a 'one-stop' service. With our established processes and methodologies, PEC aims to be the engineering specialist of choice for customers. To better meet client needs, we are constantly enhancing and expanding our capabilities through acquisitions and technological upgrading. An experienced and skilled workforce is one of the cornerstones of PEC's success. Furthermore, we have one of the best safety records in the industry. Armed with a large fleet of equipment and supported by our multi-skilled workforce, we can cross-deploy our resources quickly and effectively, giving us the flexibility to respond promptly to customer needs and compete confidently in the industry.

Business Strategy

PEC's five-stage strategy continues to set it apart from other industry players while enabling it to steadily push forward plans to explore new markets and widen its revenue base.

Keep a Balanced Revenue Stream

Recognising the importance of steady revenue flows, we endeavour to strike a balance between income contributions from our engineering, procurement & construction (EPC) projects and those from maintenance services. Our unique ability to synergise and leverage on these two core businesses has proved invaluable in maintaining a balanced revenue stream

Strengthen Our Global Footprint

We have made much headway since our first expansion outside Singapore in the early 1990s. Today, we have an established network of engineering facilities in nine countries and we are still looking to grow and deepen our global footprint through opportunities with new as well as existing clients.

Add to Niche Capabilities and Products

We actively pursue opportunities to add to our core capabilities by seeking out partners that offer specialised services and products that will provide us with a unique edge. Through strategic investments or joint ventures, we are able to acquire niche capabilities and products that help to extend our customer base and gain inroads into new markets.

Sharpen Our Edge through Digitalisation

We continually implement strategic initiatives to deepen and widen our existing engineering and ICT (Information and Communications Technology) capabilities that take us forward in our digital transformation journey, sharpening our competitive edge. Our expanding range of innovative solutions, such as the integrated Turnaround Management System, enhance workflow processes, key operating data flow and overall productivity, preparing us well to serve the 'smart plants' of tomorrow.

Explore Adjacent Industries

Armed with a thorough understanding of the process industries and a sturdy network of strategic business alliances, we continue to explore fresh channels into adjacent industries such as the clean energy-related and power generation sectors. The Group is well-equipped to capture growth in these areas, where energy demand is expected to continue to rise in the mid to long term.

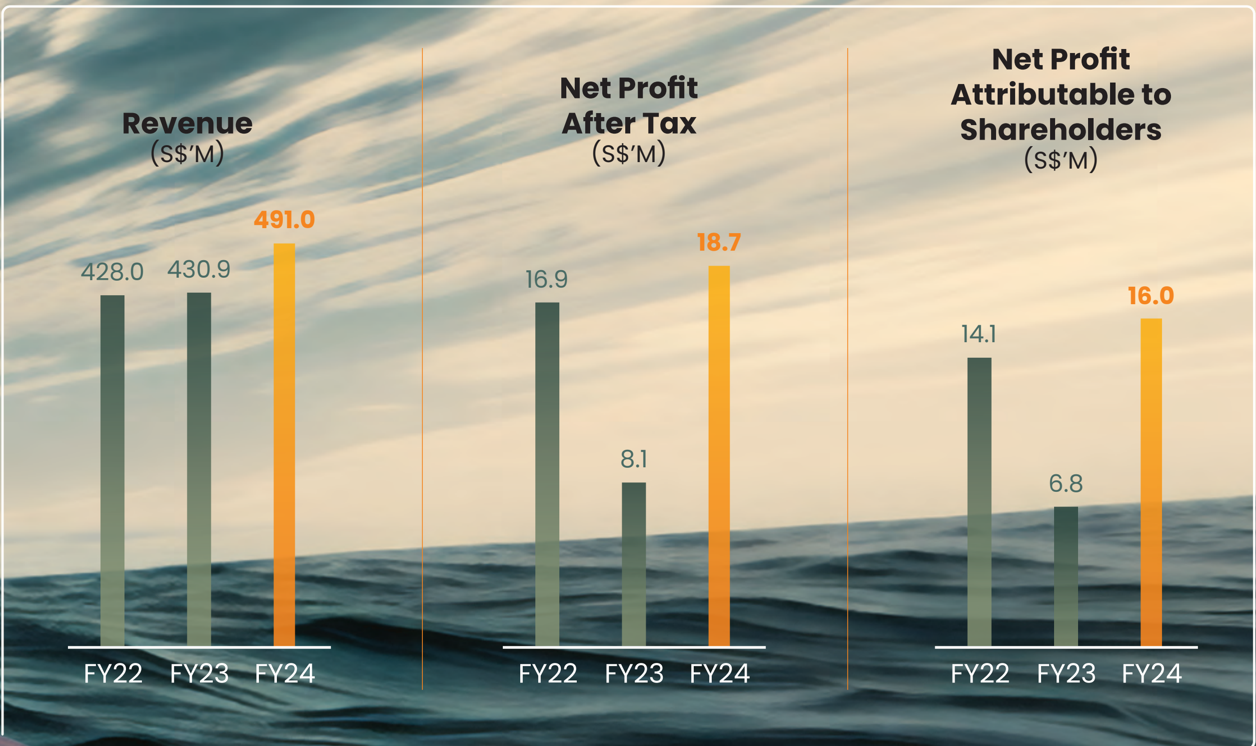
ADVANCING STRATEGICALLY

Financial Highlights

Key Financial Ratios	FY2022	FY2023	FY2024
Earnings per share (cents)[1]	5.6	2.7	6.3
Net Asset Value (NAV) per share[2] (cents)	94.9	92.0	96.4
Gross gearing (%)[3]	5.6	2.7	1.5

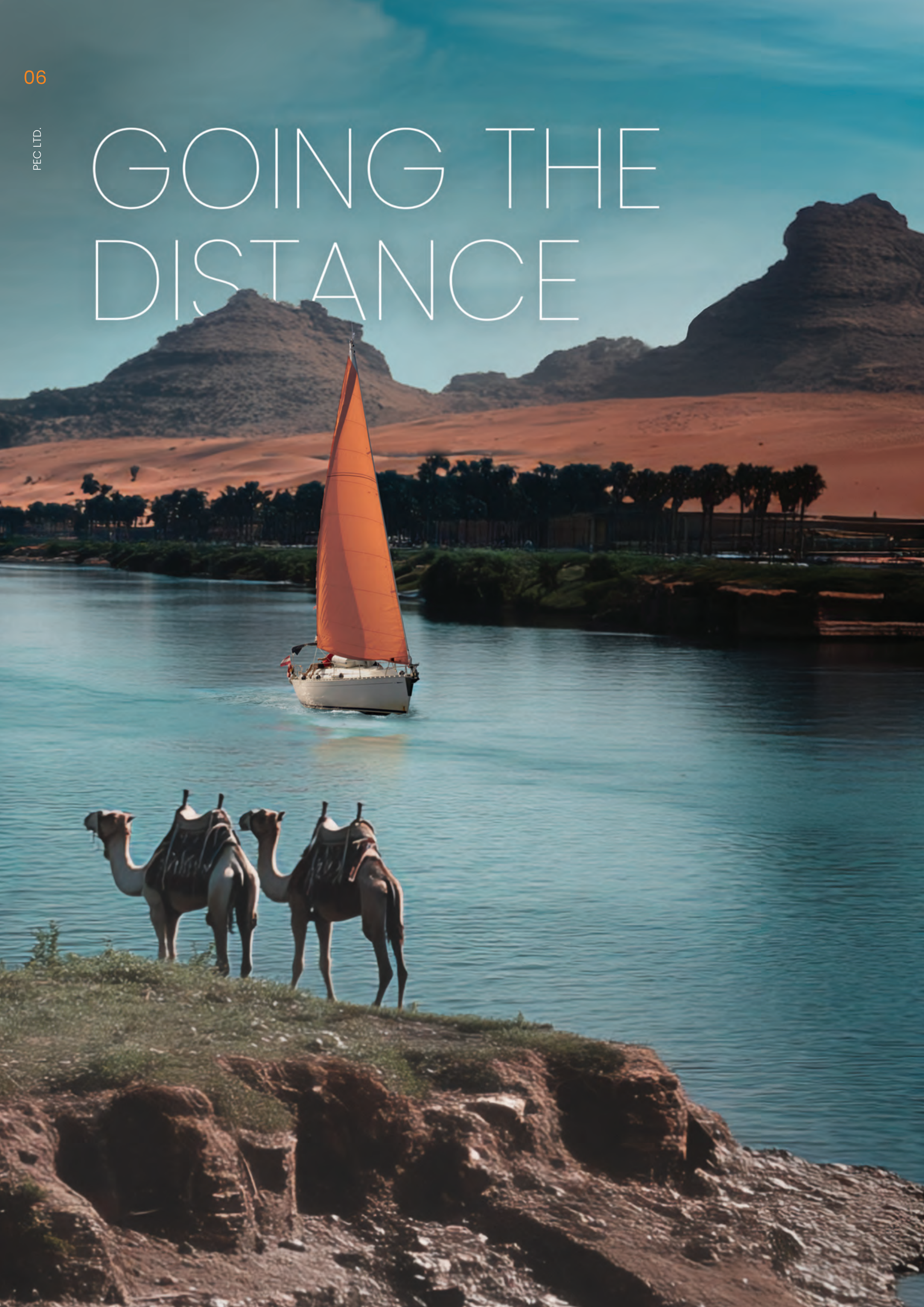
Balance Sheet (S$'M)	FY2022	FY2023	FY2024
Non-current assets	107.6	120.1	117.0
Current assets	292.9	290.7	284.6
Current liabilities	125.8	125.7	103.4
Non-current liabilities	24.5	42.7	43.7
Shareholders' equity	241.6	233.5	243.5
Minority Interest	8.5	8.9	11.0

Cash Flow Statement (S$'M)	FY2022	FY2023	FY2024
Net cash generated from operating activities	20.7	0.2	42.1
Net cash used in investing activities	(1.1)	(8.3)	(9.6)
Net cash used in financing activities	(9.0)	(20.0)	(12.1)
Cash & cash equivalents at beginning of financial year	145.3	157.6	126.1
Cash & cash equivalents at end of financial year	157.6	126.1	146.6



Notes :
1 EPS is computed using the net proft attributable to Shareholders of the Company divided by weighted average number of ordinary shares for basic earnings.
2 NAV per Share is computed by dividing NAV (which is net assets attributable to Shareholders of the Company) by the share capital as at the end of financial year.
3 Gross gearing is computed using the total loans and borrowings of the Group divided by the equity attributable to owners of the Company.

GOING THE DISTANCE

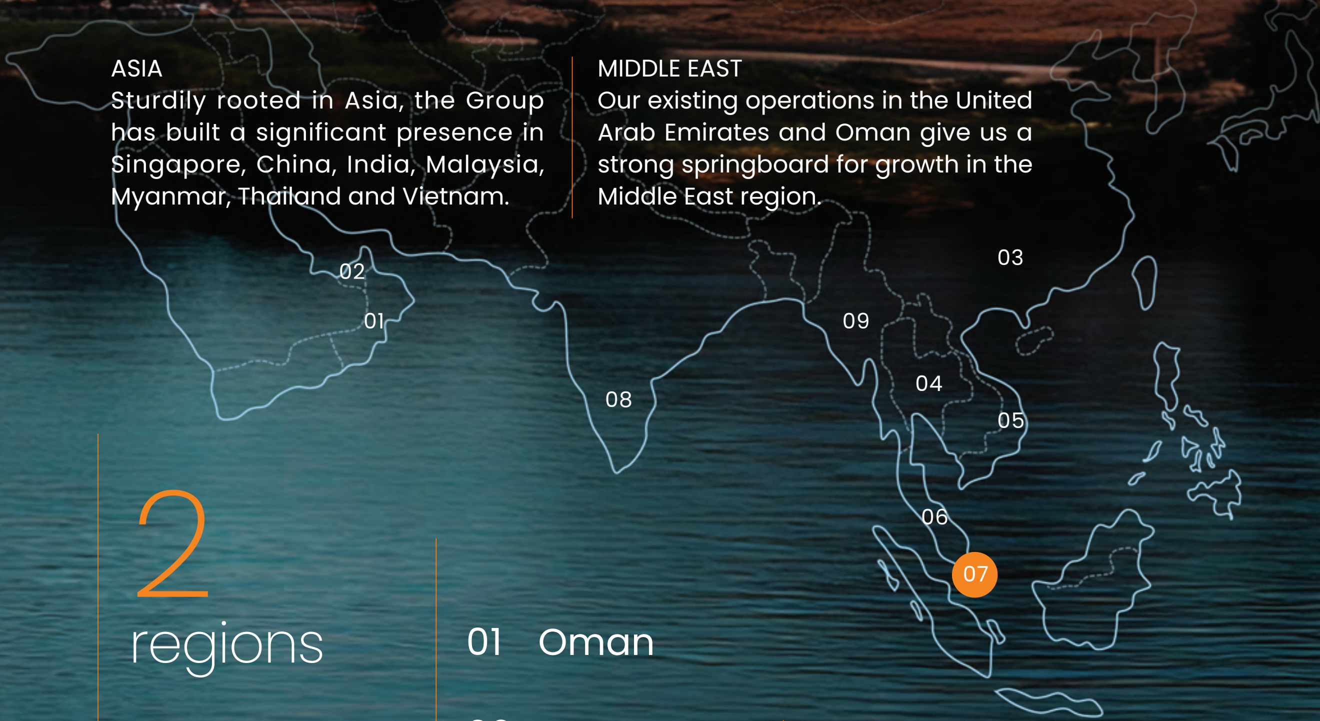


Geographical Presence

Our Established And Strategically Located Network Of Engineering Facilities Spans Two Regions, Reaching And Serving Clients In Nine Countries.

ASIA
Sturdily rooted in Asia, the Group has built a significant presence in Singapore, China, India, Malaysia, Myanmar, Thailand and Vietnam.

MIDDLE EAST
Our existing operations in the United Arab Emirates and Oman give us a strong springboard for growth in the Middle East region.



2
regions

9
countries

01 Oman

02 UAE

03 China

04 Thailand

05 Vietnam

06 Malaysia

07 Singapore HQ

08 India

09 Myanmar

Chairman & CEO's Statement

DEAR SHAREHOLDERS,

Over the years, we have learnt to nimbly adjust our sails in order to ride the high waves, as we traversed macroeconomic challenges and dynamic industry conditions. This allowed us to be well-prepared to navigate the changes in our operating environment.

With the increased overseas business activities for project works and maintenance services, we recorded a 14% increase in revenue to S$491.0 million for financial year ended 30 June 2024 ("FY2024") from S$430.9 million in the preceding financial year ("FY2023"). This, along with diligent cost management effort, contributed to net profit after tax of S$18.7 million in FY2024, from S$8.1 million in FY2023. Our financial position remains robust, with net cash of about S$142.9 million as at 30 June 2024.

In appreciation of our shareholders' longstanding confidence and support, the Board has proposed a tax-exempt one-tier final dividend of 2.0 cents per ordinary share and a special dividend of 1.5 cent per ordinary share for the financial year ended 30 June 2024. The proposed dividends will be paid out in November 2024, subject to the approval of Shareholders at the forthcoming Annual General Meeting on 25 October 2024.

Positioning for the Future

Even as major oil and gas players in Singapore reevaluate their downstream assets and strategy, those in the Middle East region, who have long been playing a vital role in global oil production, are now making significant headway in their diversification and investments into petrochemicals, specialty chemicals and alternative energy such as hydrogen and ammonia, amid the transition away from fossil fuels globally. In line with this diversification, our growth

With the increased overseas business activities for project works and maintenance services, we recorded a 14% increase in revenue to S$491.0 million for financial year ended 30 June 2024.

strategy is thus underpinned by our goal to build two centres of gravity – with the second in the Middle East – to capitalise on the opportunities that are expected to arise.

We embarked on the development of an engineering and fabrication facility in Abu Dhabi, United Arab Emirates (UAE) in 2023, and which was successfully commissioned in July 2024. Spanning a land area of six hectares, this facility, together with our first facility in Fujairah, will greatly enhance our capacity and ability to take on both Engineering, Procurement and Construction (EPC) and modular projects, as well as maintenance and turnaround contracts, in the Middle East and the region.

Leveraging our presence in the Middle East, we successfully delivered a modular project in December 2023, for a key customer, which was executed at our Fujairah yard. The project involved EPC of topside facilities for a floating production storage and offloading (FPSO) vessel, which included oil and water processing, gas compression and treatment, and was delivered to the customer's nominated integration shipyard in Dubai. We have also completed other modular projects for several key customers from the UAE, including a sulphate removal module for installation on an FPSO in April 2024.

Setting Sights Beyond Singapore Shores

Globally, the energy transition from fossil-fuel-based to zero-carbon energy sources is well underway, but the pace has been slow and uneven, with the world's consumption of fossil fuels reaching a record high in 2023. On the bright side, although fossil fuels still comprised 80% of the global energy mix in 2023, renewable energy output have also hit new records.[1]

(L)
ROBERT DOMPELING
Group Chief Executive Officer

(R)
EDNA KO POH THIM
Executive Chairman

1 https://www.energyinst.org/statistical-review

Chairman & CEO's Statement

Outlook in the Middle East remains optimistic, amid sustained global demand and strategic investments in both conventional and alternative energy sources. Energy investment in the Middle East is expected to reach USD175 billion in 2024, with clean energy such as solar and hydrogen accounting for around 15% of this. Oil majors there are also increasingly shoring up their portfolio in speciality chemicals as part of diversification. Collectively, this translates into opportunities for us to secure projects that align with this evolving energy landscape, to support our Group's long-term growth and sustainability.

Apart from the Middle East, India's growing energy demands and investments in oil and gas infrastructure bode well for prospects there.[2] As the country invests into growing oil refining capacity to support its economic expansion, demand for high-quality EPC and maintenance services that PEC can provide is expected to rise. In this regard, we will be looking to grow our presence and engineering capabilities there.

We are also looking to enhance our capabilities and build up our track record in the modular business, given strengthening demand for floating production, storage and offloading (FPSO) vessels on the back of sustained global energy demand.

In Singapore, a challenging operating environment, coupled with regulatory changes and increased regional focus on clean energy and sustainability, could impact the country's traditional role as a refining and trading hub. Operationally, we expect costs of business development and operations to face upward pressure as we strive to build our presence in overseas markets. A shortage of engineers and regulations on foreign manpower in Singapore, including higher levy and a quota on such labour, will compound the situation.

We have completed the first training employment pass programme undertaken with the Ministry of Manpower. Under the programme, engineers from our facilities in Vietnam and Oman were brought to Singapore for a 12-month training, which allows us to instil our work ethics, culture, values and systems, in addition to skills, in these trainees. Following the completion of the programme in October 2023, the engineers were better equipped to deploy their capabilities in projects in these countries. We will continue to provide structured training in

2 https://www.investindia.gov.in/sector/oil-gas

We are also looking to enhance our capabilities and build up our track record in the modular business, given strengthening demand for floating production, storage and offloading (FPSO) vessels on the back of sustained global energy demand.

alignment with our activity pipeline and will look to train more engineers from the Middle East to support the operations there.

Giving Back

As part of our commitment to being a responsible corporate citizen, we actively engaged community partners, through service and contribution in our focus areas of social support and environment, in hopes of making a meaningful difference in the communities where we operate. In FY2024, our employees dedicated 428 hours to volunteer efforts in Singapore. Beyond Singapore, our teams in Myanmar, UAE and Vietnam were also actively engaged in donation drives, and environmental and charity support activities. In total, our employees devoted 783 volunteer hours to such activities during the financial year.

Acknowledgements

On behalf of the Board of Directors, we would like to express our deepest appreciation to all PEC employees for your hard work and diligence amid challenging industry conditions. To our valued shareholders, thank you for the longstanding trust in the Board and Management. We are also grateful to our partners, customers and stakeholders for their support and confidence in PEC as we overcome the challenges in the uncertain macroeconomic and operating environment in the year ahead.

With your support, we are confident that we will be able to navigate the shifting currents, as we chart our course towards greater success.

EDNA KO POH THIM
Executive Chairman

ROBERT DOMPELING
Group Executive Officer

Board of Directors

Edna Ko Poh Thim

Executive Chairman

Ms Ko is our Executive Chairman and heads our board of directors. She joined PEC as an executive director in February 1984 and was named Executive Chairman in July 2007. Today, she is responsible for the Group's overall business strategy and development.

When she served as Managing Director from August 1991 to June 2007, she was instrumental in implementing PEC's local and overseas expansion through organic growth, mergers and acquisitions and strategic joint ventures.

Ms Ko is also active in community service, having been a member of The Rotary Club of Jurong Town since 1999 and a patron of the Siglap South Community Centre Management Committee since 2002. She earned her bachelor's in business administration from the University of Hawaii in the United States of America.

Robert Dompeling

Group Chief Executive Officer

Mr Dompeling is our Group Chief Executive Officer and sits on the board, having served in both capacities since joining PEC in July 2007. His responsibilities include managing the Group's operational, commercial and financial divisions, as well as shaping its business development and expansion.

He honed his skills as a petroleum engineer at the Royal Dutch Shell Group in the Netherlands. From July 1984, he served in various positions that saw him posted to countries such as the United Kingdom and Oman. Between 1988 to 2007, he held various key management roles at the Dutch-based Royal Vopak group, overseeing the growth and development of its Singapore business.

Mr Dompeling earned his master's in naval architecture at the Delft University of Technology in the Netherlands.

Wong Peng

Non-Executive and Non-Independent Director cum Advisor

Mr Wong is our Non-Executive and Non-Independent Director and sits on the board, to which he was appointed in December 1988. He provides business and technical advice to the Management of the Group.

He began his career as a mechanical engineer with Tian

San Singapore in 1978 before joining PEC in 1982 as a material and equipment controller. After becoming an Executive Director and General Manager in December 1988, he was appointed as Managing Director in July 2007. In September 2017, Mr Wong retired as Managing Director to assume his current role in the Group.

Mr Wong earned his bachelor's in mechanical engineering from the then University of Singapore. He has been a member of The Institution of Engineers, Singapore since June 1991.

Tan Whei Mien, Joy

Lead Independent Director

Ms Tan joined the board as an independent director in October 2017 and is the Chairman of our Nominating Committee. She was appointed as the Lead Independent director with effect from 8 January 2023

Ms Tan is also a partner of WongPartnership LLP and is the Joint Head of the Commercial & Corporate Disputes Practice, the Corporate Governance & Compliance Practice and the Financial Services Regulatory Practice.

Her main practice areas are banking, corporate and commercial dispute resolution, and contentious investigations. She also regularly advises on corporate governance and financial services regulatory matters under the Companies Act, Securities and Futures Act and other regulatory statutes, including in relation to corporate fraud, anti-money laundering issues and market misconduct.

Ms Tan graduated with First Class Honours from Cambridge University and is admitted to both the English Bar and the Singapore Bar. She joined the Singapore Legal Service as a Justices' Law Clerk with the Singapore Supreme Court before entering private practice.

Pek Hak Bin

Independent Director

Mr Pek joined the board as an independent director on 1 July 2020 and was appointed as Chairman of the Remuneration Committee with effect from 1 December 2021.

He was previously a senior executive at an international oil & gas major as well as partner and regional head of oil & gas at KPMG Singapore. Mr Pek was also a non-executive board director of Singapore's Energy Market Authority since 2014 and stepped down in March 2020. He currently sits on the boards of various private companies in financial services, oil & gas and resources businesses.

Mr Pek graduated from Nanyang Technological University with Honours in Bachelor of Accountancy in 1989. In addition, he completed the international business and global company operations management program of Harvard Business School and Stanford Graduate School of Business respectively.

Ngan Wan Sing Winston

Independent Director

Mr Ngan joined the board as an independent director on 1 August 2022.

He has more than 26 years of professional services experience and is currently an Independent Non-Executive Director of HSBC Bank (Singapore) Limited and United Overseas Insurance Limited. Formerly a partner at Ernst & Young LLP (EY), Mr Ngan led the growth and strategic priorities of EY's financial services assurance practices in ASEAN.

Mr Ngan holds a Bachelor of Science (First Class Honours) degree in Electronic and Electrical Engineering from Loughborough University of Technology UK and a Master of Business Administration (Accounting) from York University, Canada. He is a member of the Institute of Singapore Chartered Accountants, Canadian Institute of Chartered Accountants and Certified Public Accountant (CPA) Australia.

Tan Peck Hong Yvonne

Independent Director

Ms Tan joined the board as an independent director on 8 September 2023.

She is the Group General Counsel with PreceptsGroup International Pte Ltd. She practised law with Bih Li & Lee LLP and Shook Lin & Bok LLP, and until 2020 was a Senior Legal Counsel with ExxonMobil Asia Pacific Pte Ltd, where she handled diverse legal matters across multiple businesses including Exxon-Mobil merger.

Ms Tan has also served extensively within the community. She was a Board Member of the Kampong Kapor Community Services (KKCS), and a member of the Singapore Law Reform Committee until 2021. She is an accredited mediator of Singapore Mediation Centre.

Ms Tan holds a Bachelor of Laws Honours Degree, from the National University of Singapore and was admitted to Singapore Bar in 1985.

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Corporate Governance Report

PEC Ltd. (the "**Company**") is committed to achieving and maintaining a high standard of corporate governance within the Company and its subsidiaries (the "**Group**") in complying with the Code of Corporate Governance 2018 (the "**Code**") which forms part of the continuing obligations of the Singapore Exchange Securities Trading Limited ("**SGX-ST**") Listing Manual.

The Group firmly believes that good corporate governance establishes and cultivates a legal and ethical environment that is essential to the sustainability of the Group's business and performance, which helps to preserve and enhance shareholders' interests.

This report sets out the Group's corporate governance practices that were in place throughout the financial year ended 30 June 2024 ("**FY2024**") with reference to the Code. Where there is any material deviation from any principles and guidelines of the Code, an explanation has been provided within this report.

(A) BOARD MATTERS

Board's Conduct of Affairs

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

*Role of the Board of Directors (the "**Board**")*

The Board is collectively responsible for the stewardship of the Group and is primarily responsible for the preservation and enhancement of long-term value and returns for the shareholders. The Board oversees the management of the business and affairs of the Group, provides overall strategy and directions, monitors the performance of its Management team and reviews the financial results of the Group. In addition, the Board is directly responsible for decision making in respect of the following matters:

- approve the business strategies including significant acquisitions and disposals of subsidiaries or assets and liabilities;
- approve the annual budgets, major funding proposals, significant capital expenditures and investment and divestment proposals;
- approve the release of the Group's half year and full year financial results and interested person transactions;
- oversee the processes for risk management, financial reporting and compliance and evaluate the adequacy of internal controls, as may be recommended by the Audit and Risk Management Committee ("**ARMC**");
- review the performance of the Management, approve the nominees to the Board and the appointment of key management personnel, as may be recommended by the Nominating Committee ("**NC**");
- review and endorse the framework of remuneration for the Board and key management personnel, as may be recommended by the Remuneration Committee ("**RC**");
- review and endorse corporate policies in keeping with good corporate governance and business practices; and
- consider sustainability issues, e.g. environmental, social and governance factors, as part of the strategic formulation.

Corporate Governance Report

The Board provides shareholders with balanced and comprehensible assessments of the Group's performance and prospects on a half yearly basis.

To effectively discharge its responsibilities in the interest of the Group, the Board has established and delegated certain functions to its various Board Committees namely, the ARMC, the NC and the RC. These Board Committees function within their respective terms of reference ("**TORs"**) and operating procedures which are reviewed on a regular basis.

All Directors exercise due diligence and independent judgment in making decisions objectively in the best interest of the Group. Where the Director faces a conflict or potential conflict of interest in relation to any matter, he/she will immediately declare his/her interest at the meeting of the Directors or send a written notice to the Company, setting out the details of his/her interest and the conflict, and recuse from any discussions on the matter and abstain from participating in any Board decision. All the Board Committees are actively engaged and contribute in ensuring good corporate governance in the Company and within the Group.

The Board oversees the Group's sustainability reporting framework by monitoring the environment, social and governance issues that impact the Group's sustainability of its business. The Company's seventh sustainability report for FY2024 can be found on the Company's Investor Relations webpage http://www.peceng.com/html/investor.php.

Board Meetings and Meetings of Board Committees

The Board meets on a quarterly basis and where warranted by particular circumstances. Board meetings dates are normally fixed by the Directors well in advance. Meetings of the Board and Board Committees meetings may be conducted by way of telephone and video conferencing if necessary.

The number of general meetings (annual general meeting and extraordinary general meeting), board and board committee meetings held and attendance thereat during FY2024 are as follows:

Directors	Board		ARMC		NC		RC		General Meeting	
	Number	Attended	Number	Attended	Number	Attended	Number	Attended	Number	Attended
Edna Ko Poh Thim	4	4	NA	NA	NA	NA	NA	NA	2	2
Robert Dompeling	4	4	NA	NA	NA	NA	NA	NA	2	2
Wong Peng	4	4	NA	NA	NA	NA	NA	NA	2	2
David Wong Cheong Fook(1)	4	1	4	1	1	1	1	1	2	2
Tan Whei Mien Joy	4	4	4	4	1	1	1	1	2	2
Pek Hak Bin (2)	4	4	4	4	1	1	1	1	2	2
Ngan Wan Sing Winston	4	4	4	4	1	1	1	1	2	2
Tan Peck Hong Yvonne(3)	4	3	4	3	1	1	1	1	2	2

(1) David Wong Cheong Fook retired as the Non-Executive and Non-Independent Director on 31 October 2023.
(2) Pek Hak Bin resigned as an Independent Director on 9 July 2024 after being disqualified from acting as a director under Section 155A of the Companies Act 1967 for a period of five years. He was subsequently reappointed as an Independent Director of the Company on 27 August 2024, after receiving permission from ACRA to act as a Director of the Company.
(3) Tan Peck Hong Yvonne was appointed as an Independent Director on 8 September 2023.

Board approval

The Company has adopted internal guidelines setting forth matters that require the Board's approval. During the year, the Board has met to review and approve amongst other matters, the half year and full year results announcements prior to their release to the SGX-ST, the Group's corporate strategies, major investments, review of the Group's financial performance, interested person transactions, recommendation of dividends, the approval of Directors' Statement, etc.

