Chuan Holdings Limited
川控股有限公司*

(Incorporated in the Cayman Islands with limited liability)

Stock Code: 1420

Annual Report 2023

* For identification purposes only

CONTENTS

CORPORATE INFORMATION

DIRECTORS

Executive Directors

Mr. Lim Kui Teng *(Chief Executive Officer)*
Mr. Phang Yew Kiat *(Chairman)*
(re-designated from a non-executive Director to an executive Director on 1 January 2024)
Mr. Bijay Joseph

Independent Non-executive Directors

Mr. Wee Hian Eng Cyrus
Mr. Wong Ka Bo Jimmy
Mr. Xu Fenglei

AUDIT COMMITTEE

Mr. Wong Ka Bo Jimmy *(Chairman)*
Mr. Wee Hian Eng Cyrus
Mr. Xu Fenglei

NOMINATION COMMITTEE

Mr. Phang Yew Kiat *(Chairman)*
Mr. Wong Ka Bo Jimmy
Mr. Xu Fenglei

REMUNERATION COMMITTEE

Mr. Xu Fenglei *(Chairman)*
Mr. Lim Kui Teng
Mr. Wong Ka Bo Jimmy

COMPANY SECRETARY

Mr. Ho Kai Tak

AUTHORISED REPRESENTATIVES

Mr. Lim Kui Teng
Mr. Ho Kai Tak

AUDITOR

Ernst & Young LLP
Certified Public Accountant
One Raffles Quay, North Tower
Level 18, Singapore 048583

REGISTERED OFFICE

Cricket Square
Hutchins Drive
P.O. Box 2681
Grand Cayman KY1-1111
Cayman Islands

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Rooms 2102-03, 21/F, 299QRC
287-299 Queen's Road Central
Hong Kong

HEADQUARTERS AND PRINCIPAL PLACE OF BUSINESS IN SINGAPORE

20 Senoko Drive
Singapore 758207

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

Conyers Trust Company (Cayman) Limited
Cricket Square
Hutchins Drive
P.O. Box 2681
Grand Cayman KY1-1111
Cayman Islands

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Tricor Investor Services Limited
17/F, Far East Finance Centre
16 Harcourt Road
Hong Kong

LEGAL ADVISER

As to Hong Kong law
Chow & Ho, Solicitors
Rooms 2102-03, 21/F, 299QRC
287-299 Queen's Road Central
Hong Kong

PRINCIPAL BANKERS

Maybank Singapore Limited
DBS Bank Ltd (Singapore)
The Hongkong and Shanghai Banking Corporation Limited
United Overseas Bank Limited

LISTING INFORMATION

The Stock Exchange of Hong Kong Limited
Stock Code:1420

COMPANY WEBSITE

www.chuanholdingsltd.com

FIVE YEARS FINANCIAL SUMMARY

A summary of the results and of the assets and liabilities of Chuan Holdings Limited (the "**Company**") and its subsidiaries (the "**Group**" or "**we**") for the current five financial years is set out below:

Highlights of Consolidated Statements of Comprehensive Income

	Year ended 31 December				
	2023 S$'000	2022 S$'000	2021 S$'000	2020 S$'000	2019 S$'000
Revenue	**120,832**	88,605	85,416	72,401	77,658
Gross profit/(loss)	**8,592**	6,198	4,337	(4,074)	5,949
Profit/(loss) before income tax	**4,557**	2,436	1,847	(8,959)	1,246
Net profit/(loss) attributable to owners of the Company	**3,245**	1,723	1,500	(8,369)	998
Total comprehensive income/(loss) for the year attributable to owners of the Company	**3,245**	2,193	1,456	(8,694)	686
Earnings/(loss) per share					
– basic (S cents)[1]	**0.31**	0.17	0.14	(0.81)	0.10
– diulted (S cents)[1]	**0.29**	0.15	0.13	(0.81)	0.10

Highlights of Consolidated Statements of Financial Position

	As at 31 December				
	2023 S$'000	2022 S$'000	2021 S$'000	2020 S$'000	2019 S$'000
Assets					
Non-current assets	**45,214**	32,481	33,299	25,321	33,667
Current assets	**76,471**	78,054	78,541	96,788	97,672
Total assets	**121,685**	110,535	111,840	122,109	131,339
Liabilites					
Non-current liabilites	**3,522**	3,085	5,732	10,259	8,024
Current liabilities	**26,075**	18,667	19,601	27,034	29,972
Total liabilities	**29,597**	21,752	25,333	37,293	37,996
Total equity	**92,088**	88,783	86,507	84,816	93,343
Net assets per share (S cents)	**8.88**	8.57	8.35	8.18	9.01

FIVE YEARS FINANCIAL SUMMARY

Key Financial Ratios

	Year ended 31 December				
	2023	2022	2021	2020	2019
Current ratio (times)	**2.9**	4.2	4.0	3.6	3.3
Gearing ratio (times)	**0.1**	0.1	0.1	0.2	0.2
Gross profit/(loss) margin (%)	**7.1%**	7.0%	5.1%	(5.6%)	7.7%
Profit/(loss) for the year margin (%)	**2.7%**	1.9%	1.8%	(11.6%)	1.3%
Return/(loss) on equity (%)	**3.5%**	1.9%	1.4%	(9.9%)	1.1%

Note:

(1) The calculation of basic earnings per share is based on the profit attributable to owners of the Company and on the weighted average number of ordinary shares (the "**Shares**") of HK$0.01 each in the share capital of the Company in issue. The weighted average number of Shares for the financial year ended 31 December 2019 to 2023 was 1,036,456,000. The weighted average number of Shares adjusted for the effects of dilution from the Group's share options for the financial year ended 31 December 2021, 2022 and 2023 was 1,126,044,000, 1,136,408,000 and 1,136,408,000 respectively. There was no dilutive effect on the impact of the exercise of the share options as they were anti-dilutive during the financial year ended 31 December 2019 and 2020.

CHAIRMAN'S STATEMENT

Dear Shareholders,

On behalf of the board (the "**Board**") of directors (the "**Director(s)**"), I am pleased to present the Group's annual report for the financial year ended 31 December 2023 (the "**Year**" or the "**Reporting Year**" or "**2023**").

In 2023, the global economy was on a favourable course, thanks mainly to resilience in the United States economy. Nevertheless, global growth remained hampered by obstacles, notably the tightening of monetary policy to unprecedented levels, elevated geopolitical tensions in various regions and sluggish international trade.

In Singapore, the economy saw a slow resurgence during the Year amid a tough external economic climate. However, the construction sector enjoyed a surge in activity, driven by pent-up demand from previous years being unleashed, rising tender prices, expedited construction contracts for private residential developments, and growth in public housing initiatives. Nevertheless, the industry remained vulnerable to persistent labour shortages and underlying supply chain disruptions. I am pleased to confirm that, in defiance of these challenges, the Group continued to demonstrate its resilience and recorded a stable performance as it exercised persistence in its pursuit of becoming a high-profile contractor and attaining a leading position in Singapore's construction industry.

A STEP FURTHER

As an industry veteran, the Group continued to harness its technical expertise and extensive experience to provide world-class services to its discerning clients. Adhering to the principle of safe and high-quality development, the Group strategically capitalised on favourable opportunities stemming from the gradual recovery of the construction industry in Singapore and completed more projects, resulting in solid revenue growth of approximately 36.4%, to reach approximately S$120.8 million. Thanks to the tireless dedication of the Group's staff when it came to ensuring the timely and high-quality completion of construction projects, we managed to generate a net profit attributable to owners of the Company totalling approximately S$3.2 million, an increase of around 88.3% on the back of a surge in gross profit of approximately 38.6% during the Year.

Capitalising on the growth in Singapore's construction sector, the Group not only enhanced its competence and capabilities through technological advances to drive operational excellence, but also formed strategic alliances with quality enterprises to tender competitively for public infrastructure projects. With our competitive tender pricing strategies and close ties with clients – and our A2-grade contractor status for civil engineering and general building, awarded by Singapore's Building and Construction Authority ("**BCA**") – we managed to secure mega-projects with higher margins and greater overall profitability, including notable developments by the Land Transport Authority ("**LTA**") and the Housing and Development Board ("**HDB**") of Singapore. A total of 24 projects were awarded during the Year with an estimated contract value totalling approximately S$225.9 million.

To effectively enhance operational efficiency and to protect profitability, the Group consistently applied stringent cost control measures to combat hefty material and labour expenses. By introducing environmental-friendly equipment with high energy-efficiency ratings, Euro 6 emissions standards-compliant machinery and advanced tools such as automated noise barrier installers, we hope to mitigate our costs while playing our part in driving a sustainable future. Meanwhile, we carefully managed our labour requirements by retaining a skilled workforce, upskilling existing workers and increasing their productivity, and increasingly digitalising operations and the use of prefabrication.

FOSTERING SUSTAINABLE FUTURE GROWTH

Looking ahead, forecasts for Singapore's economy are cautiously optimistic amid global uncertainty and volatility in 2024. Nevertheless, ongoing efforts by the government to drive infrastructure construction, alongside a strong resurgence in tourism, have set the stage for a promising outlook for the country's construction sector. The sector is set to maintain growth momentum in the medium to long term, fuelled by sustained activity in both the private and public spheres.

In pursuit of sustainable future expansion, the Group will diligently monitor market developments to identify potential areas of growth within the industry. Given the anticipated increase in construction demand due to the ongoing expansion of tourism, driven in particular by the renovation of the Resorts World Sentosa and Marina Bay Sands integrated resorts, the Group remains optimistic about the commercial property sector and is dedicated to exploring opportunities by formulating development plans and establishing strategic partnerships with a focus on efficient risk mitigation and maximum returns. Leveraging the Group's enviable position in mega-project participation and execution, its best-in-class team, and its ample labour force and resources, the Group is poised to tender competitively and capture more specialist contracts in the years ahead.