Corporate Governance Report

Training

The Board continues to examine its size and, with a view to determining the impact of its number upon effectiveness, decides on what it considers an appropriate size for itself. The composition of the Board is reviewed on an annual basis by the NC to ensure that the Board has the appropriate mix of expertise and experience. All Directors possess years of corporate experience and are familiar with their duties and responsibilities as Directors. Upon the appointment of a Director, he/she will receive a formal letter setting out his/her key responsibilities and obligations as a member of the Board. In addition, newly appointed Directors are briefed by the Executive Chairman and/or the Group Chief Executive Officer and/or top management of the Company on the business activities of the Group and its strategic directions, as well as their duties as Directors. The Directors are also given briefings by professionals at Board meetings or at separate sessions on regulatory changes and updates which have an important impact on the Company and the Directors' obligations to the Company. As at the date of this report, all the Directors had attended and completed the mandated sustainability training course organized by SID and the Institute of Singapore Chartered Accountants (ISCA) as required by the enhanced SGX sustainability reporting rules announced in December 2021.

The Company welcomes Directors to seek explanations or clarifications from and/or request for informal discussions with the Management on any aspect of the Group's operations or business issues.

The Company is responsible for arranging and funding the training for new and existing Directors. Directors are provided with updates in relevant areas such as new laws and regulations, Directors' duties and responsibilities, corporate governance, changes in financial reporting standards and issues which have a direct impact on financial statements. The scope of such continuous updates also extends to include overview and developments in industry trends, governance practices and regulatory requirements pertaining to the business. Where necessary, a first-time Director who has no prior experience as a Director of a listed company will be provided with training in areas such as accounting, legal and industry-specific knowledge as appropriate.

Access to Information

To assist the Board in fulfilling its responsibilities, the Management provides the Board with documents containing complete, adequate and timely information prior to the Board meetings.

The Company Secretary and/or her representative(s) attend all scheduled meetings of the Company and prepares the minutes of meetings. She is responsible for, among other things, ensuring that Board procedures are observed and that applicable rules and regulations are complied with.

The appointment and the removal of the Company Secretary are subject to the Board's approval.

Changes to regulations are closely monitored by the Management and where such changes have an important bearing on the Company or the Directors' disclosure obligations, the Directors are briefed during Board meetings.

The Directors and the Chairmen of the respective Board Committees, whether as a group or individually, are able to seek independent professional advice as and when necessary, in furtherance of their duties, at the Company's expense. The appointment of such professional advisors is subject to approval by the Board.

Board Composition and Guidance

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

Corporate Governance Report

During FY2024 and as at the date of this report, the Board comprises seven (7) Directors, of whom two (2) are Executive Directors, one (1) is a Non-Executive and Non-Independent Director, and four (4) are Independent Directors.

The list of Directors is summarised as follows:

Executive Directors

Edna Ko Poh Thim	(Executive Chairman)
Robert Dompeling	(Group Chief Executive Officer)

Non-Executive Directors

Tan Whei Mien Joy	(Lead Independent Director)
Wong Peng	(Non-Executive and Non-Independent Director)
Pek Hak Bin[(1)]	(Independent Director)
Ngan Wan Sing Winston	(Independent Director)
Tan Peck Hong Yvonne[(2)]	(Independent Director)

(1) Pek Hak Bin resigned as an Independent Director on 9 July 2024 after being disqualified from acting as a director under Section 155A of the Companies Act 1967 for a period of five years. He was subsequently reappointed as an Independent Director of the Company on 27 August 2024, after receiving permission from ACRA to act as a Director of the Company

(2) Tan Peck Hong Yvonne was appointed as an Independent Director on 8 September 2023.

The size and composition of the Board are reviewed on an annual basis by the NC to ensure that the size of the Board is optimal to facilitate effective deliberation and decision making. The NC is of the view that the current Board size of seven (7) Directors, of whom two (2) are Executive Directors, four (4) are Independent Directors and one (1) is a Non-Executive and Non-Independent Director, is appropriate and effective, taking into account the nature and scope of the Company's operations and the requirements of its business. Although the Chairman of the Board is not independent, the majority of the Board is made up of Independent and Non-Executive Directors which is in compliance with the Provision 2.2 and 2.3 of the CG Code.

As a group, the current Board comprises Directors with diverse expertise and core competencies in areas such as accounting, legal, business and management, finance and risk management. The Directors' objective judgement on corporate affairs and their collective experience and in-depth knowledge allow for the effective exchange of ideas and perspectives.

Independence of Directors

The NC reviews the independence of each Director on an annual basis based on the Code's definition of what constitutes an Independent Director. The NC is of the view that the four (4) Independent Directors (representing majority of the Board) are independent and that there is a strong and independent element on the Board, which enables the Board to exercise objective judgement on corporate matters independently, in particular, from the Management. No individual or small group of individuals dominate the Board's decision making process.

Upon taking into account the NC's view, the Board considers all the Independent Directors of the Company to be independent in character and judgment and that there are no relationships which are likely to affect or could appear to affect the Directors' judgement.

The Independent Directors communicate regularly to discuss issues such as the Group's financial performance, corporate governance initiatives, Board processes, succession planning as well as leadership development and the remuneration of the Executive Directors.

Where necessary, the Company coordinates informal meetings for Independent Directors without the presence of the Management to review matters such as Board effectiveness and Management's performance.

Board Diversity

As required under the Code and based on the recommendation of the NC, the Board has approved the adoption of a board diversity policy (the "**Board Diversity Policy**") in 2020 which take into account relevant measurable objectives such as skills, management experience, gender, age, ethnicity and other relevant factors in the composition of the Board. The NC will report to the Board on an annual basis on the progress made in achieving the objectives set out in the Board Diversity Policy. The Board confirmed that the Company is in compliance with the Rule 710(A) of the Listing Manual of the SGX-ST which come into effect on 1 January 2022.

The Company's Board Diversity Policy set out its approach to achieve diversity on the Board. The Company recognises and embraces the benefits of diversity of experience, age, skill sets, gender and ethnics on the Board and views board diversity as an essential element to support the attainment of its strategic objectives and sustainable development. This is achieved by enhancing the decision-making process of the Board through the perspectives derived from the various skills, business experience, industry discipline, gender, age, ethnicity and culture, geographical background and nationalities, tenure of service and other distinguishing qualities of the directors to avoid groupthink and foster constructive debate.

The Board, through the NC, from time to time and at least on a yearly basis, examines its structure, size and diversity to ensure that the Directors, as a group, provide the appropriate balance of mix of skills, knowledge and experience for effective decision making, taking into account the scope and nature of the operations of the Company and other relevant factors. Based on the particulars and background of each Director, a table consolidating all relevant information of the Directors (such as skills and knowledge supported by their qualification and experiences, gender and age) is discussed at the NC meeting and then shares with the entire Board.

Currently, the Board comprises Directors who have core competencies such as accounting or finance, business or management experience, legal, industry knowledge and strategic planning experience. The Board currently has Directors with ages ranging from early 50's to more than 65 who have served on the Board for different tenures, with the last member of the Board being an Independent and Non-Executive Director who was appointed in 8 September 2023.

Hence, the NC is of the view that the current Board and Board Committees comprise persons, who, as a Group, provide capabilities required for the Board and Board Committees to be effective. The Board concurred with the NC's view and is of the opinion that its current composition provides an appropriate balance and diversity skills, experience, and knowledge of the Company, contributing to improve risk management and more robust decision making for strategic future of the Company. Through active participation during Board meetings, the Directors constructively and judiciously challenge the proposals and the assumptions of Management. Combined with the Executive Directors and the Management's extensive knowledge of the business of the Company, the current composition of the Board therefore allows the Company to remain nimble and responsive to business opportunities and to robustly evaluate the strategy and proposals for the Company in light of these business opportunities.

The NC and the Board have assessed the current level of diversity on the Board to be satisfactory and given the current size of the Board and the nature of the Group's business at present, the Board does not propose to set specific diversity targets or concrete timelines for achieving board diversity targets. Instead, the Company takes the approach that maintaining a satisfactory level of diversity is an ongoing process which may need to be updated as the business of the Group develops. This will be disclosed in future corporate governance reports as appropriate.

The NC and the Board will continue to review the Board Diversity Policy, as appropriate, to ensure its effectiveness, and will recommend appropriate revisions to the Board for consideration and approval. It will also continue its identification and evaluation of suitable candidates to ensure there is diversity on the Board.

Corporate Governance Report

Key information on the Directors' particulars and background can be found on pages 12 to 13 of the Annual Report.

The Non-Executive Directors are scheduled to meet regularly, and as warranted, in the absence of key management personnel to discuss concerns or matters, such as effectiveness of Management. The Chairman of such meetings provides feedback to the Board and/or Chairman as appropriate.

Chairman and Chief Executive Officer

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

The Chairman of the Board and the Group Chief Executive Officer ("**CEO**") are separate individuals. The Chairman of the Board is Ms Edna Ko Poh Thim ("**Ms Ko**") who is the spouse of Mr Robert Dompeling, the Group CEO of the Company. As the Executive Chairman, Ms Ko is responsible, among others, for the overall business strategy and development of the Group, the exercise of control over the quantity and quality aspects, as well as the timely flow of information between the Management and the Board. Ms Ko also sets the agenda for Board meetings and is actively involved in ensuring and promoting compliance with the Group's corporate governance guidelines.

Ms Ko is assisted by the Group CEO, Mr Robert Dompeling, who with the Management comprising each subsidiary's general managers and key senior managers, are responsible for the operational, commercial and financial management as well as charting the business development and expansion of the Group.

There is also a balance of power and authority in view that the Board Committees are chaired by the Independent Directors. The Lead Independent Director, Ms Tan Whei Mien Joy is available to shareholders where they have concerns, and to coordinate any meetings among the Independent Directors.

All major decisions made by the Executive Chairman and Group CEO are reviewed by the ARMC. The NC reviews their performance and appointment periodically, whilst the RC reviews their remuneration packages periodically. As such, the Board believes that there are adequate safeguards in place to ensure that no one individual represents a considerable concentration of power. The separation of roles and clear division of responsibilities between the Executive Chairman and the Group CEO ensures a balance of power and increased accountability.

Board Membership

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

During FY2024 and as at the date of this report, the NC comprises entirely Non-Executive and Independent Directors. The Lead Independent director, is also a member of the NC. The members of the NC are:-

Tan Whei Mien Joy (Chairman)
Pek Hak Bin(1)
Ngan Wan Sing Winston
Tan Peck Hong Yvonne(2)

(1) Pek Hak Bin resigned as an Independent Director on 9 July 2024 after being disqualified from acting as a director under Section 155A of the Companies Act 1967 for a period of five years. He was subsequently reappointed as an Independent Director of the Company on 27 August 2024, after receiving permission from ACRA to act as a Director of the Company
(2) Tan Peck Hong Yvonne was appointed on 8 September 2023

Corporate Governance Report

The primary functions of the NC in accordance with its TORs are as follows, amongst others:

- to establish procedures for and make recommendations to the Board on all selections, appointment or reappointment of members of the Board and the Group CEO;
- to review on the independence of Directors in respect of the re-nomination of Directors who are retiring by rotation for re-election by shareholders;
- to decide whether a Director is able to and has been adequately carrying out his/her duties as a Director of the Company, particularly where the Director has multiple board representations, and setting up internal guidelines to address the competing time commitments;
- to review and determine the independence of each Director annually;
- to regularly review the Board structure, size, composition and balance, and make recommendations to the Board with regard to any adjustments that are deemed necessary and to review board succession plans;
- to establish procedures for evaluation of the Board's performance, and assess the effectiveness of the Board as a whole and the contribution by each individual Director to the effectiveness of the Board on an annual basis;
- to decide how the Board's, Board Committees' and Directors' performance are to be evaluated and to propose objective performance criteria for the Board's approval;
- to identify gaps in the mix of skills, experience and other qualities required in an effective Board and to nominate or recommend suitable candidates to fill these gaps; and
- to ensure that all Board appointees undergo an appropriate induction programme.

For the year under review, the NC held one (1) meeting.

As a matter of corporate governance, the Directors submit themselves for re-nomination and re-election at regular intervals. Under the Company's Constitution, each Director shall retire from office at least once every three (3) years and a retiring Director shall be eligible for re-election. In reviewing and recommending to the Board on the re-nomination and re-election of existing Directors, the NC takes into consideration the Directors' competencies, commitments, contribution and performance at Board meetings, including attendance, preparedness, participation and candour.

Each member of the NC abstains from making any recommendations and/or participating in any deliberation of the NC and from voting on any resolution, in respect of the assessment of his/her own performance or re-nomination as a Director of the Company.

The NC is satisfied that sufficient time and attention are being given by the Directors to the affairs of the Company and the Group, despite that some of the Directors have multiple board representations. After considering the NC's views, the Board determines that it is not necessary to set a maximum number of listed company board representations which any Director may hold.

In its search and nomination process for new Directors, the NC has at its disposal, external search consultants, personal contacts and recommendations, to shortlist any potential suitable candidates.

Corporate Governance Report

Pursuant to Article 114 and Article 118 of the Company's Constitution, Mr Robert Dompeling, Ms Edna Ko, Mr Ngan Wan Sing Winston and Mr Pek Hak Bin will retire at the forthcoming annual general meeting ("**AGM**"). Mr Robert Dompeling, Ms Edna Ko, Mr Ngan Wan Sing Winston and Mr Pek Hak Bin have submitted themselves for re-appointment at the forthcoming AGM. The NC is satisfied that Mr Robert Dompeling, Ms Edna Ko, and Mr Ngan Wan Sing Winston who are retiring under Article 114 and Mr Pek Hak Bin who are retiring under Article 118 of the Company's Constitution at the forthcoming AGM, are properly qualified for re-appointment by virtue of their skills, experience and their contribution of guidance and time to the Board's deliberations.

The Board has not appointed any alternate directors.

Key information on the Directors is set out below:

Name of Directors	Position	Date of first appointment as a Director	Date of last re-appointment as a Director	Present directorships or chairmanships in other listed companies	Directorships or chairmanships held over the preceding three years in other listed companies	Other principal commitments	Due for re-appointment at the AGM
Edna Ko Poh Thim	Executive Chairman	8 February 1984	27 October 2022	None	None	None	Retirement by rotation (Article 114)
Robert Dompeling	Group Chief Executive Officer	1 July 2007	27 October 2021	None	None	None	Retirement by rotation (Article 114)
Wong Peng	Non-Executive and Non-Independent Director	23 December 1988	27 October 2023	None	None	None	Not applicable.
Tan Whei Mien Joy	Lead Independent Director	27 October 2017	27 October 2023	None	None	Partner, WongPartnership LLP Director, Income Insurance Limited (formerly known as NTUC Income Co-operative Limited), Singapore Health Services Pte Ltd, Singapore Repertory Theatre Ltd, National Heart Centre of Singapore, Singapore Chinese Cultural Centre	Not applicable.
Pek Hak Bin	Independent Director	1 July 2020	27 August 2024	None	None	Director, United Petroleum International Holdings Pte Ltd, YMCA of Singapore	Retirement by rotation (Article 118)
Ngan Wan Sing Winston	Independent Director	1 August 2022	27 October 2022	None	None	Director, HSBC Bank (Singapore) Limited , United Overseas Insurance Limited	Retirement by rotation (Article 114)
Tan Peck Hong Yvonne	Independent Director	8 September 2023	27 October 2023	None	None	Group General Counsel PreceptsGroup International Pte Ltd	Not applicable.

Note:
Details of Directors' credentials including working experience, academic and professional qualifications, shareholding in the Company and its related corporations and directorships can be found in the Board of Directors and the Directors' Statement sections of the Annual Report.

Board Performance

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

The NC reviews the Board's performance evaluation criteria and proposes to the Board a set of objective performance criteria that allows for comparison with industry peers and address how long-term shareholder value is enhanced. Based on the recommendations of the NC, the Board has established processes for assessing the effectiveness of the Board as a whole, its Board Committees and the contribution by each individual Director to the effectiveness of the Board.

The performance criteria for the NC committee and Board evaluation as a whole takes into account the size and composition of the Board and the Board Committees, the Board's access to information, Board processes, Board accountability, Board performance in relation to discharging its principal functions and fiduciary duties, communication with the Management and standards of conduct of the Directors.

In the course of the year, the NC had adopted the new NC evaluation form and conducted the assessment via the evaluation form in the format of a questionnaire which is completed by the NC committee, the Board and each individual Directors. The Directors' responses were then consolidated into a summary report which was discussed at the NC meeting with a view to implementing certain recommendations to further enhance the effectiveness of the Board. Each Director also completed a self-assessment form to assess each Director's contributions to the Board's effectiveness.

The Chairman would act on the results of the performance evaluation, and, in consultation with the NC, propose where appropriate, new members to be appointed to the Board or seek the resignation of Directors.

(B) REMUNERATION MATTERS

Procedures for Developing Remuneration Policies

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

During FY2024 and as at the date of this report, The RC comprises entirely Non-Executive and Independent Directors. The Members of the RC are:

Pek Hak Bin (Chairman)[1]
Tan Whei Mien Joy
Ngan Wan Sing Winston
Tan Peck Hong Yvonne [2]

(1) Pek Hak Bin resigned as an Independent Director on 9 July 2024 after being disqualified from acting as a director under Section 155A of the Companies Act 1967 for a period of five years. He was subsequently reappointed as an Independent Director of the Company on 27 August 2024, after receiving permission from ACRA to act as a Director of the Company.
(2) Tan Peck Hong Yvonne was appointed on 8 September 2023

The members of the RC are equipped with many years of corporate experience and are knowledgeable in the field of executive compensation. The RC has access to expert professional advice on remuneration matters as and when necessary.

Corporate Governance Report

The responsibilities of the RC in accordance with its TORs include the following, amongst others:

- to review and recommend to the Board a framework of remuneration for the Directors, Group CEO;
- to determine specific remuneration packages for each Executive Director;
- to review the remuneration packages of all managerial staff that are related to any of the Directors or the Group CEO;
- to determine and review the remuneration packages and/or service contracts for each Director, Executive Chairman, Group CEO and key Executive Officers;
- to recommend to the Board for endorsement, the remuneration of Directors and Group CEO and any long-term incentive plan;
- to summarise and report to the Board the work performed by the RC members in carrying out their functions;
- to cover all aspects of remuneration, including but not limited to Directors' fees, salaries, allowances, bonuses, options and benefits-in-kind; and
- to implement and administer the PEC Performance Share Plan.

The RC reviews the remuneration framework which covers all aspects of remuneration including but not limited to Directors' fees, salaries, allowances, bonuses, share-based incentives and awards, and benefits-in-kind. The RC also reviews the Group's obligations arising in the event of termination of the Executive Directors' and key management personnel's contracts of service, to ensure that such contracts of service contain fair and reasonable termination clauses which are not overly generous.

No Director is involved in determining his/her own remuneration.

For the year under review, the RC held one (1) meeting.

Level and Mix of Remuneration

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

In determining remuneration packages, the RC takes into consideration the prevailing economic situation, the pay and employment conditions within the industry and in comparable companies. As part of its review, the RC ensures that the performance-related component of remuneration forms a significant portion of the total remuneration package of Executive Directors and is designed to align the Directors' interests with those of shareholders and link rewards to corporate and individual performance. The RC also reviews all matters concerning the remuneration of Non-Executive Directors to ensure that the remuneration commensurate with the contribution and responsibilities of such Directors. The Company submits the quantum of Directors' fees of each year to the shareholders for approval at each AGM.

Non-Executive Directors have no service contracts. The Executive Directors have service contracts and they do not receive Directors' fees for the year under review. In setting the remuneration packages of the Executive Directors, the Company takes into account the performance of the Group and that of the Executive Directors.

Corporate Governance Report

The Company adopted an employee share plan known as "PEC Performance Share Plan" (the "**Plan**") on 25 October 2013 and during the extraordinary general meeting held on 27 October 2022, the Shareholders had approved the extension of the Plan for a further duration of ten years to 24 October 2033 as a long term incentive plan for Executive Directors and employees of the Group whose services are vital to the Group's well-being and success. It is administered by a committee consisting of all the Board Members. As at to-date, awards in respect of up to 44,777,193 shares have been granted under the Plan. Details of the Plan are set out in the Directors' Statement on pages 34 to 38.

Disclosure on Remuneration

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

Regular and periodic reviews of compensation and their framework are carried out by the RC to ensure that the remuneration of the Executive Directors and key management personnel is commensurate with their performance and that of the Company, giving due regard to the financial and commercial health and business needs of the Group.

The Independent Directors receive Directors' fees in accordance with their level of contributions, taking into account factors such as effort and time spent, as well as the responsibilities and obligations of the Directors. The Company recognises the need to pay competitive fees to attract, motivate and retain Directors without being excessive and thereby maximise shareholders' value. Directors' fees are recommended by the Board for approval at the Company's AGM.

Executive Directors do not receive Directors' fees but are remunerated as members of the Management. Their remuneration package comprises a basic salary component and a variable component which is the annual bonus, based on the performance of the Group as a whole and their individual performance. Service contracts for Executive Directors are for a fixed appointment period and do not contain onerous removal clauses.

The Company has an employee share plan in place.

A breakdown of the remuneration of the Directors and the top 5 key management personnel (who are not also Directors or the Group CEO) for FY2024 is set out below:

Remuneration of the Directors

Remuneration band and names of Directors	Base/ fixed salary(1) %	Variable or performance-related income/bonus %	Director's fee(2) %	Benefits in Kind %	Conditional award of performance shares(3) %	Total %
S$1,750,000 –S$2,000,000						
Edna Ko Poh Thim	16	81	–	1	2	100
Robert Dompeling	15	82	–	1	2	100
Below S$100,000						
Wong Peng	–	–	100	–	–	100
Tan Whei Mien Joy	–	–	100	–	–	100
Pek Hak Bin	–	–	100	–	–	100
Ngan Wan Sing Winston	–	–	100	–	–	100
Tan Peck Hong Yvonne	–	–	100	–	–	100

(1) These are under the service contracts. Under the service contracts, each of our Executive Directors is also entitled to a performance bonus (the "**Performance Bonus**") in respect of each financial year, which is calculated based on the consolidated profit before tax and extraordinary items ("**PBT**") (before deducting for such Performance Bonus).
(2) The Directors' fees are subject to the approval of the shareholders at the AGM.
(3) Conditional award of performance shares under the Plan.
(4) Tan Peck Hong Yvonne was appointed as an Independent Director with effect from 8 September 2023

Remuneration of top 5 key management personnel (who are not also Directors or the Group CEO)

Remuneration band and names of key management personnel (who are not also Directors or the Group CEO)	Base/ fixed salary %	Variable or performance related income/bonus %	Director's fee %	Benefits in Kind %	Conditional award of performance shares(1) %	Total %
S$200,000 to S$450,000						
Yeo Ker Soon	50	45	–	–	5	100
Tan Meng Sai	48	47	–	–	5	100
Toh Boon Chuan	46	49	–	–	5	100
Tan Teck Seng	48	47	–	–	5	100
Goh Eng Mui	61	33	–	–	6	100

(1) Conditional award of performance shares under the Plan.

The aggregate of total remuneration paid to or accrued to the top five key management personnel (who are not Directors or the Group CEO) was $1,984,440 for FY2024.

There are no employees who are substantial shareholders of the Group or who are immediate family members of a Director, Group CEO or a substantial shareholder of the Group and whose remuneration exceeds S$100,000 during FY2024.

The Company has not engaged any remuneration consultants in FY2024 and will continue to monitor the need to engage external remuneration consultants going forward and where applicable, will review the independence of the external form before any engagement.

To preserve confidentiality on the remuneration policies of the Company and given the sensitivity and highly competitive business environment that the Group operates in, the Board is of the view that it is in the best interest of the Company not to fully disclose the exact details of the remuneration of each Director and key management personnel in the Annual Report. Instead, the Company has disclosed the remuneration of directors in remuneration bands, the level and mix of remuneration in percentage terms. Accordingly, the Board is of the view that such disclosure can maintain transparency on the Company's remuneration policies, level and mix of remuneration, the procedure for setting remuneration and the relationships between remuneration, performance and value creation consistent with the intent of Principle 8 of the Code.

(C) ACCOUNTABILITY AND AUDIT

Risk Management and Internal Controls

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

The ARMC has undertaken the role of overseeing the governance of risks in the Group to ensure that Management maintains a sound system of risk management and internal controls to safeguard shareholders' interests and the Group's assets.

The Board and the ARMC, with the assistance of the internal auditors, have reviewed the adequacy of the Group's internal controls, including financial, operational and compliance risks, as well as the Group's information technology controls and risk management systems.

Corporate Governance Report

The Company's internal auditors conduct an annual review on the adequacy and effectiveness of the key Group's material internal controls, including financial, operational, compliance and information technology controls, and risk management. This review is conducted by the Company's internal auditors who presented their findings to the ARMC. As part of the external audit plan, the external auditors also review key controls relating to accounting and financial reporting, covering only selected financial cycles and highlight material findings, if any, to the ARMC. The ARMC and the Board review the findings of both the internal and external auditors and the effectiveness of the actions taken by the Management on the recommendations made by the internal and external auditors in this respect.

The Board and the ARMC have received written assurance from the Executive Chairman, CEO, the Director of Finance and other key management personnel that:

(a) the financial records of the Group have been properly maintained and the financial statements for FY2024 give a true and fair view of the Group's operations and finances; and

(b) the risk management and internal control systems in place within the Group are adequate and effective in addressing the material risks in the Group in its current business environment including material financial, operational, compliance and information technology risks.

The Executive Chairman and the Director of Finance have obtained similar assurance from the business and corporate executive heads in the Group.

The Board and the ARMC note that the system of internal controls provides reasonable, but not absolute, assurance that the Group will not be adversely affected by any event that could be reasonably foreseen as it strives to achieve its business objectives.

The Board and the ARMC wish to highlight that no system of internal controls can provide absolute assurance against the occurrence of material errors, poor judgment in decision-making, human error, losses, fraud or other irregularities.

Based on the reviews conducted by the Management and the internal auditor throughout the financial year, the statutory audit conducted by the external auditor, as well as the assurance from Executive Chairman and Director of Finance, the Board with the concurrence of the ARMC, is of the opinion that the Group's internal controls, addressing financial, operational, compliance risks, as well as the Group's information technology controls and risk management systems were adequate and effective as at 30 June 2024. The Board confirmed that the Company is in compliance with Rule 1207(10) of the SGX-ST Listing Rule.

Financial risks relating to the Group are set out in Note 37 to the financial statements of this Annual Report on pages 103 to 111.

The Group's internal audit function is outsourced to Wensen Consulting Asia (S) Pte. Ltd. ('**Wensen**'), a professional accounting firm. Wensen assists the Group to review the adequacy of internal controls in its financial and operational systems and to provide recommendations to strengthen any weaknesses in its internal controls. Wensen reports to the ARMC on audit matters and reports administratively to the Executive Directors. The ARMC also reviews and approves the annual internal audit plans and resources to ensure that Wensen has the necessary resources to adequately perform its functions. The internal audit function has unfettered access to all the Company's documents, records, properties and personnel, including ARMC and has appropriate standing within the Company.

In assessing the internal auditor, the ARMC considered the interaction between the internal auditor and Management, the conduct of audits, the quality of its reports, and the qualification and/or experience of the out-sourced firm, Wensen Consulting Asia (S) Pte. Ltd., the engagement director in-charge and the audit team members. The ARMC is satisfied that the internal auditor is independent and has adequate resources to perform its function effectively.

The Internal Audit Team is led by Mr Edward Yap and assisted by Mr Shawn Lee, both are Directors of the firm. Mr Yap has more than 20 years of experience in providing assurance services in Singapore and Malaysia. He is currently a Practising Member of the Institute of Singapore Chartered Accountants, a Member of the Malaysian Institute of Accountants, a Fellow Member of the Association of Chartered Certified Accountants of the United Kingdom and a Chartered Member of the Institute of Internal Auditors Malaysia. Mr Lee has more than 10 years of experience in leading internal audit review engagements for public companies listed in Singapore, Malaysia and Hong Kong Stock Exchange. His work includes internal control assessment projects for companies preparing for listing, corporate governance compliance review and other enterprise risk management engagements. The members of the team comprise managers, seniors and assistants, who are qualified professionals with relevant internal audit experience.

Audit and Risk Management Committee

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

During FY2024 and as at the date of this report, the ARMC comprises entirely Non-Executive Directors and Independent Directors. The Members of the ARMC are:-

Ngan Wan Sing Winston (Chairman)
Pek Hak Bin(1)
Tan Whei Mien, Joy
Tan Peck Hong Yvonne(2)

(1) Pek Hak Bin resigned as an Independent Director on 9 July 2024 after being disqualified from acting as a director under Section 155A of the Companies Act 1967 for a period of five years. He was subsequently reappointed as an Independent Director of the Company on 27 August 2024, after receiving permission from ACRA to act as a Director of the Company.
(2) Tan Peck Hong Yvonne was appointed on 8 September 2023

The ARMC, inter alia, oversees the quality and integrity of the accounting, auditing, internal controls, risk management and financial practices of the Group.

The Board is of the view that the ARMC members are appropriately qualified to discharge their responsibilities. The Board is satisfied that at least 2 members including the ARMC Chairman possesses recent and relevant accounting or related financial management expertise and experience.

The ARMC comprises members who are experienced in finance, legal and business fields.

No former partner or Director of the Company's existing auditing firm or auditing corporation, within a period of 2 years from the date of his/her ceasing to be a partner of the auditing firm or Director of the auditing corporation, is appointed to the AC.

The role of the ARMC is to assist the Board with discharging its responsibility to safeguard the Company's assets, maintain adequate accounting records and develop and maintain effective systems of internal controls.