Recognising the importance of staying at the forefront of innovation to remain competitive, the Group continues to embrace technological advances to further drive excellence in its operations. We will continue to invest in cutting-edge solutions to enhance productivity, quality and safety across our operations, which will also drive profitability. In addition to its existing design for manufacture and assembly ("**DfMA**") principles, such as the adoption of off-site pre-casting of concrete structural steel members to be integrated into project planning and execution, the Group will incorporate more technologies into its upcoming and ongoing projects, with the aim of project enhancement and to ensure sustainable long-term development. Moreover, guided by our core business philosophy of "Think Green; Go Green", the Group is fully committed to integrating green practices into every aspect of its operations, with the goal of becoming a pioneer in the eco-friendly market segment.

In February 2024, the Group took a major step forward by proposing to acquire the entire equity interest in Hulett Construction (S) Pte. Ltd. ("**Hulett Construction**"), a company incorporated in Singapore with limited liability which is the registered owner of the property to which the Group's head office form part, in order to address the issue of dormitory scarcity. The property consists of a building that provides an ideal venue for centralising our entire workforce, heavy vehicles, building materials and equipment. The Board is of the view that the proposed acquisition will allow the Group to grow stronger, be more able to accomplish higher levels of operational and management effectiveness by accommodating additional workers and heavy vehicles, and be better able to expand its production capacity and workforce, enabling it to better manage costs and capture more business opportunities in the future, while at the same time generating a steady recurring income in the long run.

CHAIRMAN'S STATEMENT

APPRECIATION

On behalf of the Board, I would like to express my heartfelt gratitude to the management team and all of our staff for their incredible efforts and unwavering perseverance during the Year. I also wish to extend my sincere thanks to our valued business partners and stakeholders for their steadfast support over the years. The Group will continue to operate at its best by seizing emerging opportunities within the industry. Together, we will navigate challenges and pursue steady and sustainable growth, ceaselessly striving for success as a team.

Chuan Holdings Limited
Phang Yew Kiat
Chairman and Executive Director
28 March 2024

MANAGEMENT DISCUSSION AND ANALYSIS

The Board is pleased to present the Group's annual results for the year ended 31 December 2023, together with comparative figures for the year ended 31 December 2022.

INDUSTRY REVIEW

In 2023, the global economy demonstrated a certain degree of resilience amid restrictive monetary policies implemented by major central banks around the world. Yet the cumulative impact of interest rate hikes, diminishing support from previous fiscal stimulus initiatives, and the shaky, patchy expansion of China's real gross domestic product disrupted overall global growth momentum. The International Monetary Fund ("**IMF**") reported that global growth stood at 3.1% in 2023, significantly lower than the pre-pandemic 20-year annual average of 3.8%. In this challenging global economic environment, Singapore's economy grew 1.1% in 2023 as manufacturing activity shrank, according to data released by the Ministry of Trade and Industry of Singapore.

The construction industry sustained its growth momentum in 2023, due mainly to pent-up market demand from previous years being unleashed, which boosted construction productivity, leading to steady output growth in both the public and private construction segments. Preliminary construction demand for 2023 amounted to S$33.8 billion, surpassing BCA's initial forecast of S$27 billion to S$32 billion at the beginning of the year. That robust demand was attributable to an uptrend in tender prices, an acceleration of construction contracts for various private residential projects, and a ramping up of public housing initiatives by the HDB.

To foster sustainable economic growth, Singapore's government has been actively expediting numerous mega-infrastructure projects, including the first and second phases of the Cross Island Mass Rapid Transit ("**MRT**") Line project, the development of institutional buildings, the HDB's build-to-order developments, the 600MW Keppel Sakra Cogeneration Plant, the GSK Tuas vaccine facility expansion, the DSV Pearl warehouse facility, the Changi airframe maintenance, repair and overhaul facility, and The Landmark condominium complex. These initiatives have played an important role in fostering the continued development of the construction sector, and have contributed to employment growth in the country, resulting in a resilient performance in Singapore's labour market during the Reporting Year.

According to the Organisation for Economic Co-operation and Development, Singapore maintained its impressive ranking as the fourth-highest country by employment rate in 2023. Steady growth in employment occurred mainly among non-resident individuals, with the construction sector taking the lead as a generator of employment amid ongoing demand for both private and public sector projects.

Despite the industry's gradual recovery, persistent obstacles – such as a shortage of dormitory spaces for migrant workers, challenges associated with recruiting specialised talents, and elevated material prices – continue to impede its progress. Notably, the forthcoming implementation of measures including Off-site Levy Scheme, the reduction of the construction sector Dependency Ratio Ceiling to 1:5, and the dismantling of the Man-Year Entitlement framework, which commenced on 1 January 2024, are expected to have considerable influence on the functioning of the industry.

MANAGEMENT DISCUSSION AND ANALYSIS

Singapore's government is steadfast in its commitment to enhancing work productivity at construction sites by embracing innovative technologies and the smart utilisation of the Internet of Things and artificial intelligence, which involves consistent upgrades to DfMA technologies. Coupled with the increased adoption of environmental-friendly and sustainable building designs, and amid ongoing rapid urbanisation, the construction industry is steadily recovering, transitioning to a post-pandemic "new normal". Furthermore, the mega-infrastructure projects, including two interchange stations under the Cross Island Line awarded by the LTA and the extension of Resorts World Sentosa, will continue to strengthen demand for construction in the country.

In the midst of this sector rebound, the Group has, as always, taken a prudent and pragmatic approach to business and to navigating the ever-changing economic and policy landscape, demonstrating resilience and flexibility to maintain its continued success in the industry.

OVERALL PERFORMANCE

With more than two decades of experience as a highly-regarded key earthworks contractor in Singapore, the Group has demonstrated an unwavering dedication to upholding its enviable reputation through its continuing provision of timely, reliable and high-quality services and its strict adherence to safety and regulatory mandates.

During the Reporting Year, global economic growth was hampered by the implementation of restrictive monetary policies, dwindling support from previous fiscal stimulus measures, and increasing tensions across various regions. Despite these adverse conditions, Singapore witnessed a notable resurgence in both the commercial and non-residential construction sectors, effectively boosting construction endeavours.

The Group's proactive approach to bidding for more large-scale infrastructure projects and maximising operational efficiencies has proven successful, as demonstrated by its strong financial performance during the Reporting Year amid opportunities presented by the resumption of construction activity. The Group has implemented strategies to enhance its competitiveness in Singapore's growing construction industry, including competitive bid pricing, reduced reliance on subcontractors, maximised use of skilled in-house resources, the application of "lessons learned" exercises after every project, and the utilisation of insights gained to develop effective pricing strategies for future bids. Additionally, the Group has strengthened its client relationships by taking a collaborative approach to those connections. As a result, the Group generated revenue of approximately S$120.8 million during the Reporting Year, a notable increase of approximately 36.4% on the previous year. The surge of activity in the general construction works segment played a significant role in this substantial revenue growth, with revenue from the segment leaping more than fourfold to approximately S$36.4 million during the Reporting Year from around S$8.4 million as at 31 December 2022.

To address rising labour and materials costs, the Group implemented rigorous cost control measures, including boosting productivity, digitalising operations, utilising prefabrication, and upskilling its workers, thereby reducing its reliance on the size of its labour force. Through the implementation of these measures – in addition to the higher contribution from the general construction works segment, which yielded a higher margin – the Group achieved a gross profit of around S$8.6 million and a net profit attributable to owners of the Company of approximately S$3.2 million, representing a surge of 38.6% and 88.3% respectively, compared to the previous year. The Group's gross profit margin rose to approximately 7.1% from 7.0% for the previous year, and its net profit margin increased to 2.7% from 1.9% a year earlier.

Building upon its established reputation and professional expertise in the industry, the Group secured a total of 24 projects across the public infrastructure, residential and industrial sectors during the Reporting Year. The Group's elevation to A2-grade contractor status for civil engineering and general building in the BCA's Contractors Registry System in 2021 has strategically positioned it to secure lucrative mega-projects with higher profitability. Notable projects included the design and construction of noise barriers, awarded by the LTA, and Toh Payoh West infrastructure works, awarded by the HDB. These accomplishments present new opportunities for the Group to undertake prestigious ventures with increased profitability.

The Group has made significant progress in its commitment to long-term sustainable development by focusing on improved productivity at its construction sites. A prime example of this effort is its incorporation of DfMA technologies, which involves the off-site pre-casting of concrete and structural steel members. Through the integration of such technologies into project planning and execution, the Group seeks to streamline construction workflows, reduce onsite labour requirements, shorten construction schedules, and improve overall project efficiency. The Group's dedication to enhancing the skillsets of its employees through comprehensive training and skills enhancement programmes is also vital to its success. In order to maintain its competitiveness and adaptability, the Group intends to revise its approach to tender pricing. It will simultaneously leverage prefabrication and modular construction, increase investment in advanced machinery and equipment such as automated noise barrier installers, and enhance the implementation of Building Information Modelling to improve planning, coordination and communication among project teams.

Given the optimistic outlook for Singapore's construction sector, the Group has initiated a venture into property redevelopment to strengthen its market position and reduce operational vulnerabilities. With its competent project management and bidding team, and its abundant resources, the Group is well-positioned to engage in mega-infrastructure project tenders, with the ultimate goal of reinforcing its market leadership and fostering its sustainable growth in the industry.

Earthworks and Ancillary Services

During the Reporting Year, the earthworks and ancillary services segment remained the Group's primary revenue generator, accounting for approximately 69.9% of its total revenue, or approximately S$84.4 million. This was a 5.3% increase from the figure of approximately S$80.2 million during the financial year ended 31 December 2022. The growth in revenue can be attributed to the rebound in construction activity, a higher proportion of completions of government agency projects, and the Group's strategic emphasis on securing lucrative mega-construction projects.

As of 31 December 2023, the Group was engaged in a total of 74 ongoing earthworks and ancillary services projects. During the Reporting Year, it successfully secured 18 new projects in this segment with a total combined contract value of approximately S$165.8 million. The Group's strategic tendering approach and ability to adapt to market trends played a key role in securing these significant and more profitable public infrastructure projects.

MANAGEMENT DISCUSSION AND ANALYSIS

General Construction Works

The Group's unwavering commitment to capitalising on emerging opportunities in the industrial and commercial property markets, coupled with the award and substantial completion of integrated resort projects in 2023, led to fruitful outcomes in the general construction works segment during the Reporting Year. Revenue in the segment spiked to approximately S$36.4 million, more than four times of the reported figure of approximately S$8.4 million as of 31 December 2022.

Throughout the Reporting Year, the Group was engaged in 11 ongoing general construction works projects. It secured six new general construction works projects in 2023 with a total combined contract value of approximately S$60.1 million. The Group's ability to seize opportunities in the industrial and commercial property markets, combined with its expertise and track record, enabled it to secure these projects and contributed to the significant revenue growth in this segment.

PROSPECTS

The global economy is expected to continue growing at a steady pace in 2024, with the IMF projecting expansion of 3.1%. This will be fuelled by the recently stronger-than-anticipated economic performance of the United States and various Asian emerging markets. The Chinese government's planned implementation of new fiscal stimulus measures will also feed into this positive outlook. However, even though the global economic environment shows signs of improvement, uncertainties remain, such as potential commodity price increases triggered by geopolitical tensions and the challenges faced by China's property sector.

The Monetary Authority of Singapore expects the local economy to expand between 1.0% and 3.0% in 2024, and the construction industry will continue to play a vital role in the country's urban expansion and long-term economic growth. The BCA forecasts total construction demand by awarded contracts ranging from S$32 billion to S$38 billion in 2024. As the business environment in Singapore continues to stabilise, the government is prioritising progress on public housing initiatives. Other major projects due to be awarded this year include the HDB's new build-to-order developments, additional Cross Island MRT Line contracts (Phase 2), infrastructure works for the future Changi Airport Terminal 5, Tuas Port development, major road enhancements, and drainage improvement works, bringing opportunities for the Group to grow further. The Group also sees abundant opportunities in the commercial property sector, particularly in the refurbishment of attractions and hotels. It is determined to pursue an increasing number of fresh opportunities to drive its long-term sustainable growth.

To strengthen its core business, the Group will step up its project bid efforts by allocating increased resources to tenders. Its A2-grade status as a civil engineering and general building contractor in the BCA's Contractors Registration System unlocks significant opportunities for the Group to secure construction projects with higher profitability and establish itself as a principal contractor for new large-scale industry initiatives. Capitalising on this advantageous position, the Group intends to strategically pursue suitable opportunities and bid for public projects with higher margins and contract values while maintaining and nurturing strong connections and relationships with its existing clients.

MANAGEMENT DISCUSSION AND ANALYSIS

To maximise operational efficiencies, the Group will conduct thorough assessments of its business performance, focusing on areas such as project management, resource allocation and cost management. Embracing innovation and technological advances is a core component of the Group's expansion plans. Continuous investment in state-of-the-art solutions will improve efficiency, excellence and safety across the entire spectrum of business, ultimately driving profitability. The Group will adhere to DfMA principles, enhancing its technological capabilities by deploying such technologies as automated welding robot arms, self-propelled, track-mounted jib cranes and boom lifts, 360° helmet cameras for safety and site inspections, drones, and video analytics.

The future appears promising for the local construction industry, yet issues such as labour shortages and persistently high materials costs remain. To navigate these challenges, the Group will remain vigilant when it comes to monitoring market dynamics, adhere to prudent financial management practices, and implement effective risk mitigation strategies to sustain profitability and ensure long-term viability. Recognising the importance of talent as a fundamental core competency, the Group will prioritise continuous investment in talent development programmes and the cultivation of continuous learning and growth to retain exceptional talent and remain competitive in the market.

The Group has already taken steps to address issues related to accommodating its migrant labour, having proposed to acquire the entire equity interest in Hulett Construction to comply with stricter government requirements for migrant worker housing and to respond to a shortage of suitable dormitories and significantly increased dormitory costs amid an influx of foreign workers. The proposed acquisition, disclosed in the Company's announcement in February 2024, is expected to meet the Group's operational needs, with the capacity to accommodate additional workers and heavy vehicles, and align with the Group's strategic development plan to expand its production capacity and workforce. This will enable the Group to control dormitory costs, capture more business opportunities arising from the market rebound, generate recurring and stable rental income, and diversify its revenue streams in the long run.

Looking ahead, the construction industry in Singapore is set for a bright and sustainable future, thanks to the government's dedication to extensive infrastructure projects and the imminent renovation of two integrated resorts. The Group firmly believes that, with the management team's depth of expertise in corporate governance and strategic management, it will adeptly navigate the challenges posed by volatile economic conditions. Leveraging the skills of its project management and bidding teams, and its extensive workforce and resources, the Group is well-positioned to capitalise on current market conditions.

With a wealth of experience in Singapore's construction sector, the Group is committed to upholding its world-class business ethics and standards, ensuring the prompt completion and delivery of its projects. The Group remains dedicated to nimbly adjusting to new challenges and to the pursuit of maximising long-term returns to the shareholders (the "**Shareholders**") of the Company.

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL REVIEW

Results for the Year

Revenue and Gross Profit

	2023			2022		
	Revenue recognised S$'000	Gross profit S$'000	Gross profit margin	Revenue recognised S$'000	Gross profit S$'000	Gross profit margin
Earthworks and ancillary services	**84,436**	**3,841**	**4.5%**	80,179	5,691	7.1%
General construction works	**36,396**	**4,751**	**13.1%**	8,426	507	6.0%
Total	**120,832**	**8,592**	**7.1%**	88,605	6,198	7.0%

The total revenue of the Group for the year ended 31 December 2023 amounted to approximately S$120.8 million, representing a surge of approximately S$32.2 million or 36.4% as compared to the year ended 31 December 2022. The predominant factor contributing to the increase was the continuous revival of construction activities in Singapore. This was further augmented by the Group's proactive tendering approach and dedicated efforts to enhance operational efficiency. Thanks to the Group's proficient financial management and the higher contribution from the general construction works segment, the Group recorded a surge in gross profit of approximately 38.6% to approximately S$8.6 million (31 December 2022: approximately S$6.2 million). Gross profit margin also increased to approximately 7.1% (31 December 2022: approximately 7.0%).

Earthworks and Ancillary Services

During the Year, earthworks and ancillary services segment remained the primary revenue generator for the Group, accounting for approximately 69.9% of its total revenue. By strategically securing lucrative construction projects and completing a higher proportion of government agency projects, the segmental revenue experienced a year-on-year increase of approximately 5.3% to approximately S$84.4 million (31 December 2022: approximately S$80.2 million). Nevertheless, the segmental gross profit amounted to approximately S$3.8 million (31 December 2022: approximately S$5.7 million), due to persistent labour shortage resulting in escalating labour expenses.

The Group successfully secured 18 new earthworks and ancillary services projects with a total contract value of approximately S$165.8 million during the Reporting Year, highlighting its prowess in securing more mega-infrastructure projects with higher profitability. The Group had a total of 74 ongoing earthworks and ancillary services projects during the Reporting Year with an aggregate contract sum of approximately S$78.6 million.

General Construction Works

During the Reporting Year, the Group's steadfast dedication to seizing emerging opportunities in the industrial and commercial property markets, along with the substantial completion of 2 mega-projects in 2023, resulted in favourable outcomes in the general construction works segment. The revenue in this segment spiked to approximately S$36.4 million, surpassing the reported figure of approximately S$8.4 million as at 31 December 2022 by more than fourfold. Notably, the segmental gross profit witnessed a remarkable growth, expanding over eightfold to approximately S$4.8 million (31 December 2022: approximately S$507,000).

During the Reporting Year, the Group was deeply engaged in 11 general construction works projects. The Group secured 6 new general construction works projects in 2023 with a total combined contract value of approximately S$60.1 million.

Other Income and Gains

Other income and gains amounted to approximately S$4.0 million for the year ended 31 December 2023, representing an increase of approximately S$1.4 million, as compared to the year ended 31 December 2022. Such increase was primarily attributed to the gain on settlement of financial assets at fair value through profit or loss ("**FVTPL**") and gains on disposal of property, plant and equipment during the Reporting Year.

Administrative and Other Operating Expenses

During the Reporting Year, administrative and other operating expenses increased by approximately 8.8% to approximately S$7.0 million (31 December 2022: approximately S$6.4 million). The increase was mainly driven by the increment in employee expenses and compensation packages, which was aligned with the Group's improved performance, and the upward trend in labour costs within the country.

Finance Costs

For the year ended 31 December 2023, finance costs increased by approximately 11.3% to approximately S$237,000 (31 December 2022: approximately S$213,000), primarily due to an increase in interest on lease liabilities, despite a reduction in interest on bank borrowing wholly repayable within five years.

Share of Results/(Loss) of Associates

The Group's share of loss of associates amounted to approximately S$640,000 during the Reporting Year (31 December 2022: share of results of associates of approximately S$585,000), mainly due to the interest rates of the bank loan obtained for the Group's property redevelopment project had increased significantly in light of prevailing market conditions, and its elevated construction costs, including labour and material costs.

Income Tax Expense

For the year ended 31 December 2023, income tax expense amounted to approximately S$1.3 million, while that of approximately S$713,000 was recorded for the year ended 31 December 2022.

MANAGEMENT DISCUSSION AND ANALYSIS

Net Profit attributable to Owners of the Company and Net Profit Margin

The confluence of the aforementioned factors resulted in a net profit attributable to owners of the Company of approximately S$3.2 million during the Reporting Year, marking a substantial rise of approximately 88.3% from approximately S$1.7 million for the year ended 31 December 2022. Net profit margin was approximately 2.7% for the year ended 31 December 2023 (31 December 2022: approximately 1.9%).