For the year under review, the ARMC held four (4) meetings to discuss and review the following matters in accordance with its TORs, amongst others:

- the audit plans, scope and results of the external audit;
- the financial statements of the Company and the consolidated financial statements of the Group, significant financial reporting issues and judgments of the Group before submission to the Board, and any formal announcements relating to the financial performance of the Group;

- the audit plans, audit reports of the external auditors, and their evaluation of the system of internal accounting controls;

- the adequacy and effectiveness of internal financial controls, operations and compliance controls, and risk management policies and systems established by Management and to evaluate the effectiveness of both the internal and external audit efforts;

- the Group's foreign exchange and hedging policies;

- the internal audit plan, the scope and results of the internal audits performed;

- the adequacy of the assistance and co-operation given by the Company's Management to the external and internal auditors;

- the arrangements by which staff of the Group may in confidence, raise concerns about possible improprieties in matters of financial reporting or other matters;

- matters on potential conflict of interest, if any;

- interested person transactions, if any;

- the appointment, re-appointment or removal of the external auditors and to approve the remuneration and terms of engagement; and

- the independence of the external auditors.

In performing its functions, the ARMC:

- met with the external auditors and internal auditors, without the presence of the Company's Management, and reviewed the overall scope of the external audit, the internal audit and the assistance given by the Management to the auditors;

- has explicit authority to investigate any matter relating to the Group's accounting, auditing, internal controls and financial practices brought to its attention with full access to records, resources and personnel to enable it to discharge its function properly; and

- has full access to and cooperation of the Management and full discretion to invite any Director or key management personnel to attend its meetings.

- The external and internal auditors have unrestricted access to the ARMC.

The ARMC has undertaken a review of the services, scope, independence and objectivity of the external auditors. Messrs Ernst & Young LLP, the external auditors of the Company, has confirmed that they are a public accounting firm registered with the Accounting and Corporate Regulatory Authority and has provided a confirmation of their independence to the ARMC. Having assessed the external auditors based on factors such as performance and quality of their audit partners and auditing team, their overall qualification and their independence status, the ARMC is satisfied that Rule 712 of the Listing Manual has been complied with and has recommended to the Board, the nomination of the external auditors for re-appointment at the forthcoming AGM. The Company has also complied with Rule 715 and Rule 716 of the Listing Manual in relation to its auditing firms.

The ARMC has undertaken a review of all the non-audit services provided by the external auditors during the year under review and is satisfied that such services would not, in the ARMC's opinion, affect the independence of the external auditors. Details of the fees paid to the external auditors for FY2024 are disclosed under Note 7 on page 72 of the Annual Report. The ARMC has recommended to the Board the re-appointment of Messrs Ernst & Young LLP as the external auditors of the Company at the forthcoming AGM.

Corporate Governance Report

The Company has in place a whistle-blowing policy endorsed by the ARMC, by which staff of the Group may, in confidence, raise concerns about possible improprieties in matters of financial reporting or other matters with the ARMC. The objective for such arrangement is to ensure independent investigation of such matters and the appropriate follow-up action. The ARMC is responsible for oversight and monitoring whistleblowing policy. The ARMC appoints an independent team to investigate whistleblowing reports made in good faith and ensures that the identity of the whistleblower is kept confidential and the Group is committed to ensure protection of the whistleblower against detrimental or unfair treatment.

(D) SHAREHOLDER RIGHTS AND ENGAGEMENT SHAREHOLDER RIGHTS AND CONDUCT OF GENERAL MEETINGS

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

The Company recognizes the importance of maintaining transparency and accountability to its shareholders. The Board ensures that all the Company's shareholders are treated equitably and the rights of all investors, including non-controlling shareholders are protected.

The Company is committed to providing shareholders with adequate, timely and sufficient information pertaining to changes in the Group's business which could have a material impact on the Company's share price.

The Company strongly encourages shareholder participation during the AGM which will be held in a convenient location in Singapore. Shareholders are able to proactively engage the Board and the Management on the Group's business activities, financial performance and other business related matters.

The Company will hold physical AGM for FY2024, all directors, external auditors, senior management and legal adviser (where necessary) will endeavour to be physically present at the AGM for FY2024 to address to the shareholders' questions.

Each item of special business included in the notice of the meeting is accompanied, where appropriate, by an explanation for the proposed resolution. Separate resolutions are proposed for substantially separate issues at the meeting.

The Company welcomes the views and/or comments of the shareholders on matters concerning the Company and encourages shareholders' participation at AGMs. The chairmen of the ARMC, the NC and the RC of the Company will be present at the general meetings to answer questions from the shareholders. The external auditors will also be present to assist the Directors in addressing any relevant queries by shareholders.

The Company does not implement absentia voting methods such as voting via mail, e-mail or fax until security, integrity and other pertinent issues are satisfactorily resolved.

Shareholders was given the opportunities to submit their questions related to the resolutions to be tabled for approval in advance of the general meetings. The responses to those substantial and relevant questions received from shareholders were published via SGXNet before the general meetings. In addition, the minutes of general meetings which include substantial and relevant comments or queries from shareholders and responses from the Board and the Management are made available to shareholders via SGXNet or on the Company's' website at the URL http://www.peceng.com/html/investor.php within one month from the date of general meetings.

The Company does not have a fixed dividend policy. The form, frequency and amount of dividends will depend on the Company's earnings, general financial condition, results of operations, capital requirements, cash flow, general business condition, development plans and other factors as the Directors may deem appropriate. Notwithstanding the foregoing, any pay-out of dividends would be clearly communicated to shareholders via announcements released on SGXNET.

Engagement with Shareholders

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

The Company believes that a high standard of disclosure is key to raising the level of corporate governance. Half year and full year results are published through the SGXNET, news releases and the Company's website. All information of the Company's new initiatives will first be disseminated via SGXNET followed by a news release, which is also available on the website.

The Company does not practise selective disclosure. Price sensitive information is publicly released, and results and annual reports are announced or issued within the mandatory period and are available on the Company's website. All shareholders of the Company receive the annual report and notice of AGM. The notice of AGM is also advertised in the newspapers.

The Company has an internal investor relations function to facilitate the communications with the stakeholders on a regular basis, attend to their queries or concerns as well as to keep the investors apprised of the Group's corporate developments and financial performance.

To enable the stakeholders to contact the Company and ensure communication of information to shareholders and the investment community is communicated effectively, the Company has set up a dedicated Investor Relations (IR) webpage http://www.peceng.com/html/investor.php and investors can send enquiries through email ir@peceng.com. Investors can also sign up for email alerts to receive the latest announcements from the Company.

All disclosures of materials information are submitted to SGX-ST through SGXNet, and are made available on the Company's website at the URL http://www.peceng.com/html/investor.php.

(E) MANAGING STAKEHOLDERS RELATIONSHIP

Engagement with Stakeholders

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

Since 2019, the Company has established a sustainability framework that outline the Group's sustainability efforts. The Group's Sustainability Report is prepared in accordance with the SGX-ST's Sustainability Report Guide and with reference to the core option of the Global Reporting Initiative (GRI) framework. The Sustainability Report highlights the environment compliance, employment, occupational health and safety, anti-corruption and etc. The Company delivers long-term value to its stakeholders through sustainable business practices and corporate social responsibility.

Corporate Governance Report

The stakeholders have been identified as those who are impacted who have direct influence on the business and operations of the Group. Six stakeholders' groups have been identified through an assessment of their significance to the Group's business and operations. They are namely, customers, employees, key suppliers, banks , investors and communities. Our engagement with material stakeholder groups, including key issues and engagement platforms, are disclosed in the Sustainability Report. The Group regularly engaged its stakeholder through various channels to ensure that the business interest are aligned.

Stakeholders who wish to know more about the Group's business, governance practices can visit its website at the URL http://www.peceng.com. Our Company website includes an investor relations section containing the Company's financial highlights, Annual Report, corporate announcements, data protection policy and whistle-blowing policy.

Each resolution at shareholders' meetings is put to vote by electronic poll. The detailed results showing the number of votes cast for and against each resolution and the respective percentages are immediately presented and announced after each meeting.

(F) DEALINGS IN SECURITIES

The Company has issued a guideline on share dealings to its Directors and officers (including employees with access to price sensitive information on the Company's shares) of the Group which sets out the code of conduct on transactions in the Company's shares by these persons, the implications of insider trading and general guidance on such dealings.

In line with Rule 1207(19) of the Listing Manual, the Company issues a notification to its Directors and officers of the Company informing them that they should not deal in the securities of the Company during the periods commencing one month before the announcement of the Company's half year and full-year results. They are also discouraged from dealing in the Company's shares on short term considerations.

The Board confirms that for FY2024, the Company has complied with Rule 1207(19) of the Listing Manual.

(G) INTERESTED PERSON TRANSACTIONS

The aggregate value of the interested person transactions carried out during FY2024 is as follows:

Name of Interested person	Aggregate value of all interested person transactions during the financial period under review (excluding transactions less than $100,000 and transactions conducted under Shareholders' Mandate pursuant to Rule 920) S$'000	Aggregate value of all interested person transactions conducted under Shareholders' Mandate pursuant to Rule 920 (excluding transactions less than $100,000) S$'000
Wong Peng[(1)]	140	–

[(1)] Wong Peng, a non-executive and non-independent director of the Company, is engaged as an advisor to the Company on a yearly service contract.

(H) MATERIAL CONTRACTS

Except as disclosed in Note 34 (Related Party Transactions) of the notes to the financial statements, there were no other material contracts of the Company and its subsidiaries involving the interests of the Group CEO or each Director or controlling shareholder, either still subsisting at the end of the financial year or if not then subsisting, entered into since the end of the previous financial year.

Directors' Statement

The directors present their statement to the members together with the audited consolidated financial statements of PEC Ltd. (the "Company") and its subsidiaries (collectively, the "Group") and the balance sheet of the Company for the financial year ended 30 June 2024.

OPINION OF THE DIRECTORS

In the opinion of the directors,

(i) the consolidated financial statements of the Group and the balance sheet of the Company are drawn up so as to give a true and fair view of the financial position of the Group and of the Company as at 30 June 2024 and the financial performance, changes in equity and cash flows of the Group for the year ended on that date, and

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

DIRECTORS

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

Edna Ko Poh Thim
Robert Dompeling
Wong Peng
Tan Whei Mien, Joy
Pek Hak Bin
Ngan Wan Sing Winston
Tan Peck Hong Yvonne (Appointed 8 September 2023)

ARRANGEMENTS TO ENABLE DIRECTORS TO ACQUIRE SHARES AND DEBENTURES

Except as described below, neither at the end of nor at any time during the financial year was the Company a party to any arrangement whose objects are, or one of whose objects is, to enable the directors of the Company to acquire benefits by means of the acquisition of shares or debentures of the Company or any other body corporate.

DIRECTORS' INTERESTS IN SHARES AND DEBENTURES

The following directors, who held office at the end of the financial year, had, according to the register of directors' shareholdings, required to be kept under section 164 of the Singapore Companies Act 1967, an interest in shares of the Company and related corporations (other than wholly-owned subsidiaries) as stated below:

	Direct interest		Deemed interest	
Name of director	**At the beginning of financial year**	**At the end of financial year**	**At the beginning of financial year**	**At the end of financial year**
Ordinary shares of the Company				
Edna Ko Poh Thim	35,545,930	35,575,995	85,750,000	85,750,000
Robert Dompeling	1,765,930	1,795,995	–	–
Wong Peng	4,594,056	4,594,056	–	–

Directors' Statement

DIRECTORS' INTERESTS IN SHARES AND DEBENTURES (CONT'D)

Except as disclosed in this report, no other director who held office at the end of the financial year had interests in shares, share options, warrants or debentures of the Company, or of related corporations, either at the beginning of the financial year, or date of appointment if later, or at the end of the financial year.

By virtue of Ms. Edna Ko's interest of not less than 20% of the issued share capital of the Company, she is deemed to have an interest in the shares of all subsidiary corporations to the extent held by the Company.

PEC PERFORMANCE SHARE PLAN (THE "PLAN")

(Unless otherwise defined herein capitalised terms shall have the meanings ascribed in the circular to shareholders dated 12 October 2022).

The Plan was approved for a period of 10 years at an Extraordinary General Meeting ("EGM") held on 25 October 2013, for granting awards to eligible full-time employees and Executive Directors. During the EGM held on 27 October 2022, the Shareholders had approved the extension of the Plan for a further duration of ten years to 24 October 2033.

Principal Terms of the Plan

Eligibility

The following persons shall be eligible to participate in the Plan subject to the absolute sole discretion of the Committee:

(a) full time employees who are confirmed in their employment with the Company or any subsidiary as at 30 June of the financial year prior to the Award Date and have been with the Company or its subsidiary for at least twelve (12) months or such shorter period as the Committee may determine on or prior to the Award Date; and

(b) Executive Directors.

Provided always that any of the aforesaid persons:

(i) have attained the age of twenty-one (21) years on or before the Award Date; and

(ii) are not undischarged bankrupts.

Subject to the separate approval by independent Shareholders for their participation in the Plan, Controlling Shareholders and their associates within the above categories are eligible to participate in the Plan.

Awards

Awards represent the right of a Participant to receive fully paid shares, free of charge, upon the satisfaction of the prescribed Performance Conditions within the Performance Period. Participants will be granted an Award, under which Shares will be Vested and Released at the end of the Performance Period once the Committee is, at its sole discretion, satisfied that the Performance Conditions have been achieved.

PEC PERFORMANCE SHARE PLAN (THE "PLAN") (CONT'D)

Principal Terms of the Plan (cont'd)

Grant of Awards

Under the rules of the Plan, there are no fixed periods for the grant of Awards. As such, offers for the Awards may be made at any time from time to time at the discretion of the Committee. In considering an award to be granted to a Participant, the Committee may take into account, inter alia, the Participant's rank, job performance, seniority, creativity, innovativeness, entrepreneurship, potential for future development, length of service, contribution to the success and development of the Group and if applicable, the extent of effort and resourcefulness required to achieve the Performance Conditions within the performance period.

Vesting of Awards

Awards will typically vest only after the satisfactory completion of the Performance Conditions within the Performance Period. No minimum vesting periods are prescribed under the Plan, and the length of the vesting period(s) in respect of each Award will be determined by the Committee on a case-by-case basis.

Size of the Plan

The aggregate number of Shares to be delivered pursuant to the Vesting of the Awards on any date, when added to the number of Shares issued and issuable in respect of such other Shares issued and/or issuable under such other share-based incentive schemes of the Company, shall not exceed fifteen per cent (15%) of the total issued share capital excluding treasury shares of the Company on the day preceding the relevant Award Date.

The aggregate number of Shares available to eligible Controlling Shareholders and their associates under the Plan shall not exceed twenty five per cent (25%) of the shares available under the Plan. In addition, the aggregate number of Shares available to each Controlling Shareholder or his Associates shall not exceed ten per cent (10%) of the Shares available under the Plan.

Duration of the Plan

The Plan shall continue in force at the discretion of the Committee, subject to a maximum period of ten (10) years commencing on the date on which the Plan is adopted by the Company in general meeting, provided always that the Plan may continue beyond the above stipulated period with the approval of Shareholders by ordinary resolution in general meeting and of any relevant authorities which may then be required. The termination or discontinuance of the Plan shall be without prejudice to the rights accrued to any participant who has been granted Awards, whether such Awards have been vested (whether fully or partially) or not.

The Plan is administered by the Committee consisting of all the Board members, namely, Ms Edna Ko Poh Thim, Mr Robert Dompeling, Mr Wong Peng, Ms Tan Whei Mien, Joy, Mr Pek Hak Bin, Mr Ngan Wan Sing Winston and Ms Tan Peck Hong Yvonne. However, Edna Ko and Robert Dompeling have abstained from participating in the Committee's deliberations for the proposed grant of EK Award and RD Award.

Directors' Statement

PEC PERFORMANCE SHARE PLAN (THE "PLAN") (CONT'D)

Principal Terms of the Plan (cont'd)

As at 30 June 2024, the aggregate number of shares comprised in Awards granted pursuant to the Plan which have been released are as stated below:

	Award date	Aggregate number of Shares under Awards granted	Aggregate number of Shares released upon vesting
For directors of the Company:			
Edna Ko Poh Thim	15 February 2016	Up to 282,812	The first tranche, the second tranche and the third tranche of the Award, in respect of 62,338 Shares, 46,753 Shares and 46,753 Shares respectively, have been released on 15 February 2017, 14 February 2018 and 15 February 2019 respectively.
Robert Dompeling	15 February 2016	Up to 282,812	The first tranche, the second tranche and the third tranche of the Award, in respect of 62,338 Shares, 46,753 Shares, and 46,753 Shares respectively, have been released on 15 February 2017, 14 February 2018 and 15 February 2019 respectively.
Wong Peng	15 February 2016	Up to 282,812	The first tranche, the second tranche and the third tranche of the Award, in respect of 57,662 Shares, 43,247 Shares, and 43,247 Shares respectively, have been released on 15 February 2017, 14 February 2018 and 15 February 2019 respectively.
For other employees of the Company	15 February 2016	Up to 6,943,772	The first tranche, the second tranche and the third tranche of the Award, in respect of 1,309,854 Shares, 960,194 Shares and 910,734 Shares respectively, have been released on 15 February 2017, 14 February 2018 and 15 February 2019 respectively.
For directors of the Company:			
Edna Ko Poh Thim	1 December 2016	Up to 199,177	Forfeited
Robert Dompeling	1 December 2016	Up to 199,177	Forfeited
Wong Peng	1 December 2016	Up to 199,177	Forfeited
For other employees of the Company	1 December 2016	Up to 4,958,025	Forfeited

Directors' Statement

PEC PERFORMANCE SHARE PLAN (THE "PLAN") (CONT'D)

Principal Terms of the Plan (cont'd)

	Award date	Aggregate number of Shares under Awards granted	Aggregate number of Shares released upon vesting
For directors of the Company:			
Edna Ko Poh Thim	1 December 2017	Up to 154,222	Forfeited
Robert Dompeling	1 December 2017	Up to 154,222	Forfeited
For the other employees of the Company	1 December 2017	Up to 4,569,604	Forfeited
For directors of the Company:			
Edna Ko Poh Thim	3 December 2018	Up to 174,604	Forfeited
Robert Dompeling	3 December 2018	Up to 174,604	Forfeited
For the other employees of the Company	3 December 2018	Up to 4,778,997	Forfeited
For directors of the Company:			
Edna Ko Poh Thim	2 December 2019	Up to 168,152	Forfeited
Robert Dompeling	2 December 2019	Up to 168,152	Forfeited
For the other employees of the Company	2 December 2019	Up to 4,836,110	Forfeited
For directors of the Company:			
Edna Ko Poh Thim	1 December 2021	Up to 190,512	The first tranche and the second tranche of the Award in respect of 40,086 Shares and 30,086 Shares respectively, have been released on 1 December 2022 and 1 December 2023 respectively.
Robert Dompeling	1 December 2021	Up to 190,512	The first tranche and the second tranche of the Award in respect of 40,086 Shares and 30,086 Shares respectively, have been released on 1 December 2022 and 1 December 2023 respectively.
For the other employees of the Company	1 December 2021	Up to 5,024,381	The first tranche and the second tranche of the Award in respect of 1,140,328 Shares and 827,549 Shares respectively, have been released on 1 December 2022 and 1 December 2023 respectively.

Directors' Statement

PEC PERFORMANCE SHARE PLAN (THE "PLAN") (CONT'D)

Principal Terms of the Plan (cont'd)

	Award date	Aggregate number of Shares under Awards granted	Aggregate number of Shares released upon vesting
For directors of the Company:			
Edna Ko Poh Thim	1 December 2022	Up to 164,794	Forfeited
Robert Dompeling	1 December 2022	Up to 164,794	Forfeited
For the other employees of the Company	1 December 2022	Up to 4,789,463	Forfeited

Since the commencement of the Plan till the end of the year, no eligible participant has received shares pursuant to the release of Awards granted which, in aggregate, represents 5% or more of the aggregate number of shares available under the Plan.

AUDIT AND RISK MANAGEMENT COMMITTEE ("ARMC")

The ARMC comprises entirely non-executive independent directors, namely, Mr Ngan Wan Sing Winston (Chairman), Ms Tan Whei Mien, Joy, Mr Pek Hak Bin and Ms Tan Peck Hong Yvonne. Save for Ms Tan Peck Hong Yvonne, who was appointed as a member of ARMC on 8 September 2023, all the ARMC has performed the primary functions in accordance with section 201B (5) of the Singapore Companies Act 1967, details of which appeared in the Corporate Governance Report.

AUDITOR

Ernst & Young LLP have expressed their willingness to accept re-appointment as auditor.

On behalf of the board of directors,

Edna Ko Poh Thim
Director

Robert Dompeling
Director

Singapore
25 September 2024

Independent Auditor's Report

For the financial year ended 30 June 2024

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the financial statements of PEC Ltd. (the "Company") and its subsidiaries (the "Group"), which comprise the consolidated balance sheet of the Group and the balance sheet of the Company as at 30 June 2024, the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows of the Group for the year then ended, and notes to the financial statements, including material accounting policy information.

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

Basis for opinion

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

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. 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. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled our responsibilities described in the Auditor's responsibilities for the audit of the financial statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying financial statements.

Independent Auditor's Report

For the financial year ended 30 June 2024

Key audit matters (cont'd)

Accounting for contract revenue

Contract revenue comprises the initial amount of revenue agreed in the contracts and variation orders. The Group recognises certain contract revenue over time, based on the contract costs incurred to date as a proportion of the estimated total contract costs to be incurred ("cost-based input method"). For such contract revenue, a contract asset is recognised when the Group has performed under the contract but has not yet billed the customer. Conversely, a contract liability is recognised when the Group has not yet performed under the contract but has received advance payments from the customer. During the year, the Group recognised $260,034,875 of revenue from project works and as at year end, the Group has $57,313,362 of contract assets and $3,827,175 of contract liabilities. Significant management assumptions are required in estimating the total contract costs and the recoverable amount of variation works that affect the completion progress and the amount of revenue and profit recognised. The subjectivity involved in these assessments means that any changes in the assumptions used could have a significant impact on the results of the Group. As such, we determined this to be a key audit matter.

As part of our audit, we, amongst other procedures:

- Obtained an understanding of internal controls with respect to project management, project results estimation process and accounting for project contracts.
- Discussed the status of projects in progress with the management and project managers. With the knowledge gained from those discussions and the results of our audit procedures, we assessed the reasonability of the forecasted results of the projects, including the effect of variation orders.
- Assessed the mathematical accuracy of the revenue and profit computations using the cost-based input method.
- Evaluated assumptions used by management in determining completion progress of the projects, estimations to revenue and costs, and provisions for projects with expected losses and liquidated damages, where applicable.
- Obtained an understanding of the progress of the construction contracts by reviewing correspondences between the Group and the customers.
- Evaluated the presentation and disclosure of significant accounting policies for construction contracts, contract assets, contract liabilities and their related disclosures in Note 2.13 *Contract revenue* and Note 4 *Revenue*.

Impairment of trade receivables

The gross balance of the Group's trade receivables as at 30 June 2024 is $100,788,681, against which an allowance for expected credit loss ("ECL") of $32,422,066 was made. The collectability of trade receivables and related credit losses are key elements of the Group's working capital management, which is managed on an ongoing basis by local management of the respective subsidiaries.

The Group determines ECL by making debtor-specific assessment for long overdue trade receivables and using an allowance matrix for the remaining trade receivables that is based on its historical credit loss experience. In addition, management has also considered forward-looking adjustments to the historical default rate to take into consideration the current market condition. As disclosed in Note 3 *Key accounting estimates, assumptions and judgments* to the financial statements, these assessments involved significant management judgment and estimates. Accordingly, we determined that this is a key audit matter.

Independent Auditor's Report

For the financial year ended 30 June 2024

Key audit matters (cont'd)

Impairment of trade receivables (cont'd)

As part of our audit, we, amongst others:

- Obtained an understanding of the Group's processes and controls relating to the monitoring of trade receivables and review collection risks of trade receivables.

- Discussed with management on their assessment of the collectability of trade receivables. Where applicable, we reviewed customers' payment history and correspondences between the Group and the customers on expected settlement dates.

- Evaluated management's assumptions and inputs used in the computation of historical credit loss rates. We reviewed the data and information used by management to make forward-looking adjustments and loss given default rates analysed in accordance to days past due by grouping customers based on customer profiles, taking into consideration the economic situation and external information in determining the provision rates.

- Assessed management's assumptions used to determine ECL for long overdue trade receivables through testing of the accuracy of ageing of the trade receivables and using aging analyses and consider their specific profiles and risks.

- Assessed the adequacy of the Group's disclosures in Note 3.2 *Key sources of estimation uncertainty*, Note 16 *Trade receivables* and Note 37 *Financial risk management objectives and policies (a) Credit risk*.

Information other than the financial statements and auditor's report thereon

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

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

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

Responsibilities of management and directors for the financial statements

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

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

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

Independent Auditor's Report

For the financial year ended 30 June 2024

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 judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

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

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

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

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

Independent Auditor's Report

For the financial year ended 30 June 2024

Auditor's responsibilities for the audit of the financial statements (cont'd)

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 Adrian Koh.

Ernst & Young LLP
Public Accountants and
Chartered Accountants
Singapore

25 September 2024

Consolidated Statement of Comprehensive Income

For the financial year ended 30 June 2024

	Note	2024 $	2023 $
Revenue	4	491,033,711	430,939,256
Cost of sales		(376,039,781)	(344,669,576)
Gross profit		114,993,930	86,269,680
Other operating income	5	6,369,099	3,994,837
Other items of expenses			
Administrative expenses		(35,908,206)	(29,989,076)
(Allowance for)/write-back of expected credit losses on trade receivables and contract assets	7	(144,563)	4,865,751
Other operating expenses		(57,816,969)	(52,128,872)
Finance expenses	6	(2,087,152)	(1,576,420)
Profit before tax	7	25,406,139	11,435,900
Income tax expense	8	(6,722,756)	(3,362,966)
Profit for the year		18,683,383	8,072,934
Profit for the year attributable to:			
Owners of the Company		15,996,760	6,768,606
Non-controlling interests		2,686,623	1,304,328
		18,683,383	8,072,934
Other comprehensive income:			
Items that may be reclassified subsequently to profit or loss:			
Foreign currency translation		(657,154)	(5,905,900)
Other comprehensive income for the year, net of tax		(657,154)	(5,905,900)
Total comprehensive income for the year		18,026,229	2,167,034
Total comprehensive income for the year attributable to:			
Owners of the Company		15,359,534	1,360,228
Non-controlling interests		2,666,695	806,806
		18,026,229	2,167,034
Earnings per share (cents per share)			
Basic	32	6.3	2.7
Diluted	32	6.2	2.6

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

Balance Sheets

As at 30 June 2024

	Note	Group 2024 $	Group 2023 $	Company 2024 $	Company 2023 $
Non-current assets					
Property, plant and equipment	9	72,239,299	74,124,053	27,940,551	33,145,524
Right-of-use assets	10	38,310,437	39,238,526	13,581,439	14,313,090
Investment properties	11	2,812,412	2,900,138	–	–
Intangible assets	12	37,454	40,833	37,454	40,833
Investment in subsidiaries	14	–	–	44,269,466	53,285,193
Investment securities	15	1,143	1,143	1,143	1,143
Prepayments		687,362	797,083	–	–
Deferred tax assets	25	2,932,981	3,018,937	2,937,564	2,053,477
		117,021,088	120,120,713	88,767,617	102,839,260
Current assets					
Assets held for sale	11	635,293	1,411,286	–	–
Contract assets	4	57,313,362	48,104,594	26,632,924	26,006,125
Inventories	17	505,884	601,004	–	–
Prepayments		1,799,338	1,731,149	700,366	735,826
Capitalised contract costs	4	2,004,909	5,879,513	–	–
Trade receivables	16	68,366,615	98,637,275	42,875,198	67,182,088
Other receivables and deposits	18	7,330,180	8,230,733	2,250,097	2,878,842
Loans due from subsidiaries	19	–	–	25,935,630	19,915,589
Cash and short-term deposits	20	146,602,981	126,142,101	65,287,602	42,695,552
		284,558,562	290,737,655	163,681,817	159,414,022
Total assets		401,579,650	410,858,368	252,449,434	262,253,282
Current liabilities					
Contract liabilities	4	3,827,175	5,941,027	690,738	1,986,738
Provisions	21	5,730,570	10,284,351	1,860,736	2,244,804
Income tax payable		4,012,653	1,335,599	2,065,505	774,539
Loans and borrowings	22	1,750,230	3,988,443	1,458,390	2,708,370
Trade payables	23	19,247,846	36,934,125	13,754,533	16,570,843
Other payables and accruals	24	65,393,211	64,226,559	34,308,673	33,834,328
Lease liabilities	10	3,412,452	3,033,833	1,152,930	1,129,199
		103,374,137	125,743,937	55,291,505	59,248,821
Net current assets		181,184,425	164,993,718	108,390,312	100,165,201

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

Balance Sheets

As at 30 June 2024

	Note	Group 2024 $	Group 2023 $	Company 2024 $	Company 2023 $
Non-current liabilities					
Provisions	21	4,959,617	3,058,089	4,798,663	2,902,713
Deferred tax liabilities	25	161,164	143,403	–	–
Loans and borrowings	22	1,911,545	2,306,512	–	–
Lease liabilities	10	36,645,839	37,148,039	13,333,090	13,950,315
		43,678,165	42,656,043	18,131,753	16,853,028
Total liabilities		147,052,302	168,399,980	73,423,258	76,101,849
Net assets		254,527,348	242,458,388	179,026,176	186,151,433
Equity attributable to owners of the Company					
Share capital	26	58,835,589	58,835,589	58,835,589	58,835,589
Treasury shares	26	(1,755,562)	(1,075,648)	(1,755,562)	(1,075,648)
Statutory reserve	27	2,480,427	2,480,427	–	–
Retained earnings		193,739,362	182,858,127	120,919,471	127,803,862
Fair value reserve	28	(12,082)	(12,082)	(12,082)	(12,082)
Premium paid on acquisition of non-controlling interests	29	(4,841,041)	(4,841,041)	–	–
Foreign currency translation reserve	30	(5,964,248)	(5,327,022)	–	–
Share-based compensation reserve		1,038,760	599,712	1,038,760	599,712
		243,521,205	233,518,062	179,026,176	186,151,433
Non-controlling interests		11,006,143	8,940,326	–	–
Total equity		254,527,348	242,458,388	179,026,176	186,151,433
Total equity and liabilities		401,579,650	410,858,368	252,449,434	262,253,282