Earnings per Share

For the year ended 31 December 2023, the basic earnings per share was S$0.31 cent, with the calculation based on the net profit attributable to owners of the Company for the Year and the weighted average number of 1,036,456,000 Shares in issue during the Year.

For the year ended 31 December 2023, the diluted earnings per share was S$0.29 cent, with the calculation based on net profit attributable to owners of the Company for the Year and the weighted average number of Shares adjusted for the effects of dilution from the Group's share options of 1,136,408,000.

For the year ended 31 December 2022, the basic earnings per share was S$0.17 cent, with the calculation based on net profit attributable to owners of the Company for the year ended 31 December 2022 of approximately S$1.7 million and the weighted average number of 1,036,456,000 Shares in issue during the year ended 31 December 2022.

For the year ended 31 December 2022, the diluted earnings per share was S$0.15 cent, with the calculation based on net profit attributable to owners of the Company for the year ended 31 December 2022 of approximately S$1.7 million and the weighted average number of Shares adjusted for the effects of dilution from the Group's share options of 1,136,408,000.

Liquidity, Financial Resources and Gearing Ratio

Liquidity

During the Reporting Year, the Group maintained a strong and robust financial position, supported primarily by internally generated funds and bank borrowings. As at 31 December 2023, the Group had cash and cash equivalents of approximately S$30.1 million (31 December 2022: approximately S$23.4 million). The year-on-year increase was mainly attributable to the Group's proficient implementation of effective financial management strategies.

To uphold its sound and healthy financial position, the Group remains vigilant to monitor its cash and cash equivalents level, ensuring that it is adequate to support the Group's operations and mitigate the impact of unexpected fluctuations in cash flows.

Cash Flows Analysis

The table below summaries the Group's cash flows for the years ended 31 December 2023 and 2022:

	2023	2022
	S$'000	S$'000
Net cash flows generated from operating activities	**22,470**	1,151
Net cash flows used in investing activities	**(11,034)**	(3,294)
Net cash flows used in financing activities	**(4,645)**	(5,921)

Operating Activities

For the year ended 31 December 2023, the Group generated net cash inflow from operating activities of approximately S$22.5 million (31 December 2022: approximately S$1.2 million). The approximate S$13.0 million difference between the operating profit before working capital changes and net cash generated from operating activities was mainly attributable to (i) the decrease in contract assets amounted to approximately S$750,000; (ii) the decrease in trade receivables amounted to approximately S$5.7 million; (iii) the decrease in deposits, prepayments and other receivables of approximately S$1.4 million; (iv) the increase in contract liabilities of approximately S$1.8 million; (v) the increase in trade payables of approximately S$1.1 million; (vi) the increase in other payables, accruals and deposits received of approximately S$2.7 million; and (vii) income tax paid of approximately S$525,000.

Investing Activities

For the year ended 31 December 2023, the net cash flows used in investing activities was approximately S$11.0 million (31 December 2022: approximately S$3.3 million), mainly attributable to (i) the investment in associates of approximately S$7.7 million; (ii) the purchase of property, plant and equipment of approximately S$6.4 million; (iii) the purchase of financial assets at FVTPL of approximately S$1.2 million; (iv) the proceeds from settlement of financial assets at FVTPL and financial assets at fair value through other comprehensive income of approximately S$2.4 million and S$886,000 respectively; (v) the proceeds from disposals of property, plant and equipment of approximately S$724,000; and (vi) interest and dividend received of approximately S$176,000.

Financing Activities

For the year ended 31 December 2023, the net cash flows used in financing activities was approximately S$4.6 million (31 December 2022: approximately S$5.9 million), which was principally attributable to (i) the repayment of principal portion of the lease liabilities of approximately S$3.2 million; (ii) the repayment of borrowings of approximately S$1.3 million; (iii) the repayment of interest portion of the lease liabilities amounted to approximately S$188,000; and (iv) the interest on borrowings of approximately S$49,000 paid.

MANAGEMENT DISCUSSION AND ANALYSIS

Borrowing and Gearing Ratio

As at 31 December 2023, the Group had an aggregate of current and non-current bank borrowings and lease liabilities of approximately S$8.7 million, an increase from approximately S$7.2 million as at 31 December 2022. As at 31 December 2023, the Group's gearing ratio was approximately 0.09 times (31 December 2022: approximately 0.08 times). Gearing ratio was calculated by dividing total borrowings (borrowings and lease liabilities) by total equity as at the end of the respective year.

Cash and Cash Equivalents

As at 31 December 2023, the Group had cash and cash equivalents of approximately S$30.1 million (31 December 2022: approximately S$23.4 million). The Group had cash and cash balances of approximately S$31.4 million but the amount was reduced by pledge for the guarantee arrangement and issuance of performance bonds, along with the banking facilities including letter of credit, overdraft and banking guarantee of approximately S$13.1 million.

Foreign Exchange Exposure

The Group primarily conducts its operations in Singapore, with the majority of transactions being in Singapore Dollars.

The Group has no substantial foreign exchange risk due to limited foreign currency transactions other than the functional currency of respective entities. The Group would conduct regular assessments and closely monitor this risk exposure in a timely manner.

Charges on Group's Assets

As at 31 December 2023, the Group's banking facilities were secured by the pledge of the Group's deposits of approximately S$1.3 million (31 December 2022: approximately S$1.3 million), while the Group's lease liabilities were secured by the charge over the leased assets of net book value of approximately S$10.8 million (31 December 2022: approximately S$5.1 million).

Contingent Liabilities

As at 31 December 2023, the Group had contingent liabilities in respect of performance bonds of construction contracts in its ordinary course of business in the amount of approximately S$7.2 million as compared to approximately S$4.0 million for the year ended 31 December 2022. The guarantees in respect of performance bonds issued by banks were secured by pledged deposits.

Capital Expenditure and Capital Commitments

For the year ended 31 December 2023, the Group invested approximately S$12.3 million (31 December 2022: approximately S$1.4 million) in the purchase of property, plant and equipment, which was mainly funded by finance lease liabilities and working capital.

As at 31 December 2023, the Group's capital commitments in respect of acquisition of property, plant and equipment amounted to approximately S$1.8 million (31 December 2022: approximately S$1.4 million).

Significant Investments Held, Material Acquisitions or Disposals of Subsidiaries, Associates and Joint Ventures and Disclosable Transactions

Very Substantial Acquisition and Connected Transaction in relation to Acquisition of Entire Equity Interest in Hulett Construction and Sale Loans

On 14 February 2024, Mr. Lim Kui Teng, an executive Director, Ms. Yee Say Lee, spouse of Mr. Lim, Chuan Lim Construction Pte. Ltd. ("**Chuan Lim**"), a company incorporated in Singapore with limited liability which is an indirect wholly-owned operating subsidiary of the Company, and Hulett Construction, which is owned as to 65% by Mr. Lim and 35% by Ms. Yee, entered into the agreement dated 14 February 2024 (the "**Agreement**"), pursuant to which Mr. Lim and Ms. Yee have conditionally agreed to sell, and Chuan Lim has conditionally agreed to purchase, 1,000,000 ordinary shares of S$1.00 each in the share capital of Hulett Construction (the "**Sale Shares**"), representing the entire equity interest in Hulett Construction, together with the sale loans (the "**Sale Loans**") due and owing by Hulett Construction to Mr. Lim as the director of Hulett Construction in the sum of S$4,000,000 at the total consideration of S$46,700,000, which shall be settled (i) as to S$8,000,000 by the issue of the promissory note (the "**Promissory Note**") in the principal amount of S$8,000,000 to be issued by Chuan Lim to Mr. Lim; and (ii) as to S$38,700,000 in cash (the "**Acquisition**").

The principal activity of Hulett Construction is investment holding and its only significant asset is the piece of leasehold industrial land held under Private Lots Nos.A2163000 and A2163001, also known as Government Survey Lot No.1808L Mukim 13, and situated at 20 Senoko Drive, Singapore 758207 with a land area of approximately 92,987 sq. ft., together with the 9-storey single-user general industrial factory development (the "**Building**") comprising warehouse, workshop, production space, ancillary office, temporary secondary workers dormitory, parking lots for heavy vehicles, temporary ancillary staff canteen and other utilities with a total gross floor area of 232,467 sq. ft. erected thereon (the "**Property**"). Hulett Construction has let parts of the Property to the Group since the completion of redevelopment of the Property in or about April 2016. The ancillary office of the Building has been used as the Group's head office and the remaining portions thereof occupied by the Group have been used for the Group's operations, as well as workers dormitory and carparks for heavy vehicles.

The Board believes that the Acquisition will help solve the Group's issue in providing sufficient and suitable housing for its foreign workers without incurring exorbitant dormitories costs, enhance the Group's operational and management efficiency and cater for the business operations and future expansion needs of the Group. After the Acquisition, with the flexibility in management of the Property, the Group may from time to time review its business situation and consider whether to utilise the whole Building for its business operations and future expansion, which fits for the Group's strategic development to expand its production capacity and workforce so as to enable the Group to seize the business opportunities amid market rebound and to undertake more projects. Also, the leasing of the unoccupied portions of the Building to other tenant(s) can generate a stable source of income to the Group and broaden its revenue base, which in turn expands the Group's existing business and helps to diversify its operational risks. Furthermore, in light of the prevailing industrial property market conditions, it is expected that the consideration for acquisition or leasing of the Property or any other industrial property for the Group's use will only increase with time. In consideration of the abovementioned, and coupled with the fact that the Acquisition will reduce the rental expenses burden in relation to the use of any portions of the Building (as the case may be) and administrative costs incurred by the Group incidental to compliance with the applicable requirements under the Rules Governing the Listing of Securities (the "**Listing Rules**") on The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") in the long run, it is believed that the Acquisition can bring long-term benefits to the Group.

For further details, please refer to the announcement of the Company dated 14 February 2024.

Discloseable Transaction in relation to Further Shareholder's Loan to the JV Company

On 7 May 2021, each of Longlands Holdings Limited ("**Longlands**"), a company incorporated in the British Virgin Islands ("**BVI**") with limited liability which is a wholly-owned subsidiary of the Company, Mr. Tng Kay Lim ("**Mr. Tng**"), an independent third party, and Mr. Yang Tse Pin ("**Mr. Yang**"), an independent third party, entered into a shareholder's loan agreement with Chuan Investments Pte. Ltd. (the "**JV Company**"), a company incorporated in Singapore with limited liability which is owned as to one-third each by Longlands, Mr. Tng and Mr. Yang respectively, pursuant to which the balance of the capital contribution to the JV Company payable by each of Longlands, Mr. Tng and Mr. Yang shall be made by way of unsecured interest-free shareholder's loans in the amount of not more than S$16,900,000 for the purpose of financing the redevelopment project of Maxwell House, the 13-storey residential and commercial mixed-use building comprising 145 strata units located at 20 Maxwell Road, Singapore 069113 with a land area of 3,883.3 square metres (the "**Redevelopment Project**"). The amount of the contribution was determined based on the JV Company's portion (being 30%) of the cash contribution or commitment towards the capital needs for the Redevelopment Project (being an amount in the range of 20% to 27% of the total estimated capital needs for the Redevelopment Project). The unsecured interest-free shareholder's loans are repayable on demand.

The principal activity of the JV Company is investment holding, where the JV Company owns 30% equity interest in two joint venture companies established for the Redevelopment Project, namely Maxwell Commercial Pte. Ltd. and Maxwell Residential Pte. Ltd., each of which is a company incorporated in Singapore with limited liability and is owned as to 30% by the JV Company, 40% by CEL Development Pte. Ltd. and 40% by SingHaiyi Investments Pte. Ltd., respectively.

In order to finance the JV Company's portion (being 30%) of the cash contribution or commitment towards the further capital needs for the Redevelopment Project, on the respective dates of 3 January 2024 and 12 March 2024, Longlands and the JV Company entered into (i) a further shareholder's loan agreement (the "**First Further Shareholder's Loan Agreement**") dated 3 January 2024, pursuant to which Longlands provided to the JV Company a first further shareholder's loan (the "**First Further Shareholder's Loan**") in the amount of S$500,000 on 3 January 2024; and (ii) a second further shareholder's loan agreement (the "**Second Further Shareholder's Loan Agreement**") dated 12 March 2024, pursuant to which Longlands provided to the JV Company a second further shareholder's loan (the "**Second Further Shareholder's Loan**", together with the First Further Shareholder's Loan, the "**Further Shareholder's Loans**") in the amount of S$2,500,000 on 18 March 2024, respectively. The Further Shareholder's Loans are unsecured, interest-free and repayable on demand.

Taking into account (i) the Company is optimistic about the future prospect of the Redevelopment Project, which is expected to generate attractive investment return; (ii) the Company is indirectly interested in the Redevelopment Project via the JV Company and the provision of the Further Shareholder's Loans will strengthen the Redevelopment Project's cash position to support the conduct of the redevelopment works and its operations; and (iii) both Mr. Tng and Mr. Yang have agreed to provide the first further shareholder's loan and second further shareholder's loan to the JV Company with terms identical to those of the First Further Shareholder's Loan Agreement and the Second Further Shareholder's Loan Agreement respectively, whereby the Group's contribution in the Further Shareholder's Loans to the JV Company remains in proportion to its equity interests in the JV Company, the Directors consider that the provision of the Further Shareholder's Loans is fair and reasonable, on normal commercial terms and in the interests of the Company and the Shareholders as a whole.

For further details, please refer to the announcement of the Company dated 12 March 2024.

Save as disclosed above, during the Reporting Year and up to the date of this annual report, there has been no material change on the current information in relation to the significant investments held, material acquisitions or disposals of subsidiaries, associates and joint ventures and disclosable transactions from the information as disclosed in the annual report of the Group for the year ended 31 December 2022.

Connected Transactions

On 17 November 2023, the Company and Mr. Phang Yew Kiat, the chairman of the Board (the "**Chairman of the Board**") and an executive Director (who was then a non-executive Director) and a connected person of the Company for the purpose of the Listing Rules, entered into the subscription agreement dated 17 November 2023 (the "**Subscription Agreement**"), pursuant to which the Company conditionally agreed to allot and issue, and Mr. Phang conditionally agreed to subscribe for, 207,291,200 new Shares (the "**Subscription Shares**") at the subscription price (the "**Subscription Price**") of HK$0.074 per Subscription Share for a total consideration of HK$15,339,548.80 in cash (the "**Subscription**").

The Subscription Agreement and the transactions contemplated thereunder, including the Subscription and the grant to the Directors of the specific mandate (the "**Specific Mandate**") to allot and issue the Subscription Shares, were approved by the independent Shareholders at the extraordinary general meeting of the Company held on 4 January 2024 (the "**2024 EGM**"). The completion (the "**Completion**") of the Subscription took place on 23 January 2024 in accordance with the terms and conditions of the Subscription Agreement. Upon the Completion, the Subscription Shares were allotted and issued by the Company to Mr. Phang, who became a substantial Shareholder.

The Subscription demonstrates Mr. Phang's confidence and commitment for the Group's long-term development and growth prospect, and further strengthens the capital base of the Company by raising additional funds for the Group's business operations and strategic development. In light of the prevailing market conditions that the interest rate for debt financing has raised significantly, the Company considers that the Subscription represents a suitable financial option to support the Group's continuous development and business growth, as compared to other means of financing as it enables the Group to raise capital in an efficient manner without increasing interest burden on the Group.

The net proceeds of the Subscription, after the deduction of the related fees and expenses, amounted to approximately HK$15,000,000.00, representing a net Subscription Price of approximately HK$0.0724 per Subscription Share. The Company intends to utilise the aforesaid net proceeds for business expansion purpose in the following manner:

(a) HK$7,500,000.00 (i.e. 50% of the net proceeds) for strengthening the Group's working capital for tender for additional sizable projects;

(b) HK$3,600,000.00 (i.e. 24% of the net proceeds) for purchase of excavation machines and tipper trucks; and

(c) HK$3,900,000.00 (i.e. 26% of the net proceeds) for leasing or acquisition of industrial property for the Group's use.

Depending on actual business needs, it is estimated that the net proceeds of the Subscription will be fully utilised in accordance with its intended purposes within the next two years from the Completion.

For further details, please refer to the announcements of the Company dated 17 November 2023, 4 January 2024 and 23 January 2024 respectively and the circular of the Company dated 15 December 2023.

Apart from the Acquisition and the Subscription, during the Reporting Year and up to the date of this annual report, four continuing connected transactions were carried out by the Group pursuant to Chapter 14A of the Listing Rules. Details of the major connected transaction and continuing connected transactions are set out in the section headed "RELATED PARTY TRANSACTIONS AND CONNECTED TRANSACTIONS" in the "Report of the Directors" on pages 69 to 72 of this annual report.

Off-balance Sheet Transactions

As of 31 December 2023, the Group did not enter into any material off-balance sheet transaction.

Quantitative and Qualitative Disclosure about Material Risk

Foreign Currency Risk

The Group conducted the majority of the transactions in Singapore Dollars, which served as its functional currency. The Group was principally exposed to foreign currency risk of Hong Kong Dollars and United States Dollars. The Group currently does not have a foreign currency hedging policy. The Group's management (the "**Management**") is responsible for monitoring foreign currency exposure and will consider hedging significant foreign currency exposure if deemed necessary.

Credit Risk

As at 31 December 2023, the Group's maximum exposure to credit risk which would cause a financial loss to the Group due to failure to discharge an obligation by the counterparties and the financial guarantees provided by the Group was primarily attributable to trade and other receivables, contract assets, pledged deposits, cash and cash equivalents and the contingent liabilities in relation to guarantee issued by the Group.

The Group entered into trading transaction only with recognised and reputable third parties. Before accepting any new contract, evaluations were considered on the customer's past history of making payments when due and current ability to pay, and information specific to the customer as well as pertaining to the economic environment in which the customer operated were taken into account. Normally, the Group did not obtain collateral from customers.

The Group has a credit policy in place and exposures to these credit risks are monitored on an ongoing basis.

Liquidity Risk

The Group monitored and maintained a level of cash and cash equivalents assessed as adequate by the Management to finance the Group's operations and mitigate the effects of fluctuations in cash flows. The Group relied on the internally generated funding and borrowings as significant sources of liquidity. The Group also closely monitored the utilisation of borrowings and ensured compliance with loan covenants.

SHARES OPTION SCHEME

A share option scheme (the "**Share Option Scheme**") was adopted pursuant to the written resolutions of the Shareholders passed on 10 May 2016. The objective of the Share Option Scheme is to enable the Company to grant share options to employees and eligible participants as incentives or rewards to optimise their contribution to the Group, as well as to attract and retain talented individuals whose contributions are or will be beneficial to the Group's performance and expansion.

Details of the Share Option Scheme are disclosed in the "Report of the Directors" on pages 63 to 65 of this annual report and Note 32 to the audited consolidated financial statements (the "**Consolidated Financial Statements**") of the Group for the financial year ended 31 December 2023.

EMPLOYEE AND EMOLUMENT POLICY

As at 31 December 2023, the Group had 574 (31 December 2022: 534) employees, including foreign workers.

Total staff costs including the Directors' emoluments amounted to approximately S$25.4 million for the year ended 31 December 2023 (31 December 2022: approximately S$22.4 million).