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

Consolidated Statement of Changes in Equity

For the financial year ended 30 June 2024

		Attributable to owners of the Company										
	Note	Share capital	Treasury shares	Statutory reserve	Retained earnings	Fair value reserve	Premium paid on acquisition of non-controlling interests	Share-based compensation reserve	Foreign currency translation reserve	Equity attributable to owners of the Company, total	Non-controlling interests	Equity, total
		$	$	$	$	$	$	$	$	$	$	$
Group												
At 1 July 2023		58,835,589	(1,075,648)	2,480,427	182,858,127	(12,082)	(4,841,041)	599,712	(5,327,022)	233,518,062	8,940,326	242,458,388
Profit for the year		–	–	–	15,996,760	–	–	–	–	15,996,760	2,686,623	18,683,383
Other comprehensive income												
Foreign currency translation		–	–	–	–	–	–	–	(637,226)	(637,226)	(19,928)	(657,154)
Other comprehensive income for the year, net of tax		–	–	–	–	–	–	–	(637,226)	(637,226)	(19,928)	(657,154)
Total comprehensive income for the year		–	–	–	15,996,760	–	–	–	(637,226)	15,359,534	2,666,695	18,026,229
Contributions by and distributions to owners												
Dividends on ordinary shares	31	–	–	–	(5,075,136)	–	–	–	–	(5,075,136)	–	(5,075,136)
Dividends paid to NCI by subsidiaries		–	–	–	–	–	–	–	–	–	(600,878)	(600,878)
Treasury shares reissued pursuant to performance share plan		–	544,174	–	(40,389)	–	–	(503,785)	–	–	–	–
Share buyback		–	(1,224,088)	–	–	–	–	–	–	(1,224,088)	–	(1,224,088)
Grant of performance shares to employees	33	–	–	–	–	–	–	942,833	–	942,833	–	942,833
Total transactions with owners in their capacity as owners		–	(679,914)	–	(5,115,525)	–	–	439,048	–	(5,356,391)	(600,878)	(5,957,269)
At 30 June 2024		58,835,589	(1,755,562)	2,480,427	193,739,362	(12,082)	(4,841,041)	1,038,760	(5,964,248)	243,521,205	11,006,143	254,527,348

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

Consolidated Statement of Changes in Equity

For the financial year ended 30 June 2024

			Attributable to owners of the Company									
	Note	**Share capital**	**Treasury shares**	**Statutory reserve**	**Retained earnings**	**Fair value reserve**	**Premium paid on acquisition of non-controlling interests**	**Share-based compensation reserve**	**Foreign currency translation reserve**	**Equity attributable to owners of the Company, total**	**Non-controlling interests**	**Equity, total**
		$	**$**	**$**	**$**	**$**	**$**	**$**	**$**	**$**	**$**	**$**
Group												
At 1 July 2022		58,835,589	(575,953)	2,481,085	184,989,047	(12,082)	(4,841,041)	608,910	81,356	241,566,911	8,544,865	250,111,776
Profit for the year		–	–	–	6,768,606	–	–	–	–	6,768,606	1,304,328	8,072,934
Other comprehensive income												
Foreign currency translation		–	–	–	–	–	–	–	(5,408,378)	(5,408,378)	(497,522)	(5,905,900)
Other comprehensive income for the year, net of tax		–	–	–	–	–	–	–	(5,408,378)	(5,408,378)	(497,522)	(5,905,900)
Total comprehensive income for the year		–	–	–	6,768,606	–	–	–	(5,408,378)	1,360,228	806,806	2,167,034
Contributions by and distributions to owners												
Dividends on ordinary shares	31	–	–	–	(8,907,284)	–	–	–	–	(8,907,284)	–	(8,907,284)
Dividends paid to NCI by subsidiaries		–	–	–	–	–	–	–	–	–	(411,345)	(411,345)
Treasury shares reissued pursuant to performance share plan		–	669,620	–	7,758	–	–	(677,378)	–	–	–	–
Share buyback		–	(1,169,315)	–	–	–	–	–	–	(1,169,315)	–	(1,169,315)
Grant of performance shares to employees	33	–	–	–	–	–	–	668,180	–	668,180	–	668,180
Total transactions with owners in their capacity as owners		–	(499,695)	–	(8,899,526)	–	–	(9,198)	–	(9,408,419)	(411,345)	(9,819,764)
Changes in ownership interests in subsidiaries												
Liquidation of a subsidiary		–	–	(658)	–	–	–	–	–	(658)	–	(658)
At 30 June 2023		58,835,589	(1,075,648)	2,480,427	182,858,127	(12,082)	(4,841,041)	599,712	(5,327,022)	233,518,062	8,940,326	242,458,388

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

Consolidated Cash Flow Statement

For the financial year ended 30 June 2024

	Note	2024 $	2023 $
Operating activities:			
Profit before tax		25,406,139	11,435,900
Adjustments for:			
Interest income	5	(3,130,775)	(1,834,232)
Loss/(gain) on disposal of property, plant and equipment, net		77,433	(253,923)
Loss on de-recognition of leases	7	3,614	–
Gain on disposal of assets held for sale	5	(67,304)	–
Gain on disposal of investment properties	5	–	(276,559)
Net loss on liquidation of a subsidiary	7	–	18,037
Interest expense	6	2,087,152	1,576,420
Amortisation of intangible assets	7	8,379	7,850
Amortisation of capitalised contract costs	4	3,949,927	981,576
Depreciation of property, plant and equipment	7	13,464,554	11,523,295
Depreciation of right-of-use assets	7	3,833,637	2,824,278
Depreciation of investment properties	7	86,875	117,118
Allowance for/(write-back) of expected credit losses on trade receivables and contract assets	7	144,563	(4,865,751)
Provisions, net		(4,469,965)	3,002,438
Share-based payment	33	942,833	668,180
Unrealised exchange differences		(151,906)	396,961
Operating cash flows before changes in working capital		42,185,156	25,321,588
Increase in contract assets		(9,501,683)	(1,256,594)
Decrease in contract liabilities		(2,113,852)	(1,776,424)
Increase in capitalised contract costs		(75,284)	(6,819,841)
Decrease in inventories		95,068	455,402
Decrease/(increase) in trade receivables, other receivables and deposits, and prepayments		30,989,587	(18,979,034)
(Decrease)/increase in trade payables, other payables and accruals		(16,192,942)	13,223,003
Cash flows generated from operations		45,386,050	10,168,100
Interest paid		(2,447,261)	(1,013,287)
Interest received		3,130,775	1,834,232
Tax paid		(3,950,384)	(10,822,829)
Net cash flows generated from operating activities		42,119,180	166,216

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

Consolidated Cash Flow Statement

For the financial year ended 30 June 2024

	Note	2024 $	2023 $
Investing activities:			
Purchase of property, plant and equipment		(10,680,342)	(9,687,956)
Acquisition of intangible asset	12	(5,000)	–
Proceeds from disposal of property, plant and equipment		170,157	482,686
Proceeds from disposal of right-of-use asset		56,500	–
Proceeds from disposal of investment property		–	943,200
Proceeds from disposal of assets held for sale		832,429	–
Net cash flows used in investing activities		(9,626,256)	(8,262,070)
Financing activities:			
Purchase of treasury shares		(1,224,088)	(1,169,315)
Dividends paid on ordinary shares	31	(5,075,136)	(8,907,284)
Dividends paid to non-controlling interest		(600,878)	(411,345)
Proceeds from borrowings	22	546,331	2,474,587
Repayment of borrowings	22	(3,169,388)	(9,679,646)
Payment of principal portion of lease liabilities	10	(2,600,903)	(2,304,536)
Net cash flows used in financing activities		(12,124,062)	(19,997,539)
Net increase/(decrease) in cash and cash equivalents		20,368,862	(28,093,393)
Effect of exchange rate changes on cash and cash equivalents		92,018	(3,409,821)
Cash and cash equivalents at 1 July		126,142,101	157,645,315
Cash and cash equivalents at 30 June	20	146,602,981	126,142,101

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

Notes to the Financial Statements

For the financial year ended 30 June 2024

1. CORPORATE INFORMATION

PEC Ltd. (the "Company") is a limited liability company incorporated and domiciled in Singapore and is listed on the Singapore Exchange Securities Trading Limited.

The registered office and principal place of business of the Company is located at 14 International Business Park, Singapore 609922.

The principal activities of the Company are the provision of mechanical engineering and contracting services. The principal activities of the subsidiaries are disclosed in Note 14 to the financial statements.

2. MATERIAL ACCOUNTING POLICY INFORMATION

2.1 Basis of preparation

The consolidated financial statements of the Group and the balance sheet of the Company have been prepared in accordance with Singapore Financial Reporting Standards (International) ("SFRS(I)").

The financial statements are presented in Singapore Dollars ("SGD" or "$"), and have been prepared on a historical cost basis, except as disclosed in the accounting policies below.

2.2 Changes in accounting policies

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

2.3 Standards issued but not yet effective

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

Description	**Effective for annual periods beginning on or after**
Amendments to SFRS(I) 1-1: Classification of Liabilities as Current or Non-current	1 January 2024
Amendments to SFRS(I) 1-1: Non-current Liabilities with Covenants	1 January 2024
Amendments to SFRS(I) 16: Lease Liability in a Sale and Leaseback	1 January 2024
Amendments to SFRS(I) 1-7: Supplier Finance Arrangements	1 January 2024
Amendments to SFRS(I) 1-21: Lack of Exchangeability	1 January 2025
Amendments to SFRS(I) 10 *Consolidated Financial Statements* and SFRS(I) 28 *Investments in Associates and Joint Ventures: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*	Date to be determined

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

Notes to the Financial Statements

For the financial year ended 30 June 2024

2. MATERIAL ACCOUNTING POLICY INFORMATION (CONT'D)

2.4 Basis of consolidation and business combinations

(a) Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at the end of the reporting period. The financial statements of the subsidiaries used in the preparation of the consolidated financial statements are prepared for the same reporting date as the Company. Consistent accounting policies are applied to like transactions and events in similar circumstances.

All intra-group balances, income and expenses and unrealised gains and losses resulting from intra-group transactions and dividends are eliminated in full.

Subsidiaries are consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

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

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

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

(b) Business combinations and goodwill

Business combinations are accounted for by applying the acquisition method.

Identifiable assets acquired and liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. Acquisition-related costs are recognised as expenses in the periods in which the costs are incurred and the services are received.

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration which is deemed to be an asset or liability, will be recognised in profit or loss.

Notes to the Financial Statements

For the financial year ended 30 June 2024

2. MATERIAL ACCOUNTING POLICY INFORMATION (CONT'D)

2.4 Basis of consolidation and business combinations (cont'd)

(b) Business combinations and goodwill (cont'd)

The Group elects for each individual business combination, whether non-controlling interest in the acquiree (if any), that are present ownership interests and entitle their holders to a proportionate share of net assets in the event of liquidation, is recognised on the acquisition date at fair value, or at the non-controlling interest's proportionate share of the acquiree's identifiable net assets. Other components of non-controlling interests are measured at their acquisition date fair value, unless another measurement basis is required by another FRS.

Any excess of the sum of the fair value of the consideration transferred in the business combination, the amount of non-controlling interest in the acquiree (if any), and the fair value of the Group's previously held equity interest in the acquiree (if any), over the net fair value of the acquiree's identifiable assets and liabilities is recorded as goodwill. The accounting policy for goodwill is set out in Note 2.9 to the financial statements. In instances where the latter amount exceeds the former, the excess is recognised as gain on bargain purchase in profit or loss on acquisition date.

Goodwill is initially measured at cost. Following initial recognition, goodwill is measured at cost less any accumulated impairment losses.

For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to the Group's cash-generating units that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

The cash-generating units to which goodwill have been allocated is tested for impairment annually and whenever there is an indication that the cash-generating unit may be impaired. Impairment is determined for goodwill by assessing the recoverable amount of each cash-generating unit (or group of cash-generating units) to which the goodwill relates.

2.5 Transactions with non-controlling interests

Non-controlling interests represent the equity in subsidiaries not attributable, directly or indirectly, to owners of the Company.

Changes in the Company's ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. In such circumstances, the carrying amounts of the controlling and non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiary. Any difference between the amount by which the non-controlling interests is adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company.

2. MATERIAL ACCOUNTING POLICY INFORMATION (CONT'D)

2.6 Foreign currency

The financial statements are presented in Singapore Dollars, which is also the Company's functional currency. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency.

(a) Transactions and balances

Transactions in foreign currencies are measured in the respective functional currencies of the Company and its subsidiaries and are recorded on initial recognition in the functional currencies at exchange rates approximating those ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the end of the reporting period. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was measured.

Exchange differences arising on the settlement of monetary items or on translating monetary items at the end of the reporting period are recognised in profit or loss.

(b) Consolidated financial statements

For consolidation purpose, the assets and liabilities of foreign operations are translated into SGD at the rate of exchange ruling at the end of the reporting period and their profit or loss are translated at the exchange rates prevailing at the date of the transactions. The exchange differences arising on the translation are recognised in other comprehensive income. On disposal of a foreign operation, the component of other comprehensive income relating to that particular foreign operation is recognised in profit or loss.

2.7 Property, plant and equipment

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

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

Buildings	–	14 to 50 years
Plant machinery and site equipment	–	3 to 15 years
Motor vehicles	–	5 to 10 years
Office equipment, furniture and fittings, and renovation	–	3 to 5 years

Construction in progress included in property, plant and equipment are not depreciated as these assets are not yet available for use.

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

Notes to the Financial Statements

For the financial year ended 30 June 2024

2. MATERIAL ACCOUNTING POLICY INFORMATION (CONT'D)

2.7 Property, plant and equipment (cont'd)

The residual value, useful life and depreciation method are reviewed at each financial year-end, and adjusted prospectively, if appropriate.

An item of property, plant and equipment is de-recognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on de-recognition of the asset is included in profit or loss in the financial year the asset is de-recognised.

2.8 Investment properties

Investment properties are properties that are either owned by the Group or leased under a finance lease that are held to earn rentals or for capital appreciation, or both, rather than for use in the production or supply of goods or services, or for administrative purposes, or in the ordinary course of business.

Investment properties are initially measured at cost, including transaction cost. Subsequent to initial recognition, investment properties are measured at cost less accumulated depreciation and any accumulated impairment losses.

Depreciation is computed on a straight-line basis over the shorter of its estimated useful life or remaining lease term as set out in Note 11 to the financial statements.

Investment properties are de-recognised when either they have been disposed of or when the investment properties are permanently withdrawn from use and no future economic benefit is expected from its disposal. Any gains or losses on the retirement or disposal of an investment property are recognised in profit or loss in the year of retirement or disposal.

2.9 Intangible assets

Intangible assets acquired separately are measured initially at cost. Following initial recognition, intangible assets are carried at cost less accumulated amortisation and any accumulated impairment losses. Internally generated intangible assets, excluding capitalised development costs, are not capitalised and expenditure is reflected in profit or loss in the year in which the expenditure is incurred.

The useful lives of intangible assets are assessed as either finite or indefinite.

(a) Intangible assets with finite useful lives are amortised over the estimated useful lives and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method are reviewed at least at each financial year-end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortisation period or method, as appropriate, and are treated as changes in accounting estimates.

Club membership

The club membership is amortised on a straight-line basis over its finite useful life of 10 years.

2. MATERIAL ACCOUNTING POLICY INFORMATION (CONT'D)

2.9 Intangible assets (cont'd)

(b) Intangible assets with indefinite useful lives or not yet available for use are tested for impairment annually, or more frequently if the events and circumstances indicate that the carrying value may be impaired either individually or at the cash-generating unit level. Such intangible assets are not amortised. Subsequent to initial recognition, the intangible assets are measured at cost less accumulated impairment losses. The useful life of an intangible asset with an indefinite useful life is reviewed annually to determine whether the useful life assessment continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

Goodwill

Goodwill that arises upon the acquisition of subsidiary is included in intangible assets. Impairment losses are reviewed at the end of each reporting period and adjusted if appropriate.

Gains or losses arising from de-recognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in profit or loss when the asset is de-recognised.

2.10 Subsidiaries

A subsidiary is an investee that is controlled by the Group. The Group controls an investee when it 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.

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

2.11 Non-current assets held for sale

The Group classifies non-current assets and disposal groups as held for sale if their carrying amounts will be recovered principally through a sale transaction rather than through continuing use. Non-current assets and disposal groups classified as held for sale are measured at the lower of their carrying amount and fair value less costs to sell. Costs to sell are the incremental costs directly attributable to the disposal of an asset (disposal group), excluding finance costs and income tax expense.

The criteria for held for sale classification is regarded as met only when the sale is highly probable, and the asset or disposal group is available for immediate sale in its present condition. Actions required to complete the sale should indicate that it is unlikely that significant changes to the sale will be made or that the decision to sell will be withdrawn. Management must be committed to the plan to sell the asset and the sale expected to be completed within one year from the date of the classification.

Property, plant and equipment and intangible assets are not depreciated or amortised once classified as held for sale.

Assets and liabilities classified as held for sale are presented separately as current items in the statement of financial position.

Notes to the Financial Statements

For the financial year ended 30 June 2024

2. MATERIAL ACCOUNTING POLICY INFORMATION (CONT'D)

2.12 Impairment of non-financial assets

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

An asset's recoverable amount is the higher of an asset's or cash-generating unit's fair value less costs of disposal and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset or cash-generating unit exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

Impairment losses are recognised in profit or loss.

A previously recognised impairment loss 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. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increase cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised previously. Such reversal is recognised in profit or loss.

2.13 Contract revenue

Contract revenue and contract costs are recognised over time by measuring the progress towards complete satisfaction of performance obligations. The Group has determined that the cost-based input method reflects the over-time transfer of control to customers.

Revenue is recognised when the Group satisfies a performance obligation by transferring a promised good or service to the customer, which is when the customer obtains control of the good or service. The Group is restricted contractually from directing the assets for another use as they are being constructed and has enforceable rights to payment for performance completed to date. The revenue is recognised over time, based on the contract costs incurred to date as a proportion of estimated total contract costs to be incurred.

Progress billings to the customers are based on a payment schedule in the contract and are typically triggered upon achievement of specified construction milestones. A contract asset is recognised when the Group has performed under the contract but has not yet billed the customer. Conversely, a contract liability is recognised when the Group has not yet performed under the contract but has received advanced payments from the customer. Contract assets are transferred to receivables when the rights to consideration become unconditional. Contract liabilities are recognised as revenue as the Group performs under the contract.

The contract assets relate to unbilled work-in-progress and have substantially the same characteristics as the trade receivables for the same type of contracts. The impairment policy as explained in Note 2.16 to the financial statements also applies to contract assets.

Incremental costs of obtaining a contract are capitalised if these costs are recoverable. Costs to fulfil a contract are capitalised if the costs relate directly to the contract, generate or enhance resources used in satisfying the contract and are expected to be recovered. Other contract costs are expensed as incurred.

2. MATERIAL ACCOUNTING POLICY INFORMATION (CONT'D)

2.13 Contract revenue (cont'd)

Capitalised contract costs are subsequently amortised on a systematic basis as the Group recognises the related revenue. An impairment loss is recognised in profit or loss to the extent that the carrying amount of the capitalised contract costs exceeds the remaining amount of consideration that the Group expects to receive in exchange for the goods or services to which the contract costs relates less the costs that relate directly to providing the goods and that have not been recognised as expenses.

2.14 Inventories

Inventories are stated at the lower of cost and net realisable value. Costs incurred in bringing the inventories to their present location and conditions are accounted on a weighted average basis.

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

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

2.15 Financial instruments

(a) Financial assets

Initial recognition and measurement

Financial assets are recognised when, and only when the Group becomes party to the contractual provisions of the instruments.

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in profit or loss.

Trade receivables are measured at the amount of consideration to which the Group expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of external party, if the trade receivables do not contain a significant financing component at initial recognition.

Subsequent measurement

Investments in debt instruments

Subsequent measurement of debt instruments depends on the Group's business model for managing the asset and the contractual cash flow characteristics of the asset.

Amortised cost

Financial assets that are held for the collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Financial assets are measured at amortised cost using the effective interest method, less impairment. Gains and losses are recognised in profit or loss when the assets are derecognised or impaired, and through amortisation process.

Notes to the Financial Statements

For the financial year ended 30 June 2024

2. MATERIAL ACCOUNTING POLICY INFORMATION (CONT'D)

2.15 Financial instruments (cont'd)

(a) Financial assets (cont'd)

Investments in equity instruments

On initial recognition of an investment in equity instrument that is not held for trading, the Group may irrevocably elect to present subsequent changes in fair value in OCI. Dividends from such investments are to be recognised in profit or loss when the Group's right to receive payments is established. For investments in equity instruments which the Group has not elected to present subsequent changes in fair value in OCI, changes in fair value are recognised in profit or loss.

De-recognition

A financial asset is derecognised where the contractual right to receive cash flows from the asset has expired. On derecognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received and any cumulative gain or loss that had been recognised in other comprehensive income for debt instruments is recognised in profit or loss.

(b) Financial liabilities

Initial recognition and measurement

Financial liabilities are recognised when, and only when, the Group becomes a party to the contractual provisions of the financial instrument. The Group determines the classification of its financial liabilities at initial recognition.

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

Subsequent measurement

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

De-recognition

A financial liability is de-recognised when the obligation under the liability is discharged or cancelled or expires. On derecognition, the difference between the carrying amounts and the consideration paid is recognised in profit or loss.

Notes to the Financial Statements

For the financial year ended 30 June 2024

2. MATERIAL ACCOUNTING POLICY INFORMATION (CONT'D)

2.16 Impairment of financial assets

The Group recognises an allowance for expected credit losses ("ECLs") for all debt instruments not held at fair value through profit or loss and financial guarantee contracts. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a "12-month ECL"). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is recognised for credit losses expected over the remaining life of the exposure, irrespective of timing of the default (a "lifetime ECL").

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

The Group considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

2.17 Cash and cash equivalents

Cash and cash equivalents comprise cash at banks and on hand, and fixed deposits, highly liquid investments that are readily convertible to known amount of cash which are subject to an insignificant risk of changes in value.

2.18 Provisions

Provisions are recognised when the Group has 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 the amount of the obligation can be estimated reliably.

Provisions are reviewed at the end of each reporting period and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of economic resources will be required to settle the obligation, the provision is reversed. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

Notes to the Financial Statements

For the financial year ended 30 June 2024

2. MATERIAL ACCOUNTING POLICY INFORMATION (CONT'D)

2.18 Provisions (cont'd)

Warranty provisions

Provision for warranty-related costs are recognised when the product is sold or service provided. Initial recognition is based on historical experience. The estimate of warranty-related costs is revised annually.

Provision for onerous contracts

If the Group has a contract that is onerous, the present obligation under the contract is recognised and measured as a provision. Before a separate provision for an onerous contract is established, the Group recognised any impairment loss that has occurred on assets dedicated to that contract.

An onerous contract is a contract under which the unavoidable costs (i.e. the costs that the Group cannot avoid because it has the contract) of meeting the obligations under the contract exceed the economic benefits expected to be received under it. The unavoidable costs under a contract reflect the least net cost of exiting from the contract, which is the lower of the cost of the cost of fulfilling it and any compensation of penalties arising from failure to fulfil it.

Provision for reinstatement costs

Reinstatement costs are provided at the present value of expected costs to settle the obligation using estimated cash flows and are recognised as part of the cost of that particular asset. The cash flows are discounted at a current pre-tax rate that reflects the risks specific to the provision for reinstatement costs. The unwinding of the discount is expensed as incurred and recognised in the profit or loss as a finance cost. The estimated future costs of restoration are reviewed annually and adjusted as appropriate. Changes in the estimated future costs or in the discount rate applied are added or deducted from the cost of the asset.

2.19 Borrowing costs

Borrowing costs are capitalised as part of the cost of a qualifying asset if they are directly attributable to the acquisition, construction or production of that asset. Capitalisation of borrowing costs commences when the activities to prepare the asset for its intended use or sale are in progress and the expenditures and borrowing costs are incurred. Borrowing costs are capitalised until the assets are substantially completed for their intended use or sale. All other borrowing costs are expensed in the period they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

2.20 Employee benefits

(a) Defined contribution plans

The Group participates in the national pension schemes as defined by the laws of the countries in which it has operations. In particular, the Singapore companies in the Group make contributions to the Central Provident Fund scheme in Singapore, a defined contribution pension scheme. Contributions to defined contribution pension schemes are recognised as an expense in the period in which the related service is performed.

Notes to the Financial Statements

For the financial year ended 30 June 2024

2. MATERIAL ACCOUNTING POLICY INFORMATION (CONT'D)

2.20 Employee benefits (cont'd)

(b) Employee leave entitlement

Employee entitlements to annual leave are recognised as a liability when they accrue to employees. The undiscounted liability for leave expected to be settled wholly before twelve months after the end of the reporting period is recognised for services rendered by employees up to the end of the reporting period.

(c) Equity compensation plans

Employees of the Group receive remuneration in the form of share awards as consideration for services rendered.

The Company has implemented Performance Share Plan for the award of fully paid ordinary shares to eligible full-time employees and Executive Directors, after pre-determined performance and service conditions are accomplished.

The cost of equity-settled transactions with employees is measured by reference to the fair value at the date on which the share awards are granted.

This cost is recognised in profit or loss as share-based compensation expenses, with a corresponding increase in the share-based compensation reserve, over the vesting period. The cumulative expense recognised at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of awards that will ultimately vest. The charge or credit to profit or loss for a period represents the movement in cumulative expenses recognised as at the beginning and end of that period.

No expense is recognised for awards that do not ultimately vest.

The share-based compensation reserve is transferred to retained earnings upon cancellation or expiry of the awards. When the awards are released, the share-based compensation reserve is transferred to share capital if new shares are issued to settle the awards, or to treasury shares if awards are satisfied by the re-issuance of treasury shares.

2.21 Leases

The Group assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

As lessee

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

2. MATERIAL ACCOUNTING POLICY INFORMATION (CONT'D)

2.21 Leases (cont'd)

As lessee (cont'd)

(a) Right-of-use assets

The Group recognises right-of-use assets at the commencement date of the lease (i.e. the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets as follows:

Leasehold land	–	2 to 34 years
Land use rights	–	30 to 59 years
Offices and dormitories	–	1 to 7 years
Motor vehicles and others	–	1 to 8 years

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

The right-of-use assets are also subject to impairment. The accounting policy for impairment is disclosed in Note 2.12 to the financial statements.

(b) Lease liabilities

At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating the lease, if the lease term reflects the Group exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g. changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

2. MATERIAL ACCOUNTING POLICY INFORMATION (CONT'D)

2.21 Leases (cont'd)

As lessee (cont'd)

(c) Short-term leases and leases of low-value assets

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

As lessor

Leases in which the Group does not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. Rental income arising from operating leases is accounted for on a straight-line basis over the lease terms. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

2.22 Revenue

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

Revenue is recognised when the Group satisfies a performance obligation by transferring a promised good or service to the customer, which is when the customer obtains control of the good or service. A performance obligation may be satisfied at a point in time or over time. The amount of revenue recognised is the amount allocated to the satisfied performance obligation.

(a) Project works

Contract revenue from project works consist of revenue recognised by reference to the stage of completion of the contract activity at the end of the reporting period as the performance obligations are satisfied over time. The accounting policy for contract revenue is set out in Note 2.13 to the financial statements.

The Group also provides certain ancillary services in relation to project works. Such services are recognised at a point in time, upon completion of the services.

(b) Plant maintenance and related services

Revenue from maintenance services is recognised when the services are rendered and all criteria for acceptance have been satisfied. The Group have both unit-rated as well as fixed-price maintenance contracts.

For fixed-price maintenance contracts, revenue is recognised based on the actual services provided at the end of the reporting period as a proportion of the total services to be provided. This is determined based on the actual labour hours spent relative to the total expected labour hours.

Notes to the Financial Statements

For the financial year ended 30 June 2024

2. MATERIAL ACCOUNTING POLICY INFORMATION (CONT'D)

2.22 Revenue (cont'd)

(b) Plant maintenance and related services (cont'd)

Unit-rated maintenance contracts are recognised at a point in time based on the actual hours of services provided, multiply by the contracted rate upon rendering of the services.

(c) Rental income

Rental income arising from operating leases on investment properties are accounted for on a straight-line basis over the lease term.

(d) Interest income

Interest income is recognised using the effective interest method.

(e) Dividend income

Dividend is recognised when the Group's right to receive the payment is established.

2.23 Government grants

Government grant shall be recognised in profit or loss on a systematic basis over the periods in which the entity recognises as expenses the related costs for which the grants are intended to compensate. Grants related to income may be presented as a credit in profit or loss, either separately or under a general heading such as "Other income".

2.24 Taxes

(a) Current income tax

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

Current income taxes are recognised in profit or loss except to the extent that the tax relates to items recognised outside profit or loss, either in other comprehensive income or directly in equity. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

2. MATERIAL ACCOUNTING POLICY INFORMATION (CONT'D)

2.24 Taxes (cont'd)

(b) Deferred tax

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

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

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

- In respect of taxable temporary differences associated with investment in subsidiaries and associate, where the timing of the reversal of the temporary differences can be controlled by the Group and it is probable that the temporary differences will not reverse in the foreseeable future.

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

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

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

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

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

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

2. MATERIAL ACCOUNTING POLICY INFORMATION (CONT'D)

2.24 Taxes (cont'd)

(c) Sales tax

Revenues, expenses and assets are recognised net of the amount of sales tax except:

- Where the sales tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case the sales tax is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and

- Receivables and payables that are stated with the amount of sales tax included.

2.25 Share capital and share issuance expenses

Proceeds from issuance of ordinary shares are recognised as share capital in equity. Incremental costs directly attributable to the issuance of ordinary shares are deducted against share capital.