Employees of the Group were remunerated according to their job duties and market trends. All employees were also entitled to discretionary bonus depending on their respective performance. The Group has also implemented the Share Option Scheme to acknowledge and incentivise the valuable contribution of the employees towards the Group's growth and advancement.

DIVIDEND

The Directors did not recommend the payment of a final dividend for the year ended 31 December 2023.

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

EXECUTIVE DIRECTORS

Mr. Lim Kui Teng, aged 55, founder of the Group, was appointed as a Director on 25 August 2015 and re-designated as an executive Director and the Chairman of the Board on 5 October 2015. Mr. Lim relinquished his role as the Chairman of the Board on 16 October 2020 and retired as the chairman of the nomination committee (the "**Nomination Committee**") of the Board on 19 April 2021, but he has continued to act as an executive Director, a member of the remuneration committee (the "**Remuneration Committee**") of the Board and the chief executive officer (the "**CEO**") of the Company. Mr. Lim founded Chuan Lim in January 1996 and has been a director of the same since then. Mr. Lim is responsible for the Group's overall management, strategic planning and business development. Mr. Lim is also the sole director of Longlands and a director of CLC Machinery Pte. Ltd., a company incorporated in Singapore with limited liability which is an indirect wholly-owned subsidiary of the Company.

Mr. Lim has over 27 years of experience in provision of earthworks in the construction industry in Singapore. He started his career as a trainee operator and site supervisor at Cheng Yap Construction Pte Ltd in January 1985, and was promoted to a formal operator and site supervisor in January 1988. During the course of his work, he had managed various projects including earthworks for Central Expressway (CTE) tunnel and the apron for the aircraft at Changi Airport Terminal 2. After leaving Cheng Yap Construction Pte Ltd in May 1992 and prior to establishing the Group in January 1996, Mr. Lim set up and operated Chuan Lim Construction & Engineering, which was engaged in the business of building construction and rental of machinery and equipment, as the sole proprietor.

Mr. Lim is the sole shareholder and sole director of Brewster Global Holdings Limited ("**Brewster Global**"), a company incorporated in the BVI with limited liability which has an interest in the Shares which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the Securities and Futures Ordinance, Chapter 571 of the Laws of Hong Kong ("**SFO**").

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

Mr. Phang Yew Kiat, aged 55, joined the Company as an independent non-executive Director on 10 May 2016 and was re-designated as a non-executive Director on 16 October 2020. Mr. Phang has been re-designated as an executive Director with effect from 1 January 2024 and has also been appointed as the Chairman of the Board with effect from 16 October 2020 and as the chairman of the Nomination Committee with effect from 19 April 2021. Mr. Phang has over 28 years of experience in banking and managerial roles. He began his career with Standard Chartered Bank in 1994. Over his 28 years career in banking and managerial roles, Mr. Phang held various management roles across Standard Chartered Bank's corporate and consumer banking businesses, and was appointed as the chief financial officer in Indonesia and the general manager for small medium enterprises for Singapore and Malaysia. In 2005, Mr. Phang was seconded to China to build a brand-new national joint-stock commercial bank headquartered in Tianjin – China Bohai Bank, where he served as an executive director and the deputy chief executive officer with full responsibilities for the consumer banking business. From July 2014 to April 2020, Mr. Phang was an executive director, the vice chairman and the chief executive officer of Chong Sing Holdings FinTech Group Limited. Since July 2016, Mr. Phang has been a co-founder, the chairman and a non-executive director of Acore Capital Investments, a Monetary Authority of Singapore Capital Market Services licensed company. Mr. Phang graduated from the University of Manchester Institute of Science and Technology in July 1993 with a Bachelor's Degree in Engineering in Microelectronic Systems Engineering. He also obtained a Master's Degree in Business and Administration in International Business from the University of Bristol in June 1995. Mr. Phang was a member to United Nation – Economic and Social Commission for Asia and the Pacific (ESCAP) Business Advisory Council till May 2023.

Mr. Bijay Joseph, aged 55, was appointed as a Director on 25 August 2015 and has been re-designated as an executive Director with effect from 5 October 2015. Mr. Joseph joined the Group in September 2000 and is currently responsible for planning, organising and managing the overall construction development projects, and is also the chairman of the environmental, social and governance ("**ESG**") working taskforce (the "**ESG Taskforce**") of the Group. He has also been a director of Chuan Lim since October 2007. Mr. Joseph has over 31 years of working experience in the construction industry. Prior to joining the Group, Mr. Joseph worked at Econ Piling Pte Ltd as a project engineer for the period between August 1995 and August 2000. Mr. Joseph graduated from the Bangalore University, India with a Bachelor of Engineering Degree in Civil Engineering in June 1993. He also obtained a Master of Science (Project Management) Degree from the National University of Singapore in January 2006 and a Master of Business Administration Degree from Nanyang Technological University, Singapore in 2016. Mr. Joseph has achieved accreditations in being a Chartered Engineer of the Institution of Engineers Singapore and a Professional Project Manager of the Society of Project Managers, Singapore.

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Wee Hian Eng Cyrus, aged 57, has been appointed as an independent non-executive Director and a member of the audit committee (the "**Audit Committee**") of the Board with effect from 17 December 2019. Mr. Wee has over 24 years of management experience and over 18 years of real estate industry experience covering a broad spectrum across sales and marketing, project development and investment. Mr. Wee started his real estate career in 2001 with Isshin Realty as a general manager. He proceeded to join Surbana International Consultants Pte. Ltd. in 2007 as the vice president, where he was responsible for spearheading the opening up of consultancy business of Surbana International Consultants Pte. Ltd. in Singapore. Mr. Wee was then promoted to the senior vice president, CEO's Office and the deputy managing director, Singapore in 2011 and 2014 respectively. For the period between 31 December 2018 and 8 April 2021, Mr. Wee was an executive director and the deputy chief executive officer of ZACD Group Ltd. (Stock Code:8313), shares of which are listed on the GEM of the Stock Exchange. Mr. Wee obtained a Bachelor's Degree in Engineering (Electrical) from the National University of Singapore in June 1992.

Mr. Wong Ka Bo Jimmy, aged 43, has been appointed as an independent non-executive Director, the chairman of the Audit Committee as well as a member of each of the Nomination Committee and the Remuneration Committee with effect from 27 May 2022. Mr. Wong has more than 17 years of experience in provision of assurance and advisory services. Mr. Wong worked in Ernst and Young for eight years from 2005 to 2013 with his last position as an audit manager. He then worked as an advisory and audit manager in a Japanese accounting firm from 2013 to 2014. He was an accounting and finance manager of a subsidiary of a company listed on the Main Board of the Stock Exchange from 2014 to 2016. He then joined another accounting firm as a senior audit manager from 2016 to 2018. From November 2019 to November 2020, Mr. Wong was an executive director of Chong Sing Holdings FinTech Group Limited. Since 2020, he has been the managing director of Jon Gepsom CPA Limited (previously named as McM (HK) CPA Limited), a Hong Kong accounting firm. Mr. Wong has also acted as an independent non-executive director of S&T Holdings Limited (Stock Code:3928), shares of which are listed on the Main Board of the Stock Exchange, since 22 January 2021. Mr. Wong obtained a Bachelor's Degree in Accountancy, Specialism in Accounting Information System from The Hong Kong Polytechnic University in 2005. Mr. Wong is a practising member of the Hong Kong Institute of Certified Public Accountants.

Mr. Xu Fenglei, aged 46, has been appointed as an independent non-executive Director, the chairman of the Remuneration Committee as well as a member of each of the Audit Committee and the Nomination Committee with effect from 16 October 2020. He has over 20 years of experience in telecom, mobile internet and information technology field. From 2004 to 2006, Mr. Xu was a solution manager of ZTE Corporation (Stock Code:763), shares of which are listed on the Main Board of the Stock Exchange. He became the head of Technical and Commercial Department and the vice president of Sales Department of ZTE Singapore Pte. Ltd., a then subsidiary of ZTE Corporation, in 2006 and 2008 respectively. He was the managing director of ZTE Singapore Pte. Ltd. from 2011 to 2017. For the period between 2017 and 2022, Mr. Xu was the chief executive officer and a partner of Sunway International Pte. Ltd. He is currently a co-founder and chief strategy officer for iMin Technology Pte. Ltd., which he joined in March 2022. Mr. Xu obtained a Bachelor's Degree in Communication Engineering from the Hebei University of Science and Technology, a Master's Degree in Software Engineering from the Beijing University of Technology and a Master's Degree in Management from the National University of Ireland, Dublin in June 2001, January 2008 and September 2012 respectively.

SENIOR MANAGEMENT

Ms. Ong Sok Hun, aged 51, joined the Group in October 2005 and is currently the chief financial officer of the Company. Ms. Ong is responsible for financial, accounting, taxation, secretarial affairs, treasury and banking matters of the Group. Ms. Ong has over 18 years of experience in the accounting and finance aspects of the construction industry. Ms. Ong graduated from Oxford Brookes University with a Bachelor of Science (Honours) Degree in Applied Accounting in 2003. She was admitted as a Fellow of the Association of Chartered Certified Accountants in October 2008.

Mr. Lau Yan Hong, aged 58, was appointed as a Director on 25 August 2015 and re-designated as an executive Director on 5 October 2015. Mr. Lau retired as an executive Director on 27 May 2022 but he has remained to act as a senior management (the "**Senior Management**") of the Group. Mr. Lau joined the Group in January 2000 and is currently responsible for overseeing the project team and managing, executing and coordinating the alteration and addition projects. He has acted as a director of Chuan Lim since February 2003 and is also the sole director of Advance Data Global Limited, a company incorporated in the BVI with limited liability which is a wholly-owned subsidiary of the Company. Mr. Lau has over 21 years of working experience in the construction industry. Prior to joining the Group, Mr. Lau had approximately 10 years of working experience in quality control and assurance in the retail industry. He obtained a Certificate in Building Construction Safety Supervisors from BCA in November 2000 and is currently a Registered Personnel in Structural Works under CoreTrade scheme of BCA.

Mr. Hong Kyung Seon, aged 60, joined Chuan Lim in August 2018 and is currently an executive director of Chuan Lim. Mr. Hong is mainly responsible for execution of the project tender, alteration and addition works construction and reclamation earthwork. Mr. Hong has over 34 years of experience in civil business promotion and tender of the construction industry. Prior to joining the Group, he was the vice president of Daelim Industrial Co. at its head office in Seoul and its Singapore branch respectively, where he was entrusted with responsibilities for civil business promotion and tender for South East Asia region and was in charge of tender for projects for the LTA and marine project for JTC Corporation and the Maritime and Port Authority of Singapore. Mr. Hong graduated from Seoul National University, South Korea with a Bachelor's Degree in Civil Engineering in 1986. Mr. Hong held several senior professional positions such as project manager and project cost and contract manager in various international renowned projects.

Mr. Lee Yunsang, aged 44, joined Chuan Lim in October 2018 and is currently a senior contracts manager of Chuan Lim. Mr. Lee is responsible for participating in tender projects such as road and earthwork, setting up the cost budget control programme for the projects or contracts for the purpose of improving the forecast procedure for each project and drafting the project operation plan. Mr. Lee has over 19 years of professional experience in the construction industry. Prior to joining the Group, Mr. Lee held several senior professional positions as construction engineer, planning engineer, design manager for tender, project manager and tender contract manager in various construction companies. Mr. Lee graduated from Yonsei University, South Korea with a Bachelor's Degree in Civil Engineering in 2005. Mr. Lee also obtained Certificates of Design for Safety Professional and Construction Safety Course for Project Manager.

CORPORATE GOVERNANCE REPORT

Achieving high standards of corporate governance has always been one of the Group's prime tasks. The Board is committed to conducting the Group's business in a transparent and responsible way and maintaining good corporate governance practices, which are considered essential to protect the Shareholders' interests and to enhance corporate value and accountability.

CORPORATE GOVERNANCE PRACTICES

The Company has applied the principles of good corporate governance in and adopted all of the code provisions (the "**Code Provision(s)**") of the Corporate Governance Code (the "**CG Code**") set out in Part 2 of Appendix C1 to the Listing Rules as its own code on corporate governance practices.

The Company had complied with all applicable Code Provisions throughout the Year.

The Board is aware that the Company shall comply with the CG Code and any deviation from the CG Code shall be carefully considered and disclosed in the interim and annual reports of the Group. The Board will continue to monitor and review the Company's corporate governance practices to ensure compliance.

BOARD OF DIRECTORS

The Group is led and controlled by the Board, which is collectively responsible for promoting the success of the Group by directing and overseeing the overall management of the Group's affairs and business, and establishing the long-term purpose, values and strategy of the Group which are in line with the Group's culture. The Directors take decisions objectively with the aim of protecting and maximising the interests of the Group and the Shareholders.

The Board, with the assistance of the Audit Committee, is also responsible for performing the corporate governance duties as required under the CG Code, which include:

– to develop and review the Company's policies and practices on corporate governance;

– to review and monitor the training and continuous professional development of the Directors and the Senior Management;

– to review and monitor the Company's policies and practices on compliance with legal and regulatory requirements;

– to develop, review and monitor the code of conduct and compliance manual, if any, applicable to the employees of the Group and the Directors; and

– to review the Company's compliance with the CG Code and the disclosure in the Corporate Governance Report of the Company.

The Board is committed to ensuring the values of acting lawfully, ethically and responsibly are embedded throughout the Group's vision, culture, policies and strategy. All Directors must act with integrity, lead by example and promote the desired culture of the Group. Detailed information about the Group's vision, mission, corporate values and strategy is set out in the "Environmental, Social and Governance Report" of this annual report.

Day-to-day management, administration and operations of the Group are delegated to the Management, which works under the leadership and supervision of the CEO and executive Directors, as discussed in the section headed "Management Functions" below.

Board Composition

As at 31 December 2023, the Board consisted of six Directors, including two executive Directors, one non-executive Director and three independent non-executive Directors.

Mr. Phang Yew Kiat has been re-designated from a non-executive Director to an executive Director with effect from 1 January 2024. Accordingly, as at the date of this annual report, the Board consists of six Directors, including three executive Directors and three independent non-executive Directors. The composition of the Board and the biographical details of the Directors as at the date of this annual report are set out on page 2 and pages 24 to 26 of this annual report respectively.

An updated list of the Directors identifying their roles and functions and the identity of the independent non-executive Directors is maintained on the website of the Stock Exchange and the website of the Company. The independent non-executive Directors are identified in all corporate communications containing the names of the Directors.

No Director has any relationship (including financial, business, family or other material/relevant relationship(s)) with any other Directors.

The Board currently consists of a diverse mix of the Directors in terms of cultural and educational background, industry experience, professional knowledge and skills. The Board reviews its composition annually to ensure that it has a balance of skills, experience and diversity of perspectives appropriate to the requirements of the Group's business.

Board Independence

A balanced composition of the executive Directors and the non-executive Directors (including the independent non-executive Directors) is maintained to ensure a strong independent element on the Board, which can effectively exercise independent judgment and provide sufficient checks and balances that safeguard the interests of the Shareholders. The non-executive Directors (including the independent non-executive Directors) possess diverse academic and professional qualifications, skills and experience and give the Board the benefit of a wide range of valuable business and financial knowledge and expertise. Their views and active participation in the meetings of the Board and its committees (the "**Board Committees**") bring independent advice on issues relating to the Group's strategy, conflicts of interest and management process, and ensure that the interests of the Shareholders are taken into account.

During the Year and up to the date of this annual report, the Board has at all times met the requirements of Rules 3.10(1), 3.10(2) and 3.10A of the Listing Rules. The Board currently has three independent non-executive Directors, representing more than one-third of the Board, and at least one of whom has appropriate professional qualifications or accounting or related financial management expertise. No independent non-executive Director has served for more than nine years.

None of the independent non-executive Directors informed the Company that there was any change of circumstances which might affect his independence during the Year. The Company has received from each of the independent non-executive Directors an annual confirmation of his independence for the Year pursuant to Rule 3.13 of the Listing Rules and considers each of them to be independent for the Year.

The Board has established mechanisms to ensure that independent views and input are available to the Board and reviews their implementation and effectiveness on an annual basis (the "**Board Independence Evaluation Mechanism**"). Pursuant to the Board Independence Evaluation Mechanism, the Board conducted an assessment and discussion on the results of the questionnaire on Board independence submitted by all individual Directors, and taking into account the following channels, the Board considers that it had in place effective mechanisms to ensure a strong independent element on the Board for the Year:

- to maintain a sufficient number of three independent non-executive Directors, representing more than one-third of the Board, and to ensure that all of them continue to devote adequate time contribution and attention to the affairs of the Group;

- to encourage all Directors to express their views in an open and candid manner during the meetings of the Board and the Board Committees, and to ensure that they have opportunity to provide input to the agenda for the meetings;

- to encourage all Directors to access and consult with the Senior Management independently, if necessary;

- to have in place a mechanism for the Directors, upon reasonable request, to seek independent professional advice in appropriate circumstances, including to assist the Directors in performing their duties to the Company, at the Company's expense;

- to have in place procedures for assessing the independence of a candidate who is nominated to be a new independent non-executive Director before his appointment, and to ascertain the continued independence of the current independent non-executive Directors;

- to support the division of responsibilities between the Chairman of the Board and the CEO to ensure a balance of power and authority;

- to ensure that the Chairman of the Board at least annually holds meetings with the independent non-executive Directors without the presence of the other Directors;

- to ensure that no equity-based remuneration with performance-related elements is granted to the independent non-executive Directors; and

- to ensure all Directors are required to declare their interests (if any) in the matters placed before the Board. If a Director has a conflict of interest in a matter to be considered by the Board which the Board has determined to be material, the matter shall be dealt with by a physical Board meeting with the independent non-executive Directors who, and whose close associates, have no material interest in the transaction present. The Directors who, or whose close associates, are considered to be materially interested in the matter shall abstain from voting on the resolution approving such matter.

Appointment, Re-election and Removal of Directors

Pursuant to the articles of association (the "**Articles of Association**") of the Company, the Board shall have the power from time to time and at any time to appoint any person as a Director either to fill a casual vacancy on the Board or as an addition to the existing Board. Such appointment shall be recommended by the Nomination Committee and approved by the Board based on the formal written procedures and policies adopted by the Company for the nomination of the Directors (the "**Nomination Policy**") and the diversity of the Board (the "**Board Diversity Policy**"), summaries of which are set out in the sections headed "Nomination Policy" and "Board Diversity Policy" below respectively. According to Article 83(3) of the Articles of Association, any Director so appointed shall hold office only until the first annual general meeting ("**AGM**") of the Company after his appointment and shall then be eligible for re-election.

Furthermore, according to Article 84(1) of the Articles of Association, at each AGM, one-third of the Directors for the time being (or, if their number is not a multiple of three, the number nearest to but not less than one-third) shall retire from office by rotation provided that every Director (i.e. including those appointed for a specific term) shall be subject to retirement at the AGM at least once every three years. A retiring Director shall be eligible for re-election.