2.26 Treasury shares

The Group's own equity instruments, which are reacquired (treasury shares) are recognised at cost and deducted from equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Group's own equity instruments. Any difference between the carrying amount of treasury shares and the consideration received, if reissued, is recognised directly in equity. Voting rights related to treasury shares are nullified for the Group and no dividends are allocated to them respectively.

2.27 Contingencies

A contingent liability is:

(a) a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group; or

(b) a present obligation that arises from past events but is not recognised because:

(i) It is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or

(ii) The amount of the obligation cannot be measured with sufficient reliability.

A contingent asset is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group.

Contingent liabilities and assets are not recognised on the balance sheet of the Group, except for contingent liabilities assumed in a business combination that are present obligations and which the fair values can be reliably determined.

Notes to the Financial Statements

For the financial year ended 30 June 2024

3. KEY ACCOUNTING ESTIMATES, ASSUMPTIONS AND JUDGMENTS

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

3.1 Judgments made in applying accounting policies

In the process of applying the Group's accounting policies, management has not made any significant judgments, which have a significant effect on the carrying amounts of assets and liabilities recognised in the financial statements within the next financial period.

3.2 Key sources of estimation uncertainty

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

Recognition of contract revenue

Contract revenue comprises the initial amount of revenue agreed in the contracts, including variation orders. The Group recognises certain contract revenue over time, based on the contract costs incurred to date as a proportion of the estimated total contract costs to be incurred. Significant assumptions are required in determining the total contract costs and the recoverable amount of variation works that affect the completion progress and the amount of revenue recognised. In making these estimates, management has relied on past experience and knowledge of the project managers. The carrying amounts of contract assets and contract liabilities arising from contract revenue at the end of each reporting period are disclosed in Note 4 to the financial statements.

Allowance for expected credit losses on trade receivables

The Group uses an allowance matrix to calculate ECLs for trade receivables. The allowance rates are determined based on the Group's historical observed default rates analysed in accordance to days past due by grouping of customers based on geographical region. The ECLs also incorporate forward-looking information relating to the oil and gas industry.

The assessment of the historical observed default rates and forward-looking information involves significant estimates and judgement. The Group's historical credit loss experience and forward-looking information may also not be representative of customer's actual default in the future. The information about the ECLs on the Group's trade receivables is disclosed in Note 37(a) to the financial statements.

Notes to the Financial Statements

For the financial year ended 30 June 2024

4. REVENUE

(a) *Disaggregation of revenue*

Segments

Group	Project works 2024	Project works 2023	Plant maintenance and related services 2024	Plant maintenance and related services 2023	Other operations 2024	Other operations 2023	Total revenue 2024	Total revenue 2023
	$	$	$	$	$	$	$	$
Primary geographical markets								
Singapore	170,557,906	176,664,598	113,228,344	135,564,859	478,802	288,317	284,265,052	312,517,774
Middle East	52,259,255	16,725,639	7,848,526	3,477,871	–	–	60,107,781	20,203,510
China	–	–	66,112,855	46,741,190	–	–	66,112,855	46,741,190
South Asia	37,217,714	26,266,496	43,308,712	25,181,096	21,597	29,190	80,548,023	51,476,782
	260,034,875	219,656,733	230,498,437	210,965,016	500,399	317,507	491,033,711	430,939,256
Timing of transfer of goods and services								
At a point in time	17,704,555	8,610,172	222,649,911	207,487,145	500,399	317,507	240,854,865	216,414,824
Over time	242,330,320	211,046,561	7,848,526	3,477,871	–	–	250,178,846	214,524,432
	260,034,875	219,656,733	230,498,437	210,965,016	500,399	317,507	491,033,711	430,939,256

(b) *Contract balances*

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

	Note	Group 2024	Group 2023	Group 1 July 2022
		$	$	$
Receivables from contracts with customers	16	68,366,615	98,637,275	76,303,045
Contract assets		57,313,362	48,104,594	47,081,043
Capitalised contract costs		2,004,909	5,879,513	44,199
Contract liabilities		3,827,175	5,941,027	7,717,451

		Company 2024	Company 2023	Company 1 July 2022
		$	$	$
Receivables from contracts with customers	16	42,875,198	67,182,088	45,025,611
Contract assets		26,632,924	26,006,125	16,349,665
Contract liabilities		690,738	1,986,738	762,788

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

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

Notes to the Financial Statements

For the financial year ended 30 June 2024

4. REVENUE (CONT'D)

(b) Contract balances (cont'd)

Expected credit losses

The movement in allowance for expected credit losses of contract assets computed based on lifetime ECL are as follows:

		Group	
	Note	**2024**	**2023**
		$	$
At 1 July		2,367,589	2,335,305
Charge for the year	7	–	32,284
At 30 June		2,367,589	2,367,589

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

	Group		Company	
	2024	**2023**	**2024**	**2023**
	$	$	$	$
Contract assets reclassified to receivables	48,104,594	47,081,043	26,006,125	16,349,665

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

	Group		Company	
	2024	**2023**	**2024**	**2023**
	$	$	$	$
Revenue recognised that was included in the contract liabilities balance at the beginning of the year	5,941,027	7,717,451	1,986,738	762,788

(iii) Capitalised contract costs

	Group	
	2024	**2023**
	$	$
At 1 July	5,879,513	44,199
Additions	75,284	6,819,840
Amortisation	(3,949,927)	(981,576)
Currency realignment	39	(2,950)
At 30 June	2,004,909	5,879,513

The capitalised contract cost as at 30 June 2024 and 2023 relates to fulfilment costs for construction projects.

Notes to the Financial Statements

For the financial year ended 30 June 2024

4. REVENUE (CONT'D)

(c) Transaction price allocated to remaining performance obligations

As of the reporting date, the aggregate amount of transaction prices allocated to performance obligations that were unsatisfied or partially unsatisfied amounted to $52,500,000 (2023: $191,300,000).

5. OTHER OPERATING INCOME

	Note	Group 2024 $	Group 2023 $
Gain on disposal of property, plant and equipment, net		–	253,923
Gain on disposal of investment properties		–	276,559
Gain on disposal of assets held for sale		67,304	–
Insurance claims		850,349	523,471
Income from sale of scrap materials		217,954	248,320
Government grants		234,090	257,411
Interest income from cash and short-term deposits		3,130,775	1,834,232
Rental income from investment property (commercial)	11	251,536	268,908
Training income		245,630	191,154
Exchange gain, net		1,127,678	–
Sundry income		243,783	140,859
		6,369,099	3,994,837

6. FINANCE EXPENSES

	Note	Group 2024 $	Group 2023 $
Interest expense on:			
- Accretion of interest on reinstatement cost	21	101,528	98,010
- Bank loans carried at amortised cost		134,331	254,400
- Lease liabilities	10(c)	1,851,293	1,224,010
		2,087,152	1,576,420

Notes to the Financial Statements

For the financial year ended 30 June 2024

7. PROFIT BEFORE TAX

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

	Note	Group 2024 $	Group 2023 $
Audit fees:			
- Auditors of the Company		207,400	233,900
- Other auditors		131,036	148,020
Non-audit fees:			
- Auditors of the Company		78,570	59,502
Employee benefits expenses (including directors' remuneration):			
- Wages, salaries and bonuses		168,733,350	149,030,721
- Defined contribution expense		5,082,758	5,142,690
- Other short-term employee benefits		13,062,396	13,823,101
- Share-based payment expenses	33	942,833	668,180
Allowance for/(write-back) of expected credit losses on:			
- Trade receivables	16	144,563	(4,898,035)
- Contract assets	4	–	32,284
		144,563	(4,865,751)
- Loss on de-recognition of leases, net	10	3,614	–
- Net loss on liquidation of a subsidiary		–	18,037
- Depreciation of property, plant and equipment	9	13,464,554	11,523,295
- Depreciation of right-of-use assets	10	3,833,637	2,824,278
- Depreciation of investment properties	11	86,875	117,118
- Amortisation of intangible assets	12	8,379	7,850
- Expenses relating to short-term leases	10	27,920,107	19,950,961
- Exchange (gain)/loss, net		(1,127,678)	441,648
- Insurance		4,602,953	3,828,524
- Maintenance, upkeep and repair of plant and equipment		4,395,132	4,319,019
- Transport expenses		2,763,207	2,595,205
- Personal protective equipment		1,975,789	2,550,856

Notes to the Financial Statements

For the financial year ended 30 June 2024

8. INCOME TAX EXPENSE

Major components of income tax expense

The major components of income tax expense for the financial years ended 30 June are:

	Note	Group 2024 $	Group 2023 $
Consolidated statement of comprehensive income:			
Current income tax:			
- Current income tax		6,152,042	2,087,741
- (Over)/under provision in respect of prior years		(723,567)	400,240
		5,428,475	2,487,981
Deferred income tax:			
- Origination and reversal of temporary differences	25	(293,155)	785,803
- Under/(over) provision in respect of prior years	25	397,874	(543,860)
		104,719	241,943
Withholding tax expense		1,189,562	633,042
Income tax expense recognised in profit or loss		6,722,756	3,362,966

Reconciliation between tax expense and accounting profit

The reconciliation between the tax expense and product of accounting profit multiplied by the applicable tax rate for the financial years ended 30 June is as follows:

	Group 2024 $	Group 2023 $
Profit before tax	25,406,139	11,435,900
Tax at statutory tax rate of 17% (2023: 17%)	4,319,044	1,944,103
Adjustments:		
Non-deductible expenses	1,703,645	1,211,910
Income not subject to taxation	(149,216)	(1,122,918)
Effect of differences in statutory tax rates	414,758	693,936
Utilisation of previously unrecognised deferred tax assets	(140,576)	–
Over provision in respect of prior years	(325,693)	(143,620)
Effect of partial tax exemption and tax relief	(1,130,419)	(324,735)
Withholding tax on foreign sourced income	1,189,562	633,042
Undistributed earnings of a subsidiary	161,299	187,095
Deferred tax assets not recognised	668,426	272,534
Others	11,926	11,619
Income tax expense recognised in profit or loss	6,722,756	3,362,966

Notes to the Financial Statements

For the financial year ended 30 June 2024

9. PROPERTY, PLANT AND EQUIPMENT

	Buildings $	Plant machinery and site equipment $	Motor vehicles $	Office equipment, furniture and fittings, and renovation $	Construction in progress $	Total $
Group						
Cost:						
At 1 July 2022	89,227,576	96,990,753	21,381,033	23,574,002	160,740	231,334,104
Additions	16,253	3,322,366	945,169	2,024,385	3,379,783	9,687,956
Disposals	–	(4,094,938)	(1,262,458)	(646,768)	–	(6,004,164)
Currency realignment	(1,493,999)	(2,510,241)	(315,703)	(221,437)	(22,699)	(4,564,079)
At 30 June 2023 and 1 July 2023	87,749,830	93,707,940	20,748,041	24,730,182	3,517,824	230,453,817
Additions	1,865,717	2,318,794	215,389	657,417	7,423,025	12,480,342
Disposals	(496,531)	(3,692,550)	(484,287)	(1,190,232)	–	(5,863,600)
Currency realignment	(566,367)	(143,602)	(46,449)	(243,191)	60,676	(938,933)
At 30 June 2024	88,552,649	92,190,582	20,432,694	23,954,176	11,001,525	236,131,626
Accumulated depreciation and impairment loss:						
At 1 July 2022	41,931,888	74,795,528	16,232,179	20,117,785	–	153,077,380
Depreciation charge for the year	4,004,595	4,561,995	1,055,955	1,900,750	–	11,523,295
Disposals	–	(3,948,070)	(1,182,640)	(644,691)	–	(5,775,401)
Currency realignment	(519,840)	(1,615,229)	(207,237)	(153,204)	–	(2,495,510)
At 30 June 2023 and 1 July 2023	45,416,643	73,794,224	15,898,257	21,220,640	–	156,329,764
Depreciation charge for the year	5,755,302	4,715,901	1,038,641	1,954,710	–	13,464,554
Disposals	(489,359)	(3,449,324)	(493,650)	(1,183,677)	–	(5,616,010)
Currency realignment	(125,243)	(74,133)	(40,649)	(45,956)	–	(285,981)
At 30 June 2024	50,557,343	74,986,668	16,402,599	21,945,717	–	163,892,327
Net carrying amount:						
At 30 June 2023	42,333,187	19,913,716	4,849,784	3,509,542	3,517,824	74,124,053
At 30 June 2024	37,995,306	17,203,914	4,030,095	2,008,459	11,001,525	72,239,299

Notes to the Financial Statements

For the financial year ended 30 June 2024

9. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

	Buildings $	Plant machinery and site equipment $	Motor vehicles $	Office equipment, furniture and fittings, and renovation $	Total $
Company					
Cost:					
At 1 July 2022	54,181,566	43,376,635	15,422,555	16,956,346	129,937,102
Additions	–	2,371,485	416,361	1,166,930	3,954,776
Disposals	–	(1,897,072)	(1,196,684)	(606,349)	(3,700,105)
At 30 June 2023 and 1 July 2023	54,181,566	43,851,048	14,642,232	17,516,927	130,191,773
Additions	1,800,000	937,782	–	347,273	3,085,055
Disposals	–	(762,826)	(266,705)	(671,965)	(1,701,496)
At 30 June 2024	55,981,566	44,026,004	14,375,527	17,192,235	131,575,332
Accumulated depreciation:					
At 1 July 2022	30,617,584	37,136,211	12,221,382	14,316,679	94,291,856
Charge for the year	2,615,753	1,662,041	587,420	1,488,861	6,354,075
Disposals	–	(1,870,371)	(1,123,444)	(605,867)	(3,599,682)
At 30 June 2023 and 1 July 2023	33,233,337	36,927,881	11,685,358	15,199,673	97,046,249
Charge for the year	4,415,752	1,703,625	571,742	1,479,792	8,170,911
Disposals	–	(658,451)	(253,766)	(670,162)	(1,582,379)
At 30 June 2024	37,649,089	37,973,055	12,003,334	16,009,303	103,634,781
Net carrying amount:					
At 30 June 2023	20,948,229	6,923,167	2,956,874	2,317,254	33,145,524
At 30 June 2024	18,332,477	6,052,949	2,372,193	1,182,932	27,940,551

Assets pledged as security

One of the Group's buildings with a carrying amount of $5,537,750 (2023: $5,883,859) is mortgaged to secure one of the Group's bank loans as disclosed in Note 22 to the financial statements.

Notes to the Financial Statements

For the financial year ended 30 June 2024

10. LEASES

Group as a lessee

The Group has lease contracts for various items of leasehold land, offices and dormitories, motor vehicles and office equipment used in its operations.

Leases of leasehold land and land use rights generally have lease terms between 2 years to 59 years, while the leases for offices and dormitories have lease terms between 1 year to 7 years. Leases of motor vehicles and office equipment generally have lease terms between 1 year and 8 years. The Group's obligation under its leases are secured by the lessor's title to the leased assets. Generally, the Group is restricted from assigning and subleasing the leased assets.

(a) Carrying amounts of right-of-use assets

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

	Leasehold land	Land use rights	Offices and dormitories	Motor vehicles and others	Total
	$	$	$	$	$
Group					
Cost:					
At 1 July 2022	18,722,351	950,291	4,602,465	1,151,850	25,426,957
Additions	1,199,742	–	20,856,447	299,882	22,356,071
Disposals	(243,307)	–	(252,064)	(287,740)	(783,111)
Lease modifications	–	–	(31,420)	–	(31,420)
Currency realignment	–	(95,534)	(263,182)	(2,459)	(361,175)
At 30 June 2023 and 1 July 2023	19,678,786	854,757	24,912,246	1,161,533	46,607,322
Additions	547,904	–	2,441,511	–	2,989,415
Disposals	–	–	(720,077)	(71,000)	(791,077)
Currency realignment	–	(463)	38,755	(2,087)	36,205
At 30 June 2024	20,226,690	854,294	26,672,435	1,088,446	48,841,865

Notes to the Financial Statements

For the financial year ended 30 June 2024

10. LEASES (CONT'D)

Group as a lessee (cont'd)

(a) Carrying amounts of right-of-use assets (cont'd)

	Leasehold land $	Land use rights $	Offices and dormitories $	Motor vehicles and others $	Total $
Group					
Accumulated depreciation:					
At 1 July 2022	3,152,888	398,695	1,178,371	674,908	5,404,862
Charge for the year	1,254,288	23,408	1,408,535	138,047	2,824,278
Disposals	(243,307)	–	(252,064)	(287,519)	(782,890)
Currency realignment	–	(41,179)	(34,934)	(1,341)	(77,454)
At 1 June 2023 and 1 July 2023	4,163,869	380,924	2,299,908	524,095	7,368,796
Charge for the year	1,306,980	22,260	2,374,749	129,648	3,833,637
Disposals	–	–	(664,726)	(12,432)	(677,158)
Currency realignment	–	(169)	7,980	(1,658)	6,153
At 30 June 2024	5,470,849	403,015	4,017,911	639,653	10,531,428
Net carrying amount:					
At 30 June 2023	15,514,917	473,833	22,612,338	637,438	39,238,526
At 30 June 2024	14,755,841	451,279	22,654,524	448,793	38,310,437

The details on land use rights are disclosed in Note 13 to the financial statements.

	Leasehold land $	Office equipment $	Total $
Company			
Cost:			
At 1 July 2022	16,989,978	277,521	17,267,499
Additions	1,153,233	284,822	1,438,055
Disposals	(243,307)	(277,520)	(520,827)
At 30 June 2023 and 1 July 2023	17,899,904	284,823	18,184,727
Additions	547,904	–	547,904
At 30 June 2024	18,447,808	284,823	18,732,631

Notes to the Financial Statements

For the financial year ended 30 June 2024

10. LEASES (CONT'D)

Group as a lessee (cont'd)

(a) Carrying amounts of right-of-use assets (cont'd)

	Leasehold land	Office equipment	Total
	$	$	$
Company			
Accumulated depreciation:			
At 1 July 2022	2,906,869	253,187	3,160,056
Charge for the year	1,170,098	62,311	1,232,409
Disposals	(243,307)	(277,521)	(520,828)
At 30 June 2023 and 1 July 2023	3,833,660	37,977	3,871,637
Charge for the year	1,222,591	56,964	1,279,555
At 30 June 2024	5,056,251	94,941	5,151,192
Net carrying amount:			
At 30 June 2023	14,066,244	246,846	14,313,090
At 30 June 2024	13,391,557	189,882	13,581,439

(b) Lease liabilities

The carrying amounts of lease liabilities and the movements during the year are disclosed as follow:

	Group		Company	
	2024	2023	2024	2023
	$	$	$	$
At 1 July	40,181,872	19,928,524	15,079,514	14,699,623
Additions	2,989,415	22,328,977	547,904	1,438,055
Accretion of interest	1,851,293	1,224,010	529,078	532,292
Payments	(4,899,960)	(3,063,422)	(1,670,476)	(1,590,456)
Lease modifications	–	(31,420)	–	–
Disposals	(89,950)	–	–	–
Currency realignment	25,621	(204,797)	–	–
At 30 June	40,058,291	40,181,872	14,486,020	15,079,514
Current	3,412,452	3,033,833	1,152,930	1,129,199
Non-current	36,645,839	37,148,039	13,333,090	13,950,315
	40,058,291	40,181,872	14,486,020	15,079,514

The maturity analysis of lease liabilities is disclosed in Note 37(b) to the financial statements.

Notes to the Financial Statements

For the financial year ended 30 June 2024

10. LEASES (CONT'D)

Group as a lessee (cont'd)

(c) Amounts recognised in profit or loss

	Note	Group 2024	Group 2023
		$	$
Depreciation of right-of-use assets	7	3,833,637	2,824,278
Interest expense on lease liabilities	6	1,851,293	1,224,010
Expense relating to short-term leases	7	27,920,107	19,950,961
Loss on de-recognition of leases	7	3,614	–
Total amount recognised in profit and loss		33,608,651	23,999,249

(d) Total cash outflow

The Group's total cash outflows relating to leases amounted to $32,820,067 (2023: $23,014,383), which included principal repayments of $2,600,903 (2023: $2,304,356).

The leases for leasehold land, offices and dormitories contain extension options for which the related lease payments had not been included in lease liabilities as the Group is not reasonably certain to exercise these options. The Group negotiates extension options to optimise operational flexibility in terms of managing the assets used in the Group's operations.

Group as a lessor

The Group has entered into commercial leases on office space as lessor. These non-cancellable leases have remaining lease term of two months to three years (2023: two months to two years).

Future minimum rental receivable under non-cancellable operating leases as at the end of each reporting period are as follows:

	Group 2024	Group 2023
	$	$
Within one year	187,515	117,120
Later than one year but not later than five years	214,338	23,365
	401,853	140,485

11. INVESTMENT PROPERTIES

	Group 2024 $	Group 2023 $
Balance sheet		
Cost:		
At 1 July	3,718,895	6,558,943
Disposals	–	(844,590)
Transfer to assets held for sale	–	(1,818,608)
Currency realignment	(904)	(176,850)
At 30 June	3,717,991	3,718,895
Accumulated depreciation:		
At 1 July	818,757	1,323,431
Charge for the year	86,875	117,118
Disposals	–	(177,949)
Transfer to assets held for sale	–	(407,322)
Currency realignment	(53)	(36,521)
At 30 June	905,579	818,757
Net carrying amount:	2,812,412	2,900,138

	Note	Group 2024 $	Group 2023 $
Income statement			
Rental income from investment properties classified as:			
- Revenue		-	29,190
- Other operating income	5	251,536	268,908
Total minimum lease payments		251,536	298,098
Direct operating expenses (including repairs and maintenance) arising from:			
- Rental generating property		142,946	324,775

The Group has no contractual obligations to purchase, construct or develop investment property or for repairs, maintenance or enhancements.

Fair value of the investment properties amounted to $4,210,000 (2023: $4,310,000) by reference to comparable market transactions that consider recent sale of similar properties that have been transacted in the open market.

11. INVESTMENT PROPERTIES (CONT'D)

The investment properties held by the Group are as follows:

Description and location	Existing Use	Tenure	Unexpired lease term 2024	Unexpired lease term 2023
8 (2023:8) strata-titled factory units of a light industrial development known as The Elitist, Singapore	Office premises	Leasehold	32	33
29 (2023:64) units of residential apartment at block C3 Seri Mengkuang, Malaysia	Residential	Leasehold	–*	–*
B0524 block B EKO Galleria Jalan EKO Botani Taman EKO Botani 79100 Iskandar Puteri Johor Darul Takzim	Office premises	Freehold	NA	NA

* On 13 February 2023, S&P for 64 units of residential apartment at block C3 Seri Mengkuang, Malaysia held by Majujaya Wira Sdn Bhd has been signed. As at 30 June 2023, the Group has reclassified the 64 units of residential apartments held by Majujaya Wira Sdn Bhd, with a carrying amount of $1,411,286 as assets held for sale.

During the financial year ended 30 June 2024, the disposal of 35 units of residential apartments was completed for cash consideration of $832,429, with a gain on disposal of $67,304 recognised in the statement of profit or loss. The remaining 29 units with a carrying amount of $635,293 as at 30 June 2024 is expected to be completed in the next financial year.

12. INTANGIBLE ASSETS

	Goodwill $	Club membership $	Total $
Group			
Cost:			
At 1 July 2022, 30 June 2023 and 1 July 2023	1,561,952	207,640	1,769,592
Addition	–	5,000	5,000
At 30 June 2024	1,561,952	212,640	1,774,592
Accumulated amortisation and impairment loss:			
At 1 July 2022	1,561,952	158,957	1,720,909
Amortisation for the year	–	7,850	7,850
At 30 June 2023 and 1 July 2023	1,561,952	166,807	1,728,759
Amortisation for the year	–	8,379	8,379
At 30 June 2024	1,561,952	175,186	1,737,138
Net carrying amount:			
At 30 June 2023	–	40,833	40,833
At 30 June 2024	–	37,454	37,454

Notes to the Financial Statements

For the financial year ended 30 June 2024

12. INTANGIBLE ASSETS (CONT'D)

	Club membership $
Company	
Cost:	
At 1 July 2022, 30 June 2023 and 1 July 2023	207,640
Addition	5,000
At 30 June 2024	212,640
Accumulated amortisation:	
At 1 July 2022	158,957
Amortisation for the year	7,850
At 30 June 2023 and 1 July 2023	166,807
Amortisation for the year	8,379
At 30 June 2024	175,186
Net carrying amount:	
At 30 June 2023	40,833
At 30 June 2024	37,454

13. LAND USE RIGHTS

The Group has land use rights over three plots of state-owned land in People's Republic of China ("PRC") where the Group's PRC office and hostel for employees reside. Amortisation expenses are included in "Other operating expense" line item in profit or loss.

As at 30 June 2024, the land use rights are transferrable upon approval from local government and have a remaining tenure of 30 to 59 years (2023: 31 to 60 years). The carrying amount of land use rights is disclosed in Note 10 to the financial statements.

14. INVESTMENT IN SUBSIDIARIES

	Company	
	2024 $	**2023** $
Unquoted shares, at cost	53,732,956	53,732,956
Loan to a subsidiary	–	9,015,727
Impairment losses	(9,463,490)	(9,463,490)
	44,269,466	53,285,193

Notes to the Financial Statements

For the financial year ended 30 June 2024

14. INVESTMENT IN SUBSIDIARIES (CONT'D)

(a) *Composition of the Group*

	Name of subsidiaries	Country of incorporation	Principal activities	Proportion (%) of ownership interest 2024 %	2023 %
	Held by the Company:				
(1)	Audex Pte. Ltd.	Singapore	Engineering, procurement, construction and project management services	100	100
(3)	Huizhou Tianxin Petrochemical Engineering Co., Ltd.	People's Republic of China	Engineering design, procurement, construction and maintenance services	75	75
(1)	IT Re-Engineering Pte. Ltd.	Singapore	Information technology and consultancy services	100	100
(6)	PEC Construction Equipment Leasing Company (Huizhou) Limited	People's Republic of China	Heavy machineries and equipment leasing services	100	100
(1)	PEC International Investments Pte. Ltd.	Singapore	Investment company	100	100
(2)	PEC (Malaysia) Sdn. Bhd.	Malaysia	Civil, mechanical and electrical engineering project services	100	100
(1)	Plant General Services Pte. Ltd.	Singapore	Blasting and painting, scaffolding, insulation services	100	100
(1)	Testing Inspection & Solution Pte. Ltd.	Singapore	Heat treatment services	100	100
(1)	EBT Engineering Pte. Ltd.	Singapore	Provision of painting and blasting services in the oil and gas industry	55	55
(1)	ISOTECH Pte. Ltd.	Singapore	Marketing and provision of CAR-BER tools & services	100	100

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For the financial year ended 30 June 2024

14. INVESTMENT IN SUBSIDIARIES (CONT'D)

(a) *Composition of the Group (cont'd)*

	Name of subsidiaries	Country of incorporation	Principal activities	Proportion (%) of ownership interest 2024 %	2023 %
	Held by the Company (cont'd):				
(4), (7)	Majujaya Wira Sdn Bhd	Malaysia	Property Investment and Dormitory services	49	49
(2)	PEC (Myanmar) Ltd	Myanmar	Engineering, procurement, construction and management services	99	99
(2)	PECI (Myanmar) Ltd	Myanmar	Engineering, procurement, construction and management services	80	80
(8)	PECI Vietnam Ltd	Vietnam	Engineering, procurement, construction and management services	100	100
(6)	Plant Engtech Private Limited	India	Consultancy and design services	90	90
(1)	Plant Electrical Instrumentation Pte. Ltd.	Singapore	Engineering services and installation of electrical and scientific instruments	100	100
	Held through a subsidiary:				
(10)	Audex Fujairah LL FZE.	United Arab Emirates	Engineering, procurement, construction and project management services	100	100
(5), (7)	PECI-Thai Company Limited	Thailand	Engineering, procurement, construction and maintenance services	49	49
(1)	PEC Process Systems Pte. Ltd.	Singapore	Engineering, procurement, construction and Commissioning of Modular Process Solutions	100	100
(9)	PEC International LLC	Oman	Engineering, procurement, construction and maintenance services	100	100

Notes to the Financial Statements

For the financial year ended 30 June 2024

14. INVESTMENT IN SUBSIDIARIES (CONT'D)

(a) *Composition of the Group (cont'd)*

(1) Audited by Ernst & Young LLP, Singapore

(2) Audited by member firms of Ernst & Young Global in the respective countries

(3) Audited by Huizhou Fangzheng Certified Public Accountants

(4) Audited by Gow & Tan, Chartered Accountants Malaysia

(5) Audited by EX-CL Consulting Business Company Limited, Thailand

(6) Not material to the Group and not required to be disclosed under SGX Listing Rule 717

(7) Although the Group owns less than half of the shareholding interests in Majujaya Wira Sdn. Bhd. and PECI-Thai Company Limited, it is exposed, or has rights, to variable returns from its involvement with the entities and has the ability to affect those returns through its power over the entities. Consequently, the Group consolidates its investment in these entities.

(8) Audited by KMF Auditing Company Limited

(9) Audited by Rödl Middle East Co. LLC

(10) Audited by MBG Corporate Services, United Arab Emirates for the financial year ended 30 June 2024. The financial statements for the year ended 30 June 2023 was audited by a member firm of Ernst & Young Global in the respective country.

(b) *Interest in subsidiaries with material non-controlling interest ("NCI")*

The Group has the following subsidiaries that have NCI that are material to the Group as at 30 June 2024.

	EBT Engineering Pte. Ltd. ("EBT")		Huizhou Tianxin Petrochemical Engineering Co., Ltd ("HTX")	
	2024	**2023**	**2024**	**2023**
	$	$	$	$
Proportion of ownership interest held by NCI	45%	45%	25%	25%
Accumulated NCI at the end of the financial year	4,181,374	4,111,822	4,882,194	3,806,601
Profit after tax allocated to NCI during the financial year	69,552	51,831	1,675,716	915,262

There are no restrictions on the Group's ability to use or access assets and settle liabilities of these subsidiaries with material non-controlling interests.

Notes to the Financial Statements

For the financial year ended 30 June 2024

14. INVESTMENT IN SUBSIDIARIES (CONT'D)

(c) Summarised financial information about subsidiaries with material NCI

Summarised financial information including consolidation adjustments but before intercompany eliminations of subsidiaries with material non-controlling interests are as follows:

	EBT		HTX	
	2024	**2023**	**2024**	**2023**
	$	$	$	$
Summarised balance sheets				
Non-current assets	8,605,475	8,622,395	8,962,996	9,727,521
Current assets	6,612,801	6,422,613	23,877,831	17,637,172
Non-current liabilities	(3,783,080)	(4,061,524)	–	–
Current liabilities	(2,143,255)	(1,846,102)	(13,312,050)	(12,138,288)
Net assets	9,291,941	9,137,382	19,528,777	15,226,405
Summarised statement of comprehensive income				
Revenue	7,193,211	7,783,003	66,112,855	46,741,190
Profit for the year	154,559	115,180	6,702,863	3,661,047
Other comprehensive income	–	–	3,022	(1,588,174)
Total comprehensive income	154,559	115,180	6,705,885	2,072,873
Other summarised information				
Dividends paid to NCI	–	(177,595)	(600,878)	(233,750)
Summarised cash flow information				
Operating	1,972,823	609,297	6,298,894	2,921,349
Investing	(255,565)	(222,833)	(800,903)	130,890
Financing	(743,023)	(2,625,726)	(2,512,398)	(4,740,525)
Exchange differences	–	–	(3,157)	(839,694)
Net increase/(decrease) in cash and cash equivalents	974,235	(2,239,262)	2,982,436	(2,527,980)

(d) Loan to a subsidiary

The loan to a subsidiary is unsecured, bears interest at 2.0% (2023:2.0%) per annum and has no fixed repayment date. The repayment date is determined by the subsidiary based on the availability of funds and there is no contractual obligations for the subsidiary to repay the loan. The loan was fully settled during the year.

Notes to the Financial Statements

For the financial year ended 30 June 2024

15. INVESTMENT SECURITIES

	Group and Company	
	2024	**2023**
	$	$
Non-current		
At fair value through other comprehensive income		
- Equity securities (quoted) listed in Singapore	1,143	1,143

The Group has elected to measure the equity securities at fair value through other comprehensive income due to the Group's intention to hold these equity instruments as long-term investments.

There were no dividend arising from the investment securities for the financial year ended 30 June 2024 and 2023.

16. TRADE RECEIVABLES

		Group		Company	
	Note	**2024**	**2023**	**2024**	**2023**
		$	$	$	$
Trade receivables:					
- External parties		100,777,330	131,748,272	28,708,554	56,821,192
- Related parties		11,351	18,803	–	–
- Subsidiaries		–	–	14,178,307	10,372,559
		100,788,681	131,767,075	42,886,861	67,193,751
Allowance for impairment:					
- External parties		(32,422,066)	(33,129,800)	(11,663)	(11,663)
	18	68,366,615	98,637,275	42,875,198	67,182,088

Trade receivables are unsecured, non-interest bearing and are generally on 30 to 120 days' terms. They are recognised at their original invoice amounts which represents their fair values on initial recognition.

Included in trade receivables are retention receivables amounting to $3,033,827 (2023: $4,609,402) that are expected to be settled within a year.

Amounts due from related parties and subsidiaries are unsecured, non-interest bearing, repayable upon demand and to be settled in cash.

Notes to the Financial Statements

For the financial year ended 30 June 2024

16. TRADE RECEIVABLES (CONT'D)

Trade receivables denominated in foreign currencies at 30 June are as follows:

	Group		Company	
	2024	2023	2024	2023
	$	$	$	$
United States Dollar	25,596,099	17,411,443	2,389,547	788,070

Expected credit losses

The movement in allowance for expected credit losses of trade receivables computed based on lifetime ECL are as follows:

	Note	Group	
		2024	2023
		$	$
At 1 July		33,129,800	38,191,997
Charge/(written back) for the year	7	144,563	(4,898,035)
Utilisation		(917,510)	–
Currency realignment		65,213	(164,162)
At 30 June		32,422,066	33,129,800

17. INVENTORIES

	Group	
	2024	2023
	$	$
Balance sheet:		
Finished goods, at lower of cost and net realisable value	505,884	601,004
Consolidated statement of comprehensive income:		
Inventories recognised as an expense in cost of sales	4,013,950	4,669,504

Notes to the Financial Statements

For the financial year ended 30 June 2024

18. OTHER RECEIVABLES AND DEPOSITS

	Note	Group 2024 $	Group 2023 $	Company 2024 $	Company 2023 $
Other receivables		3,773,830	4,077,103	357,344	366,889
Refundable deposits		3,556,350	4,153,630	1,892,753	2,511,953
		7,330,180	8,230,733	2,250,097	2,878,842
Other receivables and deposits		7,330,180	8,230,733	2,250,097	2,878,842
Trade receivables	16	68,366,615	98,637,275	42,875,198	67,182,088
Loans due from subsidiaries	19	–	–	25,935,630	19,915,589
Cash and short-term deposits	20	146,602,981	126,142,101	65,287,602	42,695,552
Total financial assets carried at amortised cost		222,299,776	233,010,109	136,348,527	132,672,071

Other receivables are non-trade in nature, unsecured, non-interest bearing and payable upon demand.

Refundable deposits are short-term in nature, unsecured and non-interest bearing.

Other receivables and deposits denominated in foreign currencies are as follows:

	Group 2024 $	Group 2023 $	Company 2024 $	Company 2023 $
Renminbi	–	32,954	–	32,954
United States Dollar	1,584,181	962,921	–	372,051

19. LOANS DUE FROM SUBSIDIARIES

	Company 2024 $	Company 2023 $
Loans due from subsidiaries	25,935,630	19,915,589

The remaining loans due from subsidiaries are unsecured, bear interest from 5% to 6.05% (2023: 4.37% to 5%) per annum, repayable on demand and are to be settled in cash.

Notes to the Financial Statements

For the financial year ended 30 June 2024

20. CASH AND SHORT-TERM DEPOSITS

For the purpose of the consolidated cash flow statement, cash and cash equivalents comprise the following at the end of the reporting period:

	Note	Group 2024	Group 2023	Company 2024	Company 2023
		$	$	$	$
Cash at banks and on hand		58,131,488	92,402,415	16,492,724	29,889,380
Fixed deposits		88,471,493	33,739,686	48,794,878	12,806,172
Cash and short-term deposits, representing cash and cash equivalents	18	146,602,981	126,142,101	65,287,602	42,695,552

Certain cash at bank earns interest at floating rate based on daily bank deposit rates.

Fixed deposits are placed for 1 to 6 months (2023: 1 to 6 months). The interest rate of fixed deposits ranges from approximately 1.62% to 5.43% (2023: 1.75% to 5.5%) per annum.

Cash and short-term deposits denominated in foreign currencies as at 30 June are as follows:

	Group 2024	Group 2023	Company 2024	Company 2023
	$	$	$	$
Arab Emirates Dirham	38,260	27,387	3	3
Euro	50,376	149,966	47,873	147,426
Malaysian Ringgit	853,954	839,038	853,954	839,038
Renminbi	1,594,472	1,536,249	1,594,472	1,536,249
United States Dollar	62,052,441	60,933,221	25,209,171	13,776,094

21. PROVISIONS

	Group 2024	Group 2023	Company 2024	Company 2023
	$	$	$	$
Current:				
Provision for unutilised leave	2,730,614	3,131,837	1,830,736	2,125,245
Provision for warranty	1,543,565	1,645,955	30,000	119,559
Provision for liquidated damages	1,353,877	2,853,877	–	–
Provision for onerous contracts	102,514	2,652,682	–	–
	5,730,570	10,284,351	1,860,736	2,244,804
Non-current:				
Provision for reinstatement cost	4,959,617	3,058,089	4,798,663	2,902,713
	10,690,187	13,342,440	6,659,399	5,147,517

Notes to the Financial Statements

For the financial year ended 30 June 2024

21. PROVISIONS (CONT'D)

	Group				
	Provision for unutilised leave	Provision for warranty and liquidated damages	Provision for onerous contracts	Provision for reinstatement cost	Total
	$	$	$	$	$
At 1 July 2022	3,087,326	4,852,960	–	2,960,079	10,900,365
Arose during the financial year	582,909	2,253,357	2,652,682	–	5,488,948
Utilised during the year	(108,979)	(469,259)	–	–	(578,238)
Accretion of interest	–	–	–	98,010	98,010
Unused amounts reversed	(414,810)	(2,071,700)	–	–	(2,486,510)
Currency realignment	(14,609)	(65,526)	–	–	(80,135)
At 30 June 2023 and 1 July 2023	3,131,837	4,499,832	2,652,682	3,058,089	13,342,440
Arose during the financial year	599,011	235,552	–	1,800,000	2,634,563
Utilised during the year	–	(89,954)	–	–	(89,954)
Accretion of interest	–	–	–	101,528	101,528
Unused amounts reversed	(1,004,766)	(1,749,594)	(2,550,168)	–	(5,304,528)
Currency realignment	4,532	1,606	–	–	6,138
At 30 June 2024	2,730,614	2,897,442	102,514	4,959,617	10,690,187

Notes to the Financial Statements

For the financial year ended 30 June 2024

22. LOANS AND BORROWINGS

	Maturity	Note	Group 2024	Group 2023	Company 2024	Company 2023
			$	$	$	$
Current:						
Bank loan 1	2024-2025		291,840	177,290	–	–
Bank loan 2	2024-2025		1,458,390	2,708,370	1,458,390	2,708,370
Bank loan 3	2024-2025		–	190,135	–	–
Bank loan 4	2024-2025		–	912,648	–	–
			1,750,230	3,988,443	1,458,390	2,708,370
Non-current:						
Bank loan 1	2025-2035		1,911,545	2,306,512	–	–
Total loans and borrowings		24	3,661,775	6,294,955	1,458,390	2,708,370

Bank loan 1

This loan is denominated in SGD, bears an interest of 2.25% below the Bank's Commercial Financing Rate, (2023: fixed interest rate of 1.5%) per annum and is secured by a legal mortgage over a factory building (Note 9), a personal guarantee by a director of a subsidiary within the Group and a corporate guarantee.

Bank loan 2

This loan is denominated in SGD, unsecured and bears interest of 2.0% (2023: 2.0%) per annum.

Bank loan 3

This loan was denominated in Thai Baht ("THB"), unsecured and bears interest of 3.59% per annum and was fully settled during the year.

Bank loan 4

This loan was denominated in Thai Baht ("THB"), unsecured and bears interest of 2.72%-3.53% per annum and was fully settled during the year.

Notes to the Financial Statements

For the financial year ended 30 June 2024

22. LOANS AND BORROWINGS (CONT'D)

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

			Non-cash changes		
	1.7.2023	Cash proceeds/ (repayments)	Currency realignment	Other	30.6.2024
	$	$	$	$	$
Loans					
- Current	3,988,443	(2,623,057)	(10,123)	394,967	1,750,230
- Non-current	2,306,512	–	–	(394,967)	1,911,545
Total	6,294,955	(2,623,057)	(10,123)	–	3,661,775

			Non-cash changes		
	1.7.2022	Cash proceeds/ (repayments)	Currency realignment	Other	30.6.2023
	$	$	$	$	$
Loans					
- Current	9,539,229	(7,205,059)	(23,725)	1,677,998	3,988,443
- Non-current	3,984,510	–	–	(1,677,998)	2,306,512
Total	13,523,739	(7,205,059)	(23,725)	–	6,294,955

The 'other' column relates to reclassification of non-current portion of loans and borrowings to current due to the passage of time.

23. TRADE PAYABLES

		Group		Company	
	Note	2024	2023	2024	2023
		$	$	$	$
Trade payables:					
- External parties		17,903,242	33,831,454	5,368,172	6,054,908
- Subsidiaries		–	–	5,702,942	7,189,483
	24	17,903,242	33,831,454	11,071,114	13,244,391
Net GST payables		1,344,604	3,102,671	2,683,419	3,326,452
		19,247,846	36,934,125	13,754,533	16,570,843

Trade payables are unsecured, non-interest bearing and are normally settled on 60-days' terms.

Amounts due to subsidiaries are unsecured, non-interest bearing, repayable on demand and to be settled in cash.

Trade payables denominated in foreign currencies are as follows:

	Group		Company	
	2024	2023	2024	2023
	$	$	$	$
Euro	–	25,108	–	–
United States Dollar	2,371,295	7,713,633	991,211	1,297,892

24. OTHER PAYABLES AND ACCRUALS

	Note	Group 2024	Group 2023	Company 2024	Company 2023
		$	$	$	$
Accrued operating expenses		43,377,722	42,853,501	22,651,680	21,550,958
Accrued staff benefit expenses		17,343,103	17,806,667	11,563,495	12,172,901
Accrued directors' fees		75,763	90,833	75,763	75,833
Other payables		4,596,623	3,475,558	17,735	34,636
		65,393,211	64,226,559	34,308,673	33,834,328
Other payables and accruals		65,393,211	64,226,559	34,308,673	33,834,328
Loans and borrowings	22	3,661,775	6,294,955	1,458,390	2,708,370
Trade payables (excluding net GST payables)	23	17,903,242	33,831,454	11,071,114	13,244,391
Total financial liabilities carried at amortised cost		86,958,228	104,352,968	46,838,177	49,787,089

Other payables have an average term of 6 (2023: 6) months.

Other payables and accruals denominated in foreign currencies are as follows:

	Group 2024	Group 2023	Company 2024	Company 2023
	$	$	$	$
United States Dollar	3,844,897	41,987	350,532	–

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For the financial year ended 30 June 2024

25. DEFERRED TAX (ASSETS)/LIABILITIES

Deferred tax assets/liabilities as at 30 June relates to the following:

	Group		Company	
	2024	2023	2024	2023
	$	$	$	$
Deferred tax liabilities				
Differences in depreciation and amortisation for tax purposes	–	293,321	–	–
Foreign sourced income not received in Singapore	83,464	83,464	83,464	83,464
Undistributed earnings of a subsidiary	456,099	294,800	–	–
Deferred tax assets				
Differences in depreciation and amortisation for tax purposes	(552,862)	–	(966,800)	(82,498)
Provisions	(2,716,824)	(2,755,814)	(2,054,228)	(2,054,443)
Unutilised tax losses	(41,694)	(791,305)	–	–
	(2,771,817)	(2,875,534)	(2,937,564)	(2,053,477)
Presented as:				
Deferred tax assets	(2,932,981)	(3,018,937)	(2,937,564)	(2,053,477)
Deferred tax liabilities	161,164	143,403	–	–
	(2,771,817)	(2,875,534)	(2,937,564)	(2,053,477)

An analysis of the net deferred taxes is as follows:

		Group	
	Note	2024	2023
		$	$
At 1 July		(2,875,534)	(3,106,197)
Movements in deferred taxes			
- Current financial year	8	(293,155)	785,803
- Under/(over) provision in respect of prior years	8	397,874	(543,860)
- Currency realignment		(1,002)	(11,280)
At 30 June		(2,771,817)	(2,875,534)

Unrecognised tax losses and deductible temporary differences

The Group has unutilised tax losses and deductible temporary differences of approximately $9,479,000 (2023: $1,246,000) and $4,175,000 (2023: $10,072,000) respectively that are available for offset against future taxable incomes of the companies in which the tax losses arose, for which no deferred tax asset is recognised due to uncertainty of its recoverability. The use of these tax losses and deductible temporary differences are subject to the agreement of the tax authorities and compliance with certain provisions of the tax legislation of the respective countries in which the companies operate.

25. DEFERRED TAX (ASSETS)/LIABILITIES (CONT'D)

Temporary differences relating to investments in subsidiaries

In the current financial year, $161,299 (2023: $155,515) deferred tax liability has been recognised for taxes that would be payable on the undistributed earnings of one of the Group's subsidiaries.

No deferred tax liability has been recognised for taxes that would be payable on the undistributed earnings of certain of the Group's subsidiaries as the Group has determined that undistributed earnings of its subsidiaries will not be distributed in the foreseeable future. Such temporary differences for which no deferred tax liability has been recognised aggregated to $53,834,000 (2023: $44,170,000). The deferred tax liability is estimated to be $9,152,000 (2023: $7,508,000).

Tax consequences of proposed dividends

There are no income tax consequences attached to the dividends to the shareholders proposed by the Company but not recognised as a liability in the financial statements (Note 31).

26. SHARE CAPITAL AND TREASURY SHARES

(a) Share capital

	Group and Company			
	2024		2023	
	No. of shares	$	No. of shares	$
At 1 July and 30 June	255,714,763	58,835,589	255,714,763	58,835,589

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

(b) Treasury shares

	Group and Company			
	2024		2023	
	No. of shares	$	No. of shares	$
At 1 July and 30 June	3,030,916	1,755,562	1,796,637	1,075,648

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

27. STATUTORY RESERVE

In accordance with the Foreign Enterprise Law applicable to the subsidiaries in the People's Republic of China ("PRC"), the Group's subsidiaries are required to make appropriations to a Statutory Reserve Fund ("SRF"). At least 10% of the statutory after tax profits as determined in accordance with the applicable PRC accounting standards and regulations must be allocated to the SRF until the cumulative total of the SRF reaches 50% of the subsidiary's registered capital. Subject to approval from the relevant PRC authorities, the SRF may be used to offset any accumulated losses or increase the registered capital of the subsidiary. The SRF is not available for dividend distribution to shareholders.

The SRF has reached 50% of the subsidiaries' registered capital. Accordingly, no appropriations were made in the financial years ended 30 June 2024 and 2023.

28. FAIR VALUE RESERVE

Fair value reserve represents the cumulative fair value changes, net of tax, of financial assets measured at fair value through other comprehensive income (Note 15) until they are disposed of or impaired.

29. PREMIUM PAID ON ACQUISITION OF NON-CONTROLLING INTERESTS

This represents the difference between consideration paid and the carrying value of additional non-controlling interests acquired.

30. FOREIGN CURRENCY TRANSLATION RESERVE

The foreign currency translation reserve records exchange differences arising from the translation of the financial statements of the foreign operations (including foreign branches of the Company) whose functional currencies are different from that of the Group's and Company's presentation currency.

31. DIVIDENDS

	Group and Company	
	2024	**2023**
	$	$
Declared and paid during the financial year:		
Dividends on ordinary shares:		
Final exempt dividend for 2023: 2.0 (2022: 2.5) cents per share	5,075,136	6,360,846
Special exempt dividend for 2023: Nil (2022: 1.0) cents per share	–	2,546,438
Proposed but not recognised as a liability as at 30 June:		
Dividends on ordinary shares, subject to shareholders' approval at the Annual General Meeting:		
Final exempt dividend for 2024: 2.0 (2023: 2.0) cents per share	5,053,677	5,078,363
Special exempt dividend for 2024: 1.5 (2023: Nil) cents per share	3,790,258	–

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32. EARNINGS PER SHARE

Basic earnings per share amounts are calculated by dividing the profit for the year, net of tax, attributable to owners of the Company by the weighted average number of ordinary shares outstanding during the year.

Diluted earnings per share amounts are calculated by dividing the profit from operations, net of tax, attributable to owners of the Company by the weighted average number of ordinary shares outstanding during the year plus the weighted average number of ordinary shares that would be issued on the conversion of all the dilutive potential ordinary shares into ordinary shares.

The following table reflects the statement of comprehensive income and share data used in the computation of basic and diluted earnings per share for the financial years ended 30 June:

	Group	
	2024	**2023**
	$	$
Profit for the year attributable to owners of the Company	15,996,760	6,768,606
Weighted average number of ordinary shares for basic earnings per share computation	253,536,360	254,818,966
Effect of dilution:		
– Performance Share Plan	2,965,581	1,830,772
Weighted average number of ordinary shares for diluted earnings per share computation	256,501,941	256,649,738
Earnings per share (cents per share)		
– Basic	6.3	2.7
– Diluted	6.2	2.6

33. SHARE-BASED COMPENSATION

PEC Performance share plan (the "Plan")

The Plan was approved at an Extraordinary General Meeting ("EGM") held on 25 October 2013, for granting awards to eligible full-time employees and Executive Directors. Details of the PSP are disclosed in the Directors' statement.

Under the Plan, approximately 3 million shares and 3.5 million were granted on 1 December 2021 and 1 December 2023 respectively, which will be vested over a period of 3 years based on the following release schedule:

(a) 40% of the shares will be vested on the first anniversary of grant date;

(b) 30% of the shares will be vested on the second anniversary of grant date; and

(c) 30% of the shares will be vested on the third anniversary of grant date.

The expense arising from this equity-settled share-based payment in current financial year is $942,833 (2023: $668,180).

Notes to the Financial Statements

For the financial year ended 30 June 2024

33. SHARE-BASED COMPENSATION (CONT'D)

Inputs to the Forward Pricing model used for the Plan is as follows:

Share Awards granted on 1 December 2023

	Group	
	2024	2023
Weighted average fair values at the measurement date	$0.51	–
Dividend yield (%)	4.80	–
Risk-free interest rate (%)	4.06	–
Share price at the measurement date	$0.52	–

Share Awards granted on 1 December 2021

	Group	
	2024	2023
Weighted average fair values at the measurement date	$0.52	$0.52
Dividend yield (%)	3.40	3.40
Risk-free interest rate (%)	0.44	0.44
Share price at the measurement date	$0.56	$0.56

34. RELATED PARTY DISCLOSURES

In addition to the related party information disclosed elsewhere in the financial statements, the following significant transactions between the Group and related parties took place at terms agreed between the parties during the financial year:

(a) Sale and purchase of goods and services

	Group	
	2024	2023
	$	$
Related parties:		
Revenue from sale of information systems	9,004	23,177
Revenue from system installation	30,181	24,053

34. RELATED PARTY DISCLOSURES (CONT'D)

(b) Compensation of key management personnel

	Group	
	2024	**2023**
	$	$
Directors' fees	299,071	286,417
Salaries and bonuses	5,748,151	3,837,365
Short-term employee benefits	3,312	1,915
Central Provident Fund contributions	95,312	96,810
Share-based compensation expense	184,364	140,849
Total compensation paid to key management personnel	6,330,210	4,363,356
Comprise amounts paid to		
- Directors of the Company	4,045,883	2,264,415
- Other key management personnel	2,284,327	2,098,941
	6,330,210	4,363,356

35. COMMITMENTS AND CONTINGENCIES

Contingent liabilities

Corporate guarantee

The Company has provided corporate guarantees to banks amounting to $28,021,000 (2023: $32,106,000) for credit facilities taken by its subsidiaries as disclosed in Note 22 to the financial statements.

Continuing financial support

As at the end of the financial year, the Company has given undertakings to provide continuing financial support to certain subsidiaries to enable them to operate on a going concern basis and to meet their obligations as and when they fall due for at least 12 months from the end of financial year.

At the end of the reporting period, these subsidiaries have net current liabilities totalling $19,728,359 (2023: $18,006,556). The amount due from these subsidiaries to the Company amounted to $33,786,000 (2023: $25,055,000).

In the opinion of the directors, no loss is anticipated from these contingent liabilities.

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36. FAIR VALUE OF ASSETS AND LIABILITIES

A. Fair value hierarchy

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

- Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities that the Group can access at the measurement date,
- Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly, and
- Level 3 – Unobservable inputs for the asset or liability.

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

B. Assets and liabilities measured at fair value

The following table shows an analysis of each class of assets carried at fair value by level of fair value hierarchy:

	Note	Quoted prices in active markets (Level 1)
		$
Group		
2024		
Financial assets:		
Equity instruments at FVOCI		
- Investment securities (quoted)	15	1,143
2023		
Financial assets:		
Equity instruments at FVOCI		
- Investment securities (quoted)	15	1,143

Determination of fair value

Investment securities (Note 15): Fair value is determined directly by reference to their published market bid price at the end of the reporting period.

36. FAIR VALUE OF ASSETS AND LIABILITIES (CONT'D)

C. *Assets and liabilities not carried at fair value but for which fair value is disclosed*

The following table shows an analysis of the Group's assets not measured at fair value at the end of the reporting period but for which fair value is disclosed:

	Note	Fair value measurements at the end of the reporting period using		
		Significant observable inputs other than quoted prices (Level 2)	Significant unobservable inputs (Level 3)	Carrying amount
		$	$	$
2024				
Non-financial assets				
Investment properties	11	4,210,000	–	2,812,412
Financial liabilities				
Loans and borrowings		–	1,519,368	1,911,545
2023				
Non-financial assets				
Investment properties	11	4,310,000	–	2,900,138
Financial liabilities				
Loans and borrowings		–	2,287,012	2,306,512

<u>Determination of fair value</u>

Investment properties (Note 11): Investment properties are based on comparable market transactions that consider recent sale of similar properties that have been transacted in the open market.

Loans and borrowings (Note 22): The fair values as disclosed in the table above are estimated by discounting expected future cash flows at market incremental lending rates for similar types of lending, borrowing or leasing arrangement at the end of the reporting period.

Notes to the Financial Statements

For the financial year ended 30 June 2024

37. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group and the Company are exposed to financial risks arising from its operations and the use of financial instruments. The key financial risks include credit risk, liquidity risk and foreign currency risk. The board of directors reviews and agrees policies and procedures for the management of these risks, which are executed by the Finance Director. The Audit and Risk Management Committee provides independent oversight of the effectiveness of the risk management process. It is, and has been throughout the current and previous financial year, the Group's policy that no trading in derivatives for speculative purposes shall be undertaken, except for the use of hedging instruments where appropriate and cost-efficient. The Group and the Company do not apply hedge accounting.

The following sections provide details regarding the Group's and Company's exposure to the above-mentioned financial risks and the objectives, policies and processes for the management of these risks.

(a) Credit risk

Credit risk is the risk of loss that may arise on outstanding financial instruments should a counterparty default on its obligations. The Group's and the Company's exposure to credit risk arises primarily from trade and other receivables. For other financial assets (including investment securities, bank deposits pledged, and cash and short-term deposits), the Group and the Company minimise credit risk by dealing exclusively with high credit rating counterparties.

The Group's objective is to seek continual revenue growth while minimising losses incurred due to increased credit risk exposure. The Group trades only with recognised and creditworthy external parties. It is the Group's practice that all new customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis with the result that the Group's exposure to bad debts is not significant.

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

The Group has determined the default event on a financial asset to be when the counterparty fails to make contractual payments within 90 to 120 days, depending on the geographical location, when they fall due, which are derived based on the Group's historical information, and other qualitative factors.

The Group considers available reasonable and supportive forwarding-looking information which includes the following indicators:

– Actual or expected significant adverse changes in business, financial or economic conditions that are expected to cause a significant change to the debtor's ability to meet its obligations;

– Actual or expected significant changes in the operating results of the debtor;

– Significant increases in credit risk on other financial instruments of the same debtor; and

– Significant changes in the expected performance and behaviour of the debtor, including changes in the payment status of debtors in the Group and the Company and changes in the operating results of the debtor

37. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

(a) Credit risk (cont'd)

Regardless of the analysis above, a financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable data about the following events:

– There is significant difficulty of the issuer or the borrower;

– A breach of contract, such as a default or past due event;

– It is becoming probable that the borrower will enter bankruptcy or other financial re-organisation;

– There is a disappearance of an active market for that financial asset because of financial difficulty

The Group and Company categorises a loan or receivable for potential write-off when a debtor fails to make contractual payments beyond the contractual date due and there is no indication nor arrangement that payment will be received. Financial assets are written off when there is no reasonable expectation of recovery, such as a debtor failing to engage in a repayment plan with the Group. Where loans and receivables have been written off, the Group and Company continues to engage enforcement activity to attempt to recover the receivable due. Where recoveries are made, these are recognised in profit or loss.

The following are credit risk management practices and quantitative and qualitative information about amounts arising from expected credit losses for trade receivables and contract assets.

Trade receivables and contract assets

The Group provides for lifetime expected credit losses for all trade receivables, and contract assets using an allowance matrix. The allowance rates are determined based on the Group's historical observed default rates analysed in accordance to days past due by grouping of customers based on profile/geographical region. The loss allowance as at 30 June 2024 and 2023 as follows also incorporate forward-looking information such as forecasted default rate of oil and gas industry.

37. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

(a) Credit risk (cont'd)

Trade receivables and contract assets (cont'd)

Summarised below is the information about the credit risk exposure on the Group's trade receivables and contract assets using allowance matrix, grouped by geographical region:

Singapore:

30 June 2024	Contract assets	Current	Less than 30 days due	30 to 60 days due	61 to 90 days due	More than 90 days due	Total
	$	$	$	$	$	$	$
Gross carrying amount	34,812,800	29,664,314	3,849,648	120,867	29,749	1,192,057	69,669,435
Loss allowance provision	–	–	–	–	–	(1,149,845)	(1,149,845)
	34,812,800	29,664,314	3,849,648	120,867	29,749	42,212	68,519,590

Middle East:

30 June 2024	Contract assets	Current	Less than 30 days due	30 to 60 days due	61 to 90 days due	More than 90 days due	Total
	$	$	$	$	$	$	$
Gross carrying amount	3,162,558	1,273,542	724,191	–	–	50,452,969	55,613,260
Loss allowance provision	(2,367,589)	–	–	–	–	(30,647,980)	(33,015,569)
	794,969	1,273,542	724,191	–	–	19,804,989	22,597,691

Other geographical areas:

30 June 2024	Contract assets	Current	Less than 30 days due	30 to 60 days due	61 to 90 days due	More than 90 days due	Total
	$	$	$	$	$	$	$
Gross carrying amount	21,705,593	10,563,261	1,105,004	229,081	58,332	1,525,666	35,186,937
Loss allowance provision	–	–	–	–	–	(624,241)	(624,241)
	21,705,593	10,563,261	1,105,004	229,081	58,332	901,425	34,562,696

37. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

(a) Credit risk (cont'd)

Trade receivables and contract assets (cont'd)

Singapore:

30 June 2023	Contract assets	Current	Less than 30 days due	30 to 60 days due	61 to 90 days due	More than 90 days due	Total
	$	$	$	$	$	$	$
Gross carrying amount	31,477,728	73,801,422	3,887,759	286,794	443,462	2,801,317	112,698,482
Loss allowance provision	–	–	–	–	–	(2,586,334)	(2,586,334)
	31,477,728	73,801,422	3,887,759	286,794	443,462	214,983	110,112,148

Middle East:

30 June 2023	Contract assets	Current	Less than 30 days due	30 to 60 days due	61 to 90 days due	More than 90 days due	Total
	$	$	$	$	$	$	$
Gross carrying amount	4,418,875	833,811	701,398	132,836	195,444	29,679,962	35,962,326
Loss allowance provision	(2,367,589)	–	(568,323)	–	–	(28,724,121)	(31,660,033)
	2,051,286	833,811	133,075	132,836	195,444	955,841	4,302,293

Other geographical areas:

30 June 2023	Contract assets	Current	Less than 30 days due	30 to 60 days due	61 to 90 days due	More than 90 days due	Total
	$	$	$	$	$	$	$
Gross carrying amount	14,575,580	12,812,931	3,811,754	29,354	95,119	2,253,712	33,578,450
Loss allowance provision	–	(138,799)	(29,420)	–	(20,495)	(1,062,308)	(1,251,022)
	14,575,580	12,674,132	3,782,334	29,354	74,624	1,191,404	32,327,428

Information regarding loss allowance movement of contract assets and trade receivables are disclosed in Notes 4 and 16 to the financial statements respectively.

37. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

(a) Credit risk (cont'd)

Other receivables

The Group assessed the latest performance and financial position of the counterparties, adjusted for the future outlook of the industry in which the counterparties operate in and concluded that there has been no significant increase in the credit risk since the initial recognition of the financial assets. Accordingly, the Group measured the loss allowance using 12-month ECL and determined it to be insignificant.

Credit risk concentration profile

The Group determines concentration of credit risk by monitoring the country of its trade receivables on an ongoing basis. The credit risk concentration profile of the Group's trade receivables at the end of the reporting period is as follows:

	Group			
	2024		2023	
	$	% of total	$	% of total
By country:				
Singapore	33,816,991	50%	73,424,926	74%
United Arab Emirates	21,807,662	32%	2,251,008	2%
Malaysia	883,327	1%	2,854,717	3%
Vietnam	2,590,106	4%	5,353,487	5%
People's Republic of China	5,735,708	8%	5,904,979	6%
Other countries	3,532,821	5%	8,848,158	10%
	68,366,615	100%	98,637,275	100%

At the end of the reporting period, approximately 50% (2023: 66%) of the Group's trade receivables was due from 7 major customers.

Notes to the Financial Statements

For the financial year ended 30 June 2024

37. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

(b) Liquidity risk

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

The Group and Company manages its liquidity risk by maintaining sufficient cash and marketable securities to enable them to meet their normal operating commitments. At the end of the reporting period, approximately 47.8% (2023: 63.4%) of the Group's loans and borrowings will mature in less than one year based on the carrying amount reflected in the financial statements.

The Group assessed the concentration of risk with respect to refinancing its debts and concluded it to be low. The Group has assessed that its access to sources of funding is sufficiently available.

Analysis of financial instruments by remaining contractual maturities

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

	1 year or less	1 to 5 years	Over 5 years	Total
	$	$	$	$
Group				
2024				
Financial assets				
Trade receivables	68,366,615	–	–	68,366,615
Other receivables and deposits	7,330,180	–	–	7,330,180
Cash and short-term deposits	146,602,981	–	–	146,602,981
Total undiscounted financial assets	222,299,776	–	–	222,299,776
Financial liabilities				
Trade payables	17,903,242	–	–	17,903,242
Other payables and accruals	65,393,211	–	–	65,393,211
Loans and borrowings	1,848,729	1,498,656	642,856	3,990,241
Lease liabilities	3,877,203	11,752,458	56,688,970	72,318,631
Total undiscounted financial liabilities	89,022,385	13,251,114	57,331,826	159,605,325
Total net undiscounted financial assets/(liabilities)	133,277,391	(13,251,114)	(57,331,826)	62,694,451

Notes to the Financial Statements

For the financial year ended 30 June 2024

37. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

(b) Liquidity risk (cont'd)

	1 year or less $	1 to 5 years $	Over 5 years $	Total $
Group				
2023				
Financial assets				
Trade receivables	98,637,275	–	–	98,637,275
Other receivables and deposits	8,230,733	–	–	8,230,733
Cash and short-term deposits	126,142,101	–	–	126,142,101
Total undiscounted financial assets	233,010,109	–	–	233,010,109
Financial liabilities				
Trade payables	33,831,454	–	–	33,831,454
Other payables and accruals	64,226,559	–	–	64,226,559
Loans and borrowings	4,226,492	1,498,656	1,017,520	6,742,668
Lease liabilities	3,181,363	11,784,078	58,267,790	73,233,231
Total undiscounted financial liabilities	105,465,868	13,282,734	59,285,310	178,033,912
Total net undiscounted financial assets/(liabilities)	127,544,241	(13,282,734)	(59,285,310)	54,976,197
Company				
2024				
Financial assets				
Trade receivables	42,875,198	-	-	42,875,198
Other receivables and deposits	2,250,097	-	-	2,250,097
Loans due from subsidiaries	27,089,412	-	-	27,089,412
Cash and short-term deposits	65,287,602	-	-	65,287,602
Total undiscounted financial assets	137,502,309	-	-	137,502,309
Financial liabilities				
Trade payables	11,071,114	-	-	11,071,114
Other payables and accruals	34,308,673	-	-	34,308,673
Loans and borrowings	1,474,065	-	-	1,474,065
Lease liabilities	1,650,093	5,219,684	15,399,975	22,269,752
Total undiscounted financial liabilities	48,503,945	5,219,684	15,399,975	69,123,604
Total net undiscounted financial assets/(liabilities)	88,998,364	(5,219,684)	(15,399,975)	68,378,705

Notes to the Financial Statements

For the financial year ended 30 June 2024

37. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

(b) Liquidity risk (cont'd)

	1 year or less	1 to 5 years	Over 5 years	Total
	$	$	$	$
Company				
2023				
Financial assets				
Trade receivables	67,182,088	–	–	67,182,088
Other receivables and deposits	2,878,842	–	–	2,878,842
Loans due from subsidiaries	20,700,137	–	–	20,700,137
Cash and short-term deposits	42,695,552	–	–	42,695,552
Total undiscounted financial assets	133,456,619	–	–	133,456,619
Financial liabilities				
Trade payables	13,244,391	–	–	13,244,391
Other payables and accruals	33,834,328	–	–	33,834,328
Loans and borrowings	2,749,044	–	–	2,749,044
Lease liabilities	1,650,093	5,750,307	15,633,442	23,033,842
Total undiscounted financial liabilities	51,477,856	5,750,307	15,633,442	72,861,605
Total net undiscounted financial assets/(liabilities)	81,978,763	(5,750,307)	(15,633,442)	60,595,014

Notes to the Financial Statements

For the financial year ended 30 June 2024

37. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

(c) Foreign currency risk

The Group has transactional currency exposures arising from sales or purchases that are denominated in a currency other than the respective functional currencies of the Group entities, primarily SGD, United Arab Emirates Dirhams ("AED") and United States Dollars ("USD"). The foreign currencies in which these transactions are denominated are mainly United States Dollars ("USD"). Approximately 19% (2023: 21%) of the Group's revenue are denominated in foreign currencies.

The Group and the Company also hold cash and short-term deposits, denominated in foreign currencies, mainly USD, RMB and MYR, for working capital purposes.

The Group is also exposed to currency translation risk arising mainly from its net investments in foreign operations, including Malaysia, United Arab Emirates and the People's Republic of China ("PRC"). The Group's net investments are not hedged as currency positions in MYR, AED and RMB are considered to be long-term in nature.

Sensitivity analysis for foreign currency risk

The following table demonstrates the sensitivity to a reasonably possible change in the USD, RMB and AED exchange rates against the respective functional currencies of the Group entities, with all other variables held constant, on the Group's profit before tax as at the end of the reporting period.

		Group	
		2024	**2023**
		Profit before tax Increase (+)/ (decrease) (-)	
		$'000	$'000
USD/SGD	- strengthened 3% (2023: 3%)	+1,040	+1,021
	- weakened 3% (2023: 3%)	-1,040	-1,021
USD/AED	- strengthened 3% (2023: 3%)	+1,116	+886
	- weakened 3% (2023: 3%)	-1,116	-886
RMB/SGD	- strengthened 3% (2023: 3%)	+48	+47
	- weakened 3% (2023: 3%)	-48	-47

38. CAPITAL MANAGEMENT

The Group's objectives when managing capital are:

(i) to safeguard the Company's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders;

(ii) to provide an adequate return to shareholders by pricing products and services commensurately with the level of risk.

The Group aims to obtain an optimal capital structure by balancing capital efficiency and financial flexibility. The Group manages its capital structure in the light of changes in economic conditions and the risk characteristics of the underlying assets. In order to adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders or issue new shares or raise funds through the debt market.

As disclosed in Note 27 to the financial statements, subsidiaries of the Group that are incorporated in the PRC are required by the Foreign Enterprise Law of the PRC to contribute to and maintain a non-distributable statutory reserve fund whose utilisation is subject to approval by the relevant PRC authorities. This externally imposed capital requirement has been complied with by the PRC incorporated subsidiaries for the relevant financial years.

Management monitors capital employed based on the gearing ratio. The gearing ratio is defined as the sum of total external borrowings divided by the sum of total capital employed. Total borrowings comprise finance leases and finance loans. Total capital employed is calculated as equity attributable to owners of the Company, including the above-mentioned restricted statutory reserve fund and borrowings. The Group has complied with all externally imposed capital requirement.

		Group	
	Note	**2024**	**2023**
		$	$
Total loans and borrowings	22	3,661,775	6,294,955
Total lease liabilities	10	40,058,291	40,181,872
		43,720,066	46,476,827
Total equity attributable to the owners of the Company		243,521,205	233,518,062
Total capital employed		287,241,271	279,994,889
Gearing ratio		15.22%	16.6%

39. SEGMENT INFORMATION

For management purposes, the Group is organised into business units as the Group's risks and rates of return are affected predominantly by differences in the services and projects carried out. The operating businesses are organised and managed separately according to the nature of the projects and services carried out, with each segment representing a strategic business unit that offers different services and serves different markets. The Group has three reportable segments as follows:

(i) The project works segment relates to provision of engineering, procurement and construction services for certain aspects of plant projects, such as tankage and/or piping work, procurement to the oil and gas, pharmaceutical and oil and chemical terminal industries.

(ii) The plant maintenance and related services segment relates to a full discipline of maintenance services provided to the oil and gas, pharmaceutical and oil and chemical terminal industries, usually for a fixed three to five year term, under which various maintenance services and their relevant rates would be itemised.

(iii) The other operations segment relates to services provided through the Company's subsidiaries whereby heat treatment, information technology services/products and construction equipment leasing services are provided. It also relates to construction equipment leasing services provided by the Group.

Except as indicated above, no operating segments have been aggregated to form the above reportable business segments.

Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating profit or loss which in certain respects, as explained in the table below, is measured differently from operating profit or loss in the consolidated financial statements. Group financing (including finance costs) and income taxes are managed on a group basis and are not allocated to operating segments.

Allocation basis and transfer pricing

Segment results include items directly attributable to a segment as well as those that can be allocated on a reasonable basis.

Transfer prices between operating segments are on an arm's length basis in a manner similar to transactions with external parties. Segment revenue, expenses and results include transfers between business segments. These transfers are eliminated on consolidation.

Notes to the Financial Statements

For the financial year ended 30 June 2024

39. SEGMENT INFORMATION (CONT'D)

(a) *Business segments*

	Project works	Plant maintenance and related services	Other operations	Eliminations	Total
	$	$	$	$	$
2024					
Revenue	260,034,875	230,498,437	500,399	–	491,033,711
Inter-segment sales	25,048,299	33,224,393	2,055,457	(60,328,149)	–
Total revenue	285,083,174	263,772,830	2,555,856	(60,328,149)	491,033,711
Gross profit:					
Segment results	64,717,831	50,167,658	108,441	–	114,993,930
Unallocated expenses and income, net					(73,093,406)
Interest income					3,130,775
Depreciation and amortisation	(10,938,977)	(1,813,417)	(81,232)	–	(12,833,626)
Unallocated depreciation and amortisation					(4,559,819)
(Allowance for)/ write-back of expected credit losses on trade receivables and contract assets	(768,378)	623,815	–	–	(144,563)
Finance expenses					(2,087,152)
Profit before tax					25,406,139
Income tax expense					(6,722,756)
Profit for the year					18,683,383
Assets:					
Additions to property, plant and equipment	10,578,522	1,796,526	105,294	–	12,480,342

Notes to the Financial Statements

For the financial year ended 30 June 2024

39. SEGMENT INFORMATION (CONT'D)

(a) *Business segments (cont'd)*

	Project works	Plant maintenance and related services	Other operations	Eliminations	Total
	$	$	$	$	$
2023					
Revenue	219,656,733	210,965,016	317,507	–	430,939,256
Inter-segment sales	33,193,403	16,134,514	2,699,193	(52,027,110)	–
Total revenue	252,850,136	227,099,530	3,016,700	(52,027,110)	430,939,256
Gross profit:					
Segment results	38,221,181	48,010,480	38,019	–	86,269,680
Unallocated expenses and income, net					(65,484,802)
Interest income					1,834,232
Depreciation and amortisation	(7,376,719)	(1,911,943)	(107,060)	–	(9,395,722)
Unallocated depreciation and amortisation					(5,076,819)
Write-back of expected credit losses on trade receivables and contract assets	4,850,694	15,057	–	–	4,865,751
Finance expenses					(1,576,420)
Profit before tax					11,435,900
Income tax expense					(3,362,966)
Profit for the year					8,072,934
Assets:					
Additions to property, plant and equipment	5,570,705	1,797,954	2,319,297	–	9,687,956

39. SEGMENT INFORMATION (CONT'D)

(b) *Geographical segments*

The Group's geographical segments are based on the operational sites' geographical location.

	Singapore	China	Middle East	South Asia	Eliminations	Total
	$	$	$	$	$	$
2024						
Revenue	284,265,052	66,112,855	60,107,781	80,548,023	–	491,033,711
Inter-segment sales	20,320,587	–	8,983,798	31,023,764	(60,328,149)	–
Segment revenue	304,585,639	66,112,855	69,091,579	111,571,787	(60,328,149)	491,033,711
2023						
Revenue	312,517,774	46,741,190	20,203,510	51,476,782	–	430,939,256
Inter-segment sales	21,586,787	–	16,478,418	13,961,905	(52,027,110)	–
Segment revenue	334,104,561	46,741,190	36,681,928	65,438,687	(52,027,110)	430,939,256
2024						
Non-current assets	102,940,139	8,962,996	35,059,142	12,774,205	(45,649,518)	114,086,964
2023						
Non-current assets	119,396,079	9,727,934	28,909,606	14,502,012	(55,434,998)	117,100,633

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

Information about major customers

Revenue from two major customers amounted to approximately $110,000,000 (2023: $102,600,000), arising from both project works and plant maintenance and related services business segments.

40. AUTHORISATION OF FINANCIAL STATEMENTS FOR ISSUE

The financial statements for the financial year ended 30 June 2024 were authorised for issue in accordance with a resolution of the directors on 25 September 2024.

Statistics of Shareholdings

As at 19 September 2024

ISSUED SHARES AND VOTING RIGHTS

Number of Issued shares (including Treasury Shares)	-	255,714,763
Number of Issued shares (excluding Treasury Shares)	-	252,683,847
Number / Percentage of Treasury Shares	-	3,030,916 (1.20%)
Voting rights	-	One vote for each ordinary share

DISTRIBUTION OF SHAREHOLDINGS

Size of Shareholdings	No. of Shareholders	%	No. of Shares	%
1 - 99	13	0.85	425	0.00
100 - 1,000	108	7.11	83,229	0.03
1,001 - 10,000	753	49.54	4,874,449	1.93
10,001 - 1,000,000	623	40.99	33,114,545	13.11
1,000,001 AND ABOVE	23	1.51	214,611,199	84.93
TOTAL	1,520	100.00	252,683,847	100.00

SUBSTANTIAL SHAREHOLDERS

	No. of Shares			
Name of Substantial Shareholders	Direct Interest	Deemed Interest	Total No. of Shares	%
Tian San Company (Pte) Limited	85,750,000	–	85,750,000	33.94
Edna Ko Poh Thim[(1)]	35,575,995	85,750,000	121,325,995	48.01
Mark Ko Teong Hoon	23,624,475	–	23,624,475	9.35
Yeo Seng Chong[(2)]	2,275,000	11,178,900	13,453,900	5.32

Notes:

(1) Edna Ko Poh Thim is deemed to be interested in 85,750,000 shares held by Tian San Company (Pte) Limited by virtue of Section 7 of the Companies Act 1967.

(2) Yeo Seng Chong is deemed to have interests in the shares held by (i) his spouse, (ii) Yeoman Capital Management Pte Ltd ("**YMCPL**") and (iii) YMCPL's clients in its role as investment manager, by virtue of Section 4 of the SFA.

TWENTY LARGEST SHAREHOLDERS

No.	Name	No. of Shares	%
1	TIAN SAN COMPANY (PTE.) LIMITED	85,750,000	33.94
2	EDNA KO POH THIM	35,575,995	14.08
3	MARK KO TEONG HOON (GAO ZHONGXUN)	23,624,475	9.35
4	CITIBANK NOMINEES SINGAPORE PTE LTD	11,397,329	4.51
5	DB NOMINEES (SINGAPORE) PTE LTD	10,871,900	4.30
6	DBS NOMINEES (PRIVATE) LIMITED	5,319,387	2.11
7	YIM CHEE CHONG	5,156,000	2.04
8	WONG PENG	4,594,056	1.82
9	PATRICIA KO POH CHENG	3,915,200	1.55
10	NG KHAN TEE	3,501,575	1.39
11	KO TEOH MEI SHU SUSIE	3,500,000	1.39
12	CGS INTERNATIONAL SECURITIES SINGAPORE PTE. LTD.	3,264,066	1.29
13	MELISSA PEONY LU TENG KO KUMAR	2,668,950	1.06
14	YEO SENG CHONG	2,275,000	0.90
15	ROBERT DOMPELING	1,795,995	0.71
16	UOB KAY HIAN PRIVATE LIMITED	1,767,900	0.70
17	LEE MAY PENG MAISIE	1,750,000	0.69
18	KO LU SEIN	1,600,000	0.63
19	PHILLIP SECURITIES PTE LTD	1,538,344	0.61
20	ISKOUNEN MEHDI ADAM	1,300,000	0.51
	TOTAL	211,166,172	83.58

PERCENTAGE OF SHAREHOLDING HELD IN PUBLIC HANDS

Based on the information available to the Company as at 19 September 2024, approximately 25.56% of the issued ordinary shares, excluding treasury shares, of the Company is held by the public and therefore, Rule 723 of the SGX-ST Listing Manual has been complied with

Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN that the Annual General Meeting of the Company will be held at 14 International Business Park, Singapore 609922, on Friday, 25 October 2024 at 3.00 p.m. for the following purposes:

AS ROUTINE BUSINESS:

1. To receive and adopt the Directors' Statement and the Audited Financial Statements of the Company for the financial year ended 30 June 2024 and the Auditors' Report thereon. **(Resolution 1)**

2. To declare a Tax Exempt One-Tier Final Dividend of 2.0 cents per ordinary share and a Special Dividend of 1.5 cents per ordinary share for the financial year ended 30 June 2024. **(Resolution 2)**

3. To re-elect Mr Robert Dompeling, being a Director who retires by rotation pursuant to Article 114 of the Constitution of the Company. [See Explanatory Note (i)] **(Resolution 3)**

4. To re-elect Ms Edna Ko Poh Thim, being a Director who retires by rotation pursuant to Article 114 of the Constitution of the Company. [See Explanatory Note (ii)] **(Resolution 4)**

5. To re-elect Mr Ngan Wan Sing Winston, being a Director who retires by rotation pursuant to Article 114 of the Constitution of the Company. [See Explanatory Note (iii)] **(Resolution 5)**

6. To re-elect Mr Pek Hak Bin, being a Director who retires by rotation pursuant to Article 118 of the Constitution of the Company. [See Explanatory Note (iv)] **(Resolution 6)**

7. To approve the payment of Directors' fees of S$285,000 for the financial year ending 30 June 2025, to be paid quarterly in arrears. **(Resolution 7)**

8. To re-appoint Messrs Ernst & Young LLP as Auditors of the Company for the ensuing year and to authorise the Directors to fix their remuneration. **(Resolution 8)**

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

AS SPECIAL BUSINESS:

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

10. **SHARE ISSUE MANDATE**

    THAT pursuant to Section 161 of the Companies Act 1967 (the "**Companies Act**") and Rule 806 of the Listing Manual of the Singapore Exchange Securities Trading Limited ("**SGX-ST**") and notwithstanding the provisions of the Constitution of the Company, authority be and is hereby given to the Directors of the Company to:

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

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

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

b. (notwithstanding that the authority conferred by this Resolution may have ceased to be in force) issue shares in pursuance of any Instrument made or granted by the Directors while this Resolution was in force,

provided that:

(i) the aggregate number of shares to be issued pursuant to this Resolution (including shares to be issued in pursuance of Instruments made or granted pursuant to this Resolution) does not exceed fifty per cent (50%) of the total number of issued shares excluding subsidiary holdings (as defined in the Listing Manual of the SGX-ST) and treasury shares of the Company (as calculated in accordance with sub-paragraph (ii) below), of which the aggregate number of shares to be granted other than on a pro-rata basis to shareholders of the Company with registered addresses in Singapore (including shares to be issued in pursuance of Instruments made or granted pursuant to this Resolution) does not exceed twenty per cent (20%) of the total number of issued shares excluding subsidiary holdings (as defined in the Listing Manual of the SGX-ST) and treasury shares of the Company (as calculated in accordance with sub-paragraph (ii) below);

(ii) for the purpose of determining the aggregate number of shares that may be issued under sub-paragraph (i) above, the percentage of the total number of issued shares excluding subsidiary holdings (as defined in the Listing Manual of the SGX-ST) and treasury shares of the Company shall be calculated based on the total number of issued shares excluding subsidiary holdings (as defined in the Listing Manual of the SGX-ST) and treasury shares of the Company at the time of the passing of this Resolution, after adjusting for:

(a) new shares arising from the conversion or exercise of any convertible securities;

(b) new shares arising from exercise of share options or vesting of share awards outstanding or subsisting at the time of the passing of this Resolution, provided the options or awards were granted in compliance with Part VIII of Chapter 8 of the Listing Manual of the SGX-ST; and

(c) any subsequent bonus issue, consolidation or subdivision of shares;

(iii) 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 for the time being of the Company; and

(iv) unless revoked or varied by the Company in general meeting, the authority conferred by this Resolution 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 the earlier.

[See Explanatory Note (v)] **(Resolution 9)**

11. **PROPOSED RENEWAL OF THE SHARE PURCHASE MANDATE**

THAT:

(a) for the purposes of Sections 76C and 76E of the Companies Act, the exercise by the Directors of all the powers of the Company to purchase or otherwise acquire issued ordinary shares in the capital of the Company ("**Shares**") not exceeding in aggregate the Prescribed Limit (as hereafter defined), at such price(s) as may be determined by the Directors from time to time up to the Maximum Price (as hereafter defined), whether by way of:

(i) market purchase(s) (each a "**Market Purchase**") on the SGX-ST; and/or

(ii) off-market purchase(s) (each an "**Off-Market Purchase**") in accordance with any equal access scheme(s) as may be determined or formulated by the Directors as they consider fit, which scheme(s) shall satisfy all the conditions prescribed by the Companies Act,

and otherwise in accordance with all other laws and regulations and rules of the SGX-ST as may for the time being be applicable, be and is hereby authorised and approved generally and unconditionally (the "**Share Purchase Mandate**");

(b) unless varied or revoked by the Company in general meeting, the authority conferred on the Directors 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 date of the passing of this Resolution and expiring on the earliest of:

(i) the date on which the next annual general meeting of the Company is held;

(ii) the date on which the next annual general meeting of the Company is required by law to be held; or

(iii) the date on which the purchases or acquisitions of Shares by the Company pursuant to the Share Purchase Mandate are carried out to the full extent mandated;

(c) in this Resolution:

"**Prescribed Limit**" means ten per cent (10%) of the total number of issued Shares (excluding subsidiary holdings (as defined in the Listing Manual of the SGX-ST) and any Shares which are held as treasury shares) as at the date of the passing of this Resolution, unless the Company has effected a reduction of its share capital in accordance with the applicable provisions of the Companies Act at any time during the Relevant Period (as hereinafter defined), in which event the total number of issued Shares shall be taken to be the total number of issued Shares as altered (excluding subsidiary holdings (as defined in the Listing Manual of the SGX-ST) and any treasury shares that may be held by the Company from time to time);

"**Relevant Period**" means the period commencing from the date of the passing of this Resolution and expiring on the date the next annual general meeting of the Company is held or is required by law to be held, whichever is the earlier; and

"**Maximum Price**" in relation to a Share to be purchased or acquired, means an amount (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 (as hereinafter defined); and

(ii) in the case of an Off-Market Purchase, 120% of the Average Closing Price (as hereinafter defined), where:

"**Average Closing Price**" means the average of the closing market prices of the Shares over the last five (5) Market Days (as hereinafter defined) on the SGX-ST, on which transactions in the Shares were recorded, 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 for any corporate action that occurs during the relevant five (5) Market Days period and 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;

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

"**Market Day**" means a day on which the SGX-ST is open for trading in securities;

(d) the Directors or any of them be and are hereby authorised to deal with the Shares purchased or acquired by the Company pursuant to the Share Purchase Mandate in any manner as they think fit, which is permissible under the Companies Act; and

(e) the Directors or any of them be and are hereby authorised to complete and do all such acts and things (including executing such documents as may be required) as they may consider expedient or necessary to give effect to the transactions contemplated by this Resolution.

[See Explanatory Note (vi)] **(Resolution 10)**

12. **AUTHORITY TO GRANT AWARDS AND ALLOT AND ISSUE SHARES UNDER THE PEC PERFORMANCE SHARE PLAN**

THAT the Directors of the Company be and hereby authorised to:

(a) grant awards ("**Awards**") in accordance with the provisions of the PEC Performance Share Plan (the "**Plan**"); and

(b) pursuant to Section 161 of the Companies Act, allot and issue from time to time such number of fully paid shares in the capital of the Company as may be required to be allotted and issued pursuant to the vesting of Awards under the Plan,

Provided always that the aggregate number of shares to be delivered pursuant to the vesting of Awards granted or to be granted under the Plan, when added to the number of shares issues and/or issuable under such other share-based incentive schemes of the Company, shall not exceed fifteen per cent (15%) of the total number of issued shares of the Company (excluding subsidiary holdings (as defined in the Listing Manual of the SGX-ST) and treasury shares) on the day preceding the relevant award date.

[See Explanatory Note (vii)] **(Resolution 11)**

By Order of the Board

Cheok Hui Yee
Chin Yee Seng
Company Secretaries

Singapore, 10 October 2024

Notice of Annual General Meeting

EXPLANATORY NOTES:

(i) **Resolution 3** is to re-elect Mr Robert Dompeling ("**Mr Dompeling**") as a Director of the Company. Mr Dompeling, upon re-election as a Director of the Company, will remain as the Group Executive Officer of the Company.

(ii) **Resolution 4** is to re-elect Ms Edna Ko Poh Thim ("**Ms Edna**") as a Director of the Company. Ms Edna, upon re-election as a Director of the Company, will remain as the Executive Chairman of the Company.

(iii) **Resolution 5** is to re-elect Mr Ngan Wan Sing Winston ("**Mr Ngan**") as a Director of the Company. Mr Ngan, upon re-election as a Director of the Company, will remain as an Independent Director, the Chairman of the Audit and Risk Management Committee and a member of the Nominating Committee and the Remuneration Committee.

(iv) **Resolution 6** is to re-elect Mr Pek Hak Bin ("**Mr Pek**") as a Director of the Company. Mr Pek, upon re-election as a Director of the Company, will remain as an Independent Director of the Company, the Chairman of the Remuneration Committee and a member of the Audit and Risk Management Committee and the Nominating Committee.

(v) **Resolution 9** proposed in item 10 above, if passed, is to empower the Directors to allot and issue shares in the capital of the Company and/or Instruments (as defined above), and to issue shares in pursuance of such Instruments. The aggregate number of shares to be issued pursuant to Resolution 9 (including shares to be issued in pursuance of Instruments made or granted) shall not exceed fifty per cent (50%) of the total number of issued shares excluding subsidiary holdings (as defined in the Listing Manual of the SGX-ST) and treasury shares of the Company, with a sub-limit of twenty per cent. (20%) for shares issued other than on a pro rata basis (including shares to be issued in pursuance of Instruments made or granted pursuant to this Resolution) to shareholders with registered addresses in Singapore. For the purpose of determining the aggregate number of shares that may be issued, the percentage of the total number of issued shares excluding subsidiary holdings (as defined in the Listing Manual of the SGX-ST) and treasury shares of the Company will be calculated based on the total number of issued shares excluding subsidiary holdings (as defined in the Listing Manual of the SGX-ST) and treasury shares of the Company at the time of the passing of Resolution 9, after adjusting for (i) new shares arising from the conversion or exercise of any convertible securities; (ii) new shares arising from exercise of share options or vesting of share awards outstanding or subsisting at the time of the passing of Resolution 9, provided the options or awards were granted in compliance with Part VIII of Chapter 8 of the Listing Manual of the SGX-ST; and (iii) any subsequent bonus issue, consolidation or subdivision of shares.

(vi) **Resolution 10** proposed in item 11 above, if passed, will empower the Directors to exercise all powers of the Company to purchase or otherwise acquire (whether by way of Market Purchases or Off-Market Purchases) Shares on the terms of the Share Purchase Mandate as set out in the letter to shareholders of the Company dated 10 October 2024 (the "**Letter**").

The Company intends to use internal sources of funds or external borrowings or a combination of both to finance its purchase or acquisitions of Shares pursuant to the Share Purchase Mandate. It is not possible for the Company to realistically calculate or quantify the impact of purchases or acquisitions of Shares that may be made pursuant to the Share Purchase Mandate on the net tangible asset value per Share and earnings per Share as the resultant effect would depend on, *inter alia*, the aggregate number of Shares purchased or acquired, whether the purchase or acquisition is made out of capital or profits, the purchase prices paid for such Shares, the amount (if any) borrowed by the Company to fund the purchases or acquisitions, and whether the Shares purchased or acquired are cancelled or held as treasury shares.

An illustration of the financial effects of the purchase or acquisition of Shares by the Company pursuant to the Share Purchase Mandate based on the audited financial statements of the Group for the financial year ended 30 June 2024 is set out in paragraph 2.7 of the Letter.

Notice of Annual General Meeting

(vii) **Resolution 11** proposed item in 12 above, if passed is to authorise the Directors to (a) offer and grant Awards in accordance with the provisions of the Plan and (b) pursuant to Section 161 of the Companies Act, to allot and issue shares in the capital of the Company pursuant to the vesting of Awards granted under the Plan, provided that the aggregate number of shares to be delivered pursuant to the vesting of Awards granted or to be granted under the Plan, when added to the number of shares issued and/or issuable in respect of such other share-based incentive schemes of the Company shall not exceed fifteen per cent (15%) of the total number of issued shares of the Company (excluding subsidiary holdings (as defined in the Listing Manual of the SGX-ST) and treasury shares) on the day preceding the relevant award date. As at the Latest Practicable Date, (a) apart from the Plan, there are no other share-based incentive schemes of the Company in force, and (b) Awards in respect of up to 44,777,193 shares have been granted under the Plan of which 5,764,847 shares have been released.

PERSONAL DATA PRIVACY:

By submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the Annual General Meeting 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 (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the Annual General Meeting (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.

NOTES :

1. The members of the Company are invited to attend physically at the AGM. There will be no option for shareholders to participate virtually.

2. The Annual Report 2024, the Letter to Shareholders dated 10 October 2024 in relation to the proposed renewal of the share purchase mandate, Notice of Annual General Meeting and Proxy Form will be published on the Company's website at URL http://www.peceng.com/html/investor_shareholders.php and also on SGXNet at the URL https://www2.sgx.com/securities/company-announcements.

   A member who wishes to request for a printed copy of the Annual Report 2024 may do so by completing and returning the Request Form which is sent to him/her/it by post to the Company, c/o In.Corp Corporate Services Pte. Ltd. by 17 October 2024.

3. A member of the Company (other than a Relevant Intermediary*), entitled to attend and vote at a meeting of the Company is entitled to appoint up to two proxies to attend and vote in his stead. A proxy need not be a member of the Company. Where a member (other than a Relevant Intermediary*) appoints two proxies, the appointments shall be invalid unless he specifies the proportion of his shareholding (expressed as a percentage of the whole) to be represented by each proxy.

Notice of Annual General Meeting

4. A Relevant Intermediary* may appoint more than two proxies, but each proxy must be appointed to exercise the rights attached to a different share or shares held by him (which number or class of shares shall be specified).

   "**Relevant Intermediary**" has the meaning ascribed to it in Section 181 of the Companies Act which is specified in the proxy form.

5. The Proxy Form for the AGM will be announced together with the Notice of AGM and may be accessed at the Company's website at the URL http://www.peceng.com/html/investor_shareholders.php and on the SGX website at the URL https://www2.sgx.com/securities/company-announcements.

   A member (whether individual or corporate) must submit his/her/its Proxy Form as his/her/ its proxy (including the Chairman of the AGM if he is appointed as proxy) to attend, speak and vote on his/her/its behalf at the AGM if such member wishes to exercise his/her/its voting rights at the AGM. Where a member (whether individual or corporate) appoints the Chairman of the AGM as his/her/its proxy, he/she/it must give specific instructions as to voting, or abstentions from voting, in respect of a resolution in the Proxy Form, failing which the appointment of the proxy or Chairman of the AGM as proxy for that resolution will be treated as invalid.

   CPF or SRS investors who wish to appoint the Chairman of the AGM as proxy should approach their respective CPF Agent Banks or SRS Operators to submit their votes at least (7) working days prior to the date of the AGM.

6. The instrument appointing a proxy, proxies or the Chairman of the AGM as proxy must be deposited at the office of the Company's Share Registrar at 30 Cecil Street, #19-08 Prudential Tower, Singapore 049712 or submitted via email to shareregistry@incorp.asia, in each case, not less than 48 hours before the time for holding the AGM and at any adjournment thereof and in default the instrument of proxy shall not be treated as valid.

   A member who wishes to submit an instrument of proxy must first download, complete and sign the proxy form, before submitting it by post to the address provided above, or before scanning and sending it by email to the email address provided above.

Submission of questions prior to the AGM

7. Members may submit questions related to the resolutions to be tabled for approval at the AGM, in advance of the AGM. The Company will endeavour to address questions which are substantial and relevant.

   When submitting the questions, please provide the Company with the following details, for verification purpose:-

   (i) Full name;

   (ii) NRIC number;

   (iii) Current address;

   (iv) Contact number; and

   (v) Number of shares held.

   Please also indicate the manner in which you hold shares in the Company (e.g. via CDP, CPF or SRS).

Notice of Annual General Meeting

8. The questions must be submitted no later than 3.00 pm Singapore time on 17 October 2024 via one of the following means:

   (a) by post, be lodged at the office of the Company's Share Registrar, In.Corp Corporate Services Pte. Ltd. at 30 Cecil Street, #19-08 Prudential Tower, Singapore 049712; or

   (b) by email to the Company's Share Registrar at shareregistry@incorp.asia.

9. If the questions are deposited in physical copy at the office of the Company's Share Registrar or sent via email, and in either case not accompanied by the completed and executed proxy form, the following details must be included with the submitted questions: (1) the full name of the shareholder; and (2) his/her/its identification/registration number for verification purposes, failing which the submission will be treated as invalid.

10. It is important for shareholders to submit their questions by the Submission Deadline. The Company will publish the responses to those questions at the Company's website at the URL http://www.peceng.com/html/investor_shareholders.php.

11. A summary of the questions and responses will be published on SGXNET and the Company's website by 21 October 2024. For questions which are addressed during the AGM, the responses to such questions will be included in the minutes of the AGM which will be published on the SGXNET and the Company's website within one month from the date of the AGM.

Voting by proxy

12. The completed Proxy Form must be submitted through any one of the following means:

   (a) by depositing a physical copy at the office of the Company's Share Registrar, In.Corp Corporate Services Pte. Ltd. at 30 Cecil Street, #19-08 Prudential Tower, Singapore 049712; or

   (b) by sending a scanned PDF copy by email to shareregistry@incorp.asia

   in each case, no later than 3.00 p.m. on 23 October 2024, and failing which, the Proxy Form will not be treated as valid.

13. The instrument appointing the proxy, proxies or the Chairman of the AGM as proxy must be under the hand of the appointor or of his attorney duly authorised in writing. Where the instrument appointing a proxy, proxies or the Chairman of the AGM as proxy is executed by a corporation, it must be executed under its common seal or under the hand of its officer or attorney duly authorised. Where an instrument appointing a proxy, proxies or the Chairman of the AGM as proxy is signed on behalf of the appointor by an attorney, the power of attorney (or other authority) or a duly certified copy thereof must (failing previous registration with the Company) be lodged with the instrument of proxy, failing which the instrument may be treated as invalid.

14. A corporation which is a member may authorise by resolution of its directors or other governing body such person as it thinks fit to act as its representative at the AGM, in accordance with Section 179 of the Companies Act and the person so authorised shall upon production of a copy of such resolution certified by a director of the corporation to be a true copy, be entitled to exercise the powers on behalf of the corporation so represented as the corporation could exercise in person if it were an individual.

15. A depositor shall not be regarded as a member of the Company entitled to attend and vote at the AGM unless his/her name appears on the Depository Register not less than 72 hours before the time appointed for holding the AGM.

Supplemental Information on Director Seeking Re-Election at the 2024 Annual General Meeting

[Pursuant to SGX-ST Listing Manual Rule 720(6) and Appendix 7.4.1.]

Mr Robert Dompeling, Ms Edna Ko Poh Thim, Mr Ngan Wan Sing Winston and Mr Pek Hak Bin are the Directors seeking re-election at the AGM of the Company on 25 October 2024.

Pursuant to Rule 720(6) of the Listing Manual of SGX-ST, the information relating to the Retiring Directors as set out in Appendix 7.4.1 to the Listing Manual of SGX-ST is as follow:

Name of retiring director	Robert Dompeling	Edna Ko Poh Thim	Ngan Wan Sing Winston	Pek Hak Bin
Date of first appointment	1 July 2007	8 February 1984	1 August 2022	1 July 2020
Date of last re-appointment (if applicable)	27 October 2021	27 October 2022	27 October 2022	27 August 2024
Age	66	66	62	59
Country of principal residence	Republic of Singapore	Republic of Singapore	Republic of Singapore	Republic of Singapore
Job Title	Group Chief Executive Officer	Executive Chairman	Independent Director Chairman of the Audit and Risk Management Committee Member of the Remuneration Committee Member of the Nominating Committee	Independent Director Chairman of the Remuneration Committee Member of the Audit and Risk Management Committee Member of the Nominating Committee
The Board's comments on the re-appointment (including rational, selection criteria, and the search and nomination process)	The Board considered the Nominating Committee's recommendation and assessment on Mr Dompeling's skills, experience, and his contribution of guidance and time to the Board's deliberation and is satisfied that he will continue to contribute to the Board. The Nominating Committee and Board recommend the re-appointment of Mr Dompeling's as Group Chief Executive Officer of the Company.	The Board considered the Nominating Committee's recommendation and assessment on Ms Edna Ko's skills, experience, and his contribution of guidance and time to the Board's deliberation and is satisfied that he will continue to contribute to the Board. The Nominating Committee and Board recommend the re-appointment of Ms Edna Ko's as Executive Chairman of the Company.	Mr Ngan Wan Sing Winston is subjected to retirement by rotation pursuant to Article 114 of the Company's Constitution. The Board considered the Nominating Committee's recommendation to re-elect Mr Ngan Wan Sing Winston pursuant to Article 114 of the Company's Constitution. The Nominating Committee and Board recommend the re-appointment of Mr Ngan Wan Sing Winston as an Independent Director of the Company.	Mr Pek Hak Bin is subjected to retirement by rotation pursuant to Article 118 of the Company's Constitution. The Board considered the Nominating Committee's recommendation to re-elect Mr Pek Hak Bin pursuant to Article 118 of the Company's Constitution. The Nominating Committee and Board recommend the re-appointment of Mr Pek Hak Bin as an Independent Director of the Company.
Whether appointment is executive, and if so, the area of responsibility	Executive Mr Dompeling is responsible for the operational, commercial and financial management as well as charting the business development and expansion of the Group.	Executive Ms Edna Ko is responsible for the Group's overall business strategy and development.	Non-Executive	Non-Executive
Professional qualifications	Bachelor's and Master's degrees in Naval Architecture from University of Technology of Delft, the Netherlands	Bachelor of Business Administration	Chartered Professional Accountant (Canada), Chartered Accountant (Singapore) and Certified Public Accountant (Australia)	Bachelor of Accountancy Hons, Nanyang Technological University. International business and global company operations management program of Harvard Business School and Stanford Graduates School of Business respectively
Working experience and occupations(s) during the past 10 years	Group Chief Executive Officer, PEC Ltd	Executive Chairman, PEC LTD	Partner and Head of Financial Services Assurance, Ernst & Young LLP	Partner & Regional Head of Oil & Gas, KPMG Singapore, 2013 to 2015

Supplemental Information on Director Seeking Re-Election at the 2024 Annual General Meeting

[Pursuant to SGX-ST Listing Manual Rule 720(6) and Appendix 7.4.1.]

Name of retiring director	Robert Dompeling	Edna Ko Poh Thim	Ngan Wan Sing Winston	Pek Hak Bin
Shareholding interest in the Company and its subsidiaries	1,795,995	35,575,995 85,750,000 (other deemed interest)	None	None
Any relationship (including immediate family relationships) with any existing director/existing executive officer, the Company and/ or substantial shareholder of the Company or any of its principal subsidiaries	Spouse of Ms Edna Ko Poh Thim	Spouse of Mr Robert Dompeling	None	None
Conflict of interest (including any competing business)	None	None	None	None
Undertaking (in the format set out in Appendix 7.7) under Rule 720(1) has been submitted to the Company	Yes	Yes	Yes	Yes
Other Principal Commitments including Directorships	None	None	Director of HSBC Bank (Singapore) Limited, United Overseas Insurance Limited, KCS 1 Pte. Ltd., Kadita GP1 Ltd. and Kadita Partners Pte. Ltd.	None
Past 5 years	Director: ENERZ Engineering Pte Ltd (wound-up) Major Insulation & Links (MIL) Marketing Pte. Ltd. (wound-up) PEC Hong Kong Pte Ltd (wound-up) PEC (Middle East) Pte Ltd (wound-up)	Director: Major Insulation & Links (MIL) Marketing Pte. Ltd. (wound-up) PEC Hong Kong Pte Ltd (wound-up) PEC Technology Consultancy Services (Huizhou) Ltd. (wound-up)	Partner, Ernst & Young LLP	None
Present	Director: Audex Pte. Ltd. Audex Fujairah LL FZE EBT Engineering Pte Ltd ISOTECH Pte. Ltd. ITR Re-Engineering Pte Ltd PEC International LLC PEC International Investments Pte Ltd PEC (Malaysia) Sdn Bhd PEC (Myanmar) Limited (In Process of Liquidation) PEC Process Systems Pte Ltd PECI (Myanmar) Limited PECI-Thai Company Limited Plant Electrical Instrumentation Pte Ltd Plant Engtech Private Limited Plant General Services Pte Ltd Testing Inspection & Solution Pte Ltd	Director: Audex Pte. Ltd. Huizhou Tianxin Petrochemical Engineering Co. Ltd ITR Re-Engineering Pte Ltd PEC Construction Equipment Leasing Company (Huizhou) Ltd (wound-up) PEC (Malaysia) Sdn Bhd PECI-Thai Co. Ltd PEC International Investments Pte Ltd Plant Electrical Instrumentation Pte Ltd Testing Inspection & Solution Pte Ltd EBT Engineering Pte Ltd Asia Chemical Plant Consultant Services Pte Ltd Tian San Co. Pte Ltd Tian San Shipping Pte Ltd	Director: HSBC Bank (Singapore) Limited United Overseas Insurance Limited KCS 1 Pte. Ltd. Kadita GP1 Ltd. Kadita Partners Pte. Ltd.	Director: United Petroleum International Holdings Pte Ltd YMCA of Singapore

Supplemental Information on Director Seeking Re-Election at the 2024 Annual General Meeting

[Pursuant to SGX-ST Listing Manual Rule 720(6) and Appendix 7.4.1.]

For the four directors, Mr Robert Dompeling, Ms Edna Ko Poh Thim, Mr Ngan Wan Sing Winston and Mr Pek Hak Bin seeking re-election have individually given a negative confirmation on each of the items (a) to (k) set out in Appendix 7.4.1 under Rule 720(6) of the SGX-ST Listing Manual.

Name of retiring director	Robert Dompeling	Edna Ko Poh Thim	Ngan Wan Sing Winston	Pek Hak Bin
(a) Whether at any time during the last 10 years, an application or a petition under any bankruptcy law of any jurisdiction was filed against him/her or against a partnership of which he/she was a partner at the time when he/she was a partner or at any time within 2 years from the date he/she ceased to be a partner?	No	No	No	No
(b) Whether at any time during the last 10 years, an application or a petition under any law of any jurisdiction was filed against an entity (not being a partnership) of which he/she was a director or an equivalent person or a key executive, at the time when he/she was a director or an equivalent person or a key executive of that entity or at any time within 2 years from the date he/she ceased to be a director or an equivalent person or a key executive of that entity, for the winding up or dissolution of that entity or, where that entity is the trustee of a business trust, that business trust, on the ground of insolvency?	No	No	No	No
(c) Whether there is any unsatisfied judgment against him?	No	No	No	No
(d) Whether he/she has ever been convicted of any offence, in Singapore or elsewhere, involving fraud or dishonesty which is punishable with imprisonment, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he/she is aware) for such purpose?	No	No	No	No

Supplemental Information on Director Seeking Re-Election at the 2024 Annual General Meeting

[Pursuant to SGX-ST Listing Manual Rule 720(6) and Appendix 7.4.1.]

Name of retiring director	Robert Dompeling	Edna Ko Poh Thim	Ngan Wan Sing Winston	Pek Hak Bin
(e) Whether he/she has ever been convicted of any offence, in Singapore or elsewhere, involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he/she is aware) for such breach?	No	No	No	No
(f) Whether at any time during the last 10 years, judgment has been entered against him/her in any civil proceedings in Singapore or elsewhere involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or a finding of fraud, misrepresentation or dishonesty on his/her part, or he/she has been the subject of any civil proceedings (including any pending civil proceedings of which he/she is aware) involving an allegation of fraud, misrepresentation or dishonesty on his/her part?	No	No	No	No
(g) Whether he/she has ever been convicted in Singapore or elsewhere of any offence in connection with the formation or management of any entity or business trust?	No	No	No	No
(h) Whether he/she has ever been disqualified from acting as a director or an equivalent person of any entity (including the trustee of a business trust), or from taking part directly or indirectly in the management of any entity or business trust?	No	No	No	Yes Mr Pek has been disqualified to act as a director pursuant to Section 155A of the Companies Act 1967 of Singapore for a period of 5 years from 9 July 2024. However, ACRA has granted permission to Mr Pek to continue to act as Director on 23 August 2024.
(i) Whether he/she has ever been the subject of any order, judgment or ruling of any court, tribunal or governmental body, permanently or temporarily enjoining him/her from engaging in any type of business practice or activity?	No	No	No	No

Supplemental Information on Director Seeking Re-Election at the 2024 Annual General Meeting

[Pursuant to SGX-ST Listing Manual Rule 720(6) and Appendix 7.4.1.]

Name of retiring director	Robert Dompeling	Edna Ko Poh Thim	Ngan Wan Sing Winston	Pek Hak Bin
(j) Whether he/she has ever, to his/her knowledge, been concerned with the management or conduct, in Singapore or elsewhere, of the affairs of: (i) any corporation which has been investigated for a breach of any law or regulatory requirement governing corporations in Singapore or elsewhere; or (ii) any entity (not being a corporation) which has been investigated for a breach of any law or regulatory requirement governing such entities in Singapore or elsewhere; or (iii) any business trust which has been investigated for a breach of any law or regulatory requirement governing business trusts in Singapore or elsewhere; or (iii) any entity or business trust which has been investigated for a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, in connection with any matter occurring or arising during that period when he/she was so concerned with the entity or business trust?	No	No	No	No
(k) Whether he/she has been the subject of any current or past investigation or disciplinary proceedings, or has been reprimanded or issued any warning, by the Monetary Authority of Singapore or any other regulatory authority, exchange, professional body or government agency, whether in Singapore or elsewhere?	No	No	No	No

PEC LTD.

(Incorporated in Singapore)
(Registration No. 198200079M)

Proxy Form

FOR ANNUAL GENERAL MEETING
(Please see notes overleaf before completing this Form)

IMPORTANT:
CPF/SRS Investors
1. This Proxy Form is not valid for use by CPF/SRS investors and shall be ineffective for all intents and purposes if used or purported to be used by them.
2. CPF/SRS investors who wish to appoint the Chairman of the AGM as proxy should approach their respective CPF Agent Banks or SRS Operators to submit their votes at least seven (7) working days prior to the date of the AGM.

PERSONAL DATA PRIVACY
By submitting an instrument appointing a proxy and/or representative, the Shareholder accepts and agrees to the personal data privacy terms set out in the Notice of AGM dated 10 October 2024.

I/We, ______________________ (Name) ______________________ (NRIC/ Passport Number/ Company Regn. No.)
of ____ (Address)
being a member/members of PEC LTD. (the "**Company**"), hereby appoint:

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

and/or (delete as appropriate)

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

or failing him/her, the Chairman of the AGM as my/our proxy/proxies to attend and vote for me/us on my/our behalf at the Annual General Meeting ("**AGM**") of the Company held at 14 International Business Park, Singapore 609922 on Friday, 25 October 2024 at 3.00 p.m. and at any adjournment thereof.

The proxy/proxies shall vote for or against from voting on the Resolutions to be proposed at the AGM as indicated hereunder. If no specific direction as to voting is given or in the event of any other matter arising at the AGM and at any adjournment thereof, the proxy/proxies may vote or abstain from voting at his/their discretion. Capitalised terms used hereunder shall have the same meanings ascribed to them in the Notice of AGM dated 10 October 2024.

	For*	Against*	Abstain*
ROUTINE BUSINESS			
Ordinary Resolution 1 To receive and adopt the Directors' Statement and the Audited Financial Statements of the Company for the financial year ended 30 June 2024 and the Auditors' Report thereon			
Ordinary Resolution 2 To declare a Tax Exempt One-Tier Final Dividend of 2.0 cents per ordinary share and a Special Dividend of 1.5 cents per ordinary share for the financial year ended 30 June 2024			
Ordinary Resolution 3 To re-elect Mr Robert Dompeling, being a Director who retires by rotation pursuant to Article 114 of the Constitution of the Company			
Ordinary Resolution 4 To re-elect Ms Edna Ko Poh Thim, being a Director who retires by rotation pursuant to Article 114 of the Constitution of the Company			
Ordinary Resolution 5 To re-elect Mr Ngan Wan Sing Winston, being a Director who retires by rotation pursuant to Article 114 of the Constitution of the Company			
Ordinary Resolution 6 To re-elect Mr Pek Hak Bin, being a Director who retires by rotation pursuant to Article 118 of the Constitution of the Company			
Ordinary Resolution 7 To approve the payment of Directors' fees of S$285,000 for the financial year ending 30 June 2025, to be paid quarterly in arrears			
Ordinary Resolution 8 To re-appoint Messrs Ernst & Young LLP as Auditors of the Company for the ensuing year and to authorise the Directors to fix their remuneration			
SPECIAL BUSINESS			
Ordinary Resolution 9 Authority for Directors to allot and issue new shares pursuant to Section 161 of the Companies Act 1967			
Ordinary Resolution 10 To approve the proposed renewal of Share Purchase Mandate			
Ordinary Resolution 11 Authority for Directors to grant awards and allot and issue shares under the PEC Performance Share Plan			

* If you wish your proxy/proxies or Chairman of the AGM as proxy to cast all your votes for or against a Resolution, please indicate with a "✓" in the space provided under "For" or "Against". If you wish your proxy/proxies or Chairman of the AGM as proxy to abstain from voting on a Resolution, please indicate with a "✓" in the space provided under "Abstain". Alternatively, please indicate the number of shares that your proxy/proxies or Chairman of the AGM as your proxy is directed to vote "For" or "Against" or "Abstain" from voting. In the absence of specific directions, the appointment of your proxy/proxies or the Chairman of the AGM as your proxy will be treated as invalid.

Dated this ______________ day of ______________ 2024

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

____
Signature of Shareholder(s)
or, Common Seal of Corporate Shareholder
IMPORTANT: PLEASE READ NOTES OVERLEAF.

Notes:

1. Please insert the total number of shares held by you. If you have shares entered against your name in the Depository Register (as defined in Section 81SF of the Securities and Futures Act 2001), you should insert that number of shares. If you have shares registered in your name in the Register of Members of the Company, 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, this form of proxy will be deemed to relate to all the shares held by you.

2. A member of the Company (other than a Relevant Intermediary*), entitled to attend and vote at a meeting of the Company is entitled to appoint up to two proxies to attend and vote in his stead. A proxy need not be a member of the Company. Where a member (other than a Relevant Intermediary*) appoints two proxies, the appointments shall be invalid unless he specifies the proportion of his shareholding (expressed as a percentage of the whole) to be represented by each proxy.

3. A Relevant Intermediary" may appoint more than two proxies, but each proxy must be appointed to exercise the rights attached to a different share or shares held by him (which number or class of shares shall be specified).

4. Subject to note 10, completion and return of this instrument appointing a proxy shall not preclude a member from attending and voting at the Meeting. Any appointment of a proxy or proxies shall be deemed to be revoked if a member attends the AGM in person, and in such event, the Company reserves the right to refuse to admit any person or persons appointed under the instrument of proxy to the AGM.

5. The Annual Report 2024, the letter to Shareholders dated 10 October 2024 in relation to the proposed renewal of the Share Purchase Mandate, the Notice of AGM and this Proxy Form will be published on the Company's website at the URL http://www.peceng.com/html/investor_shareholders.php and on the SGX website at the URL https://www2.sgx.com/securities/company-announcements.

   A member (whether individual or corporate) must submit his/her/its Proxy Form as his/her/ its proxy (including the Chairman if he is appointed as proxy) to attend, speak and vote on his/her/its behalf at the AGM if such member wishes to exercise his/her/its voting rights at the AGM. Where a member (whether individual or corporate) appoints the Chairman of the AGM as his/her/its proxy, he/she/it must give specific instructions as to voting, or abstentions from voting, in respect of a resolution in the Proxy Form, failing which the appointment of the proxy or Chairman of the AGM as proxy for that resolution will be treated as invalid.

6. The instrument appointing a proxy, proxies or the Chairman of the AGM as proxy must be deposited at the office of the Company's Share Registrar, In.Corp Corporate Services Pte. Ltd. at 30 Cecil Street, #19-08 Prudential Tower, Singapore 049712 or submitted via email to shareregistry@incorp.asia, in each case, not less than 48 hours before the time for holding the AGM and at any adjournment thereof and in default the instrument of proxy shall not be treated as valid.

   A member who wishes to submit an instrument of proxy must first download, complete and sign the proxy form, before submitting it by post to the address provided above, or before scanning and sending it by email to the email address provided above.

7. The instrument appointing the proxy, proxies or the Chairman of the AGM as proxy must be under the hand of the appointor or of his attorney duly authorised in writing. Where the instrument appointing a proxy, proxies or the Chairman of the AGM as proxy is executed by a corporation, it must be executed under its common seal or under the hand of its officer or attorney duly authorised. Where an instrument appointing a proxy, proxies or the Chairman of the AGM as proxy is signed on behalf of the appointor by an attorney, the power of attorney (or other authority) or a duly certified copy thereof must (failing previous registration with the Company) be lodged with the instrument of proxy, failing which the instrument may be treated as invalid.

8. A corporation which is a member may authorise by resolution of its directors or other governing body such person as it thinks fit to act as its representative at the AGM, in accordance with Section 179 of the Companies Act and the person so authorised shall upon production of a copy of such resolution certified by a director of the corporation to be a true copy, be entitled to exercise the powers on behalf of the corporation so represented as the corporation could exercise in person if it were an individual.

9. An investor who holds shares under the Central Provident Fund Investment Scheme ("**CPF Investors**") or the Supplementary Retirement Scheme ("**SRS Investors**") who wish to appoint the Chairman of the AGM as proxy should approach their respective CPF Agent Banks or SRS Operators to submit their votes at least seven (7) working days prior to the date of the AGM.

10. A Relevant Intermediary is:

    (a) a banking corporation licensed under the Banking Act 1970, or a wholly-owned subsidiary of such a banking corporation, whose business includes the provision of nominee services and who holds shares in that capacity; or

    (b) a person holding a capital markets services licence to provide custodial services for securities under the Securities and Futures Act 2001 and who holds shares in that capacity; or

    (c) the Central Provident Fund Board established by the Central Provident Fund Act 1953, in respect of shares purchased under the subsidiary legislation made under that Act providing for the making of investments from the contributions and interest standing to the credit of members of the Central Provident Fund, if the Board holds those shares in the capacity of an intermediary pursuant to or in accordance with that subsidiary legislation.

General:

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

Personal Data Privacy:

By submitting an instrument appointing the proxy/proxies or the Chairman of the AGM as proxy, the member accepts and agrees to the personal data privacy terms set out in the Notice of AGM dated 10 October 2024.

Corporate Information

BOARD OF DIRECTORS

Edna Ko Poh Thim
(Executive Chairman)

Robert Dompeling
(Group Chief Executive Officer)

Wong Peng
(Non-Executive and Non-Independent Director)

Joy Tan Whei Mien
(Lead Independent Director)

Pek Hak Bin
(Independent Director)

Winston Ngan Wan Sing
(Independent Director)

Yvonne Tan Peck Hong
(Independent Director)

AUDIT AND RISK MANAGEMENT COMMITTEE

Winston Ngan Wan Sing – Chairman

Joy Tan Whei Mien

Pek Hak Bin

Yvonne Tan Peck Hong

NOMINATING COMMITTEE

Joy Tan Whei Mien – Chairman

Pek Hak Bin

Winston Ngan Wan Sing

Yvonne Tan Peck Hong

REMUNERATION COMMITTEE

Pek Hak Bin – Chairman

Joy Tan Whei Mien

Winston Ngan Wan Sing

Yvonne Tan Peck Hong

JOINT COMPANY SECRETARIES

Cheok Hui Yee

Chin Yee Seng

SHARE REGISTRAR

In.Corp Corporate Services Pte. Ltd.
30 Cecil Street
#19-08 Prudential Tower
Singapore 049712

INDEPENDENT AUDITOR

Ernst & Young LLP
Public Accountants and
Chartered Accountants
One Raffles Quay
North Tower, Level 18
Singapore 048583

Partner-in-charge : Adrian Koh
(since financial year ended 30 June 2022)

PRINCIPAL BANKERS

The Hongkong and Shanghai Banking
Corporation Limited
10 Marina Boulevard
Marina Bay Financial Centre Tower 2, #47-01
Singapore 018983

Oversea-Chinese Banking
Corporation Limited
63 Chulia Street
#06-00 OCBC Centre East
Singapore 049514

REGISTERED OFFICE

14 International Business Park
Singapore 609922
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Website : www.peceng.com

COMPANY REGISTRATION NUMBER
198200079M

PEC LTD.

(Co. Registration No.:198200079M)

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