All Directors (including the non-executive Directors) have been appointed for a term of three years and are subject to retirement by rotation and re-election at the AGM at least once every three years in accordance with the Listing Rules and the Articles of Association. Each Director has entered into a written service agreement or a written letter of appointment with the Company setting out the key terms and conditions of his appointment, brief details of which are as follows:

– Mr. Lim Kui Teng, the CEO and an executive Director, has renewed his service agreement with the Company for a term of three years commencing from 1 June 2022, which may be terminated by either party by giving not less than three months' notice in writing and shall be subject to retirement by rotation and re-election at the AGM at least once every three years in accordance with the Listing Rules and the Articles of Association. He is entitled to a basic salary of S$1,041,600 per annum plus a discretionary bonus, which may be subject to adjustment as determined by the Board and the Remuneration Committee with reference to the performance of the Group. The remuneration package of Mr. Lim was determined by the Board based on the recommendation of the Remuneration Committee with reference to, among others, Mr. Lim's qualifications and competence, job responsibilities and involvement with the Group's affairs and the prevailing market conditions, and is subject to review by the Board and the Remuneration Committee from time to time;

– Mr. Phang Yew Kiat, the Chairman of the Board and an executive Director, upon expiry of his letter of appointment as a non-execitive Director with the Company for a term of three years commencing from 16 October 2020 (which was extended from 15 October 2023 to 31 December 2023 upon mutual consent), pursuant to which he was entitled to a nominal Director's fee of HK$1 per annum and a grant of share options to subscribe for a total number of Shares representing 1% of the issued share capital of the Company at the time of grant for each of the three years term of appointment, provided that his appointment was not determined before the end of each appointment year and subject to the terms and conditions of the Share Option Scheme, has entered into a new service agreement to act as an executive Director with the Company for a term of three years commencing from 1 January 2024, which may be terminated by either party by giving not less than three months' notice in writing and shall be subject to retirement by rotation and re-election at the AGM at least once every three years in accordance with the Listing Rules and the Articles of Association. He is entitled to a basic salary of S$120,000 per annum. The remuneration of Mr. Phang was determined by the Board based on the recommendation of the Remuneration Committee with reference to, among others, Mr. Phang's qualifications and competence, job responsibilities and involvement with the Group's affairs and the prevailing market condition, and is subject to review by the Board and the Remuneration Committee from time to time;

– Mr. Bijay Joseph, an executive Director, has renewed his service agreement with the Company for a term of three years commencing from 1 June 2022, which may be terminated by either party by giving not less than three months' notice in writing and shall be subject to retirement by rotation and re-election at the AGM at least once every three years in accordance with the Listing Rules and the Articles of Association. He is entitled to a basic salary of S$276,000 per annum, which was raised from the previous basic salary of S$230,400 per annum as determined by the Board based on the recommendation of the Remuneration Committee with reference to Mr. Joseph's job responsibilities and involvement with the Group's affairs and the prevailing conditions during the Year, plus a discretionary bonus, which may be subject to adjustment as determined by the Board and the Remuneration Committee with reference to the performance of the Group. The remuneration package of Mr. Joseph was determined by the Board based on the recommendation of the Remuneration Committee with reference to, among others, Mr. Joseph's qualifications and competence, job responsibilities and involvement with the Group's affairs and the prevailing market conditions, and is subject to review by the Board and the Remuneration Committee from time to time;

- Mr. Wee Hian Eng Cyrus, an independent non-executive Director, has renewed his letter of appointment with the Company for a term of three years commencing from 17 December 2022, which may be terminated by either party by giving not less than three months' notice in writing and shall be subject to retirement by rotation and re-election at the AGM at least once every three years in accordance with the Listing Rules and the Articles of Association. He is entitled to a Director's fee of S$21,000 per annum, which was determined by the Board based on the recommendation of the Remuneration Committee with reference to, among others, Mr. Wee's skill, knowledge and experience, time commitment and duties and responsibilities within the Company and the prevailing market conditions, and is subject to review by the Board and the Remuneration Committee from time to time;

- Mr. Wong Ka Bo Jimmy, an independent non-executive Director, has entered into a letter of appointment with the Company for a term of three years commencing from 27 May 2022, which may be terminated by either party by giving not less than three months' notice in writing and shall be subject to retirement by rotation and re-election at the AGM at least once every three years in accordance with the Listing Rules and the Articles of Association. He is entitled to a Director's fee of HK$180,000 per annum, which was determined by the Board based on the recommendation of the Remuneration Committee with reference to, among others, Mr. Wong's skill, knowledge and experience, time commitment and duties and responsibilities within the Company and the prevailing market conditions, and is subject to review by the Board and the Remuneration Committee from time to time; and

- Mr. Xu Fenglei, an independent non-executive Director, has renewed his letter of appointment with the Company for a term of three years commencing from 16 October 2023, which may be terminated by either party by giving not less than three months' notice in writing and shall be subject to retirement by rotation and re-election at the AGM at least once every three years in accordance with the Listing Rules and the Articles of Association. He is entitled to a Director's fee of S$24,000 per annum, which was determined by the Board based on the recommendation of the Remuneration Committee with reference to, among others, Mr. Xu's skill, knowledge and experience, time commitment and duties and responsibilities within the Company and the prevailing market conditions, and is subject to review by the Board and the Remuneration Committee from time to time.

Pursuant to Article 83(3) of the Articles of Association, Mr. Phang Yew Kiat will retire from office at the forthcoming AGM and, being eligible, has offered himself for re-election. In accordance with Article 84(1)-(2) of the Articles of Association, Mr. Bijay Joseph and Mr. Wong Ka Bo Jimmy will retire from office by rotation at the forthcoming AGM and, being eligible, have offered themselves for re-election.

Directors' Induction and Continuous Professional Development

All newly appointed Directors receive a comprehensive, formal and tailored induction upon appointment to ensure that they have an appropriate understanding of the Group's business and operations and full awareness of their responsibilities and obligations as a Director under statute and common law, the Listing Rules, legal and other regulatory requirements and the Company's business and governance policies. From time to time, the Company provides materials, briefings and/or professional development necessary to keep the Directors abreast of their responsibilities and the Group's conduct, business activities and development. The Directors are encouraged to attend seminars, talks and continuous professional development training to enrich their knowledge and skills to ensure that their contribution to the Board remains informed and relevant.

During the Year, legal and regulatory updates were provided from time to time to the Directors for their reading to ensure compliance and enhance the Directors' awareness of good corporate governance practices. The Senior Management reported the Group's business activities, including the operations, performance, strategy and new initiatives at the regular Board meetings and provided the Directors with updates giving a balanced and understandable assessment of the Group's performance, position and prospects in sufficient details to enable the Directors to discharge their duties under the Listing Rules. All Directors attended a training relating to update on the amendments to the Listing Rules arranged by the Company with the assistance of the company secretary (the "**Company Secretary**") of the Company. The participation of each Director in continuous professional development for the Year is summarised below:

Name of the Director	**Reading regulatory updates**	**Attending seminars, talks and continuous professional development training**
Mr. Lim Kui Teng *(CEO)*	✓	✓
Mr. Phang Yew Kiat *(Chairman of the Board)*	✓	✓
Mr. Bijay Joseph	✓	✓
Mr. Wee Hian Eng Cyrus	✓	✓
Mr. Wong Ka Bo Jimmy	✓	✓
Mr. Xu Fenglei	✓	✓

Roles and Responsibilities of Directors

The executive Directors oversee the daily operations and management of the Group which include, among others, implementation of policies and strategy set by the Board. They report periodically to the Board on their works and business decisions.

The non-executive Directors (including the independent non-executive Directors) have the same duties of care and skill and fiduciaries duties as the executive Directors and should make a positive contribution to the development of the Group's strategy and policies through independent, constructive and informed comments. Their functions include:

– to participate in the Board meetings to bring an independent judgement to bear on issues of strategy, policy, performance, accountability, resources, key appointments and standards of conduct;

– to take the lead where potential conflicts of interests arise;

– to serve on the Audit Committee, Remuneration Committee and Nomination Committee, if invited; and

– to scrutinise the Group's performance in achieving agreed corporate goals and objectives, and to monitor the performance reporting.

The Directors (including the non-executive Directors) should ensure that they can give sufficient time and attention to the affairs of the Group. Pursuant to the Code Provision C.1.5, all Directors disclosed to the Company at the time of their appointments the number and nature of offices held in public companies or organisations (including the identities thereof) and other significant commitments, as well as an indication of the time involved, and has agreed to disclose to the Company in a timely manner for any changes thereof.

The Board regularly reviews whether the Directors devote sufficient time and make contributions to the Group that are commensurate with their role and Board responsibilities.

Directors' and Officers' Liability Insurance and Indemnity

The Company has arranged appropriate liability insurance, which is reviewed from time to time, to indemnify the Directors and the officers of the Company in respect of the legal actions against them arising from corporate activities. During the Year, no claim was made against any Director or officer of the Company.

Chairman of the Board and CEO

The Code Provision C.2.1 stipulates that the roles of the Chairman of the Board and the CEO should be separate and should not be performed by the same individual, and that the division of responsibilities between the Chairman of the Board and the CEO should be clearly established and set out in writing. The Company fully supports such a division of responsibilities in order to ensure a balance of power and authority. During the Year and up to the date of this annual report, the Board has been chaired by Mr. Phang Yew Kiat, an executive Director, whereas Mr. Lim Kui Teng, an executive Director, has acted as the CEO. These positions have clearly defined separate responsibilities.

The Chairman of the Board provides leadership for the Board with the aim of ensuring that the Board works effectively and performs its responsibilities, and that all key and appropriate issues can be discussed by the Board in a timely manner. His primary responsibilities include:

– to ensure that good corporate governance practices and procedures are established and maintained;

– to encourage all Directors to make a full and active contribution to the Board's affairs, and to take the lead to ensure that the Board acts in the best interests of the Company;

– to ensure that all Directors are properly briefed on issues arising at the Board meetings;

– to ensure that all Directors receive, in a timely manner, adequate information, which must be accurate, clear, complete and reliable;

– to ensure that appropriate steps are taken to provide effective communication with the Shareholders and that their views are communicated to the Board as a whole; and

– to promote a culture of openness and debate by facilitating the effective contribution of the non-executive Directors in particular and ensuring constructive relations between the executive Directors and the non-executive Directors.

The Chairman of the Board is committed to maintaining good corporate governance practices and proper Board proceedings. During the Year, the Chairman of the Board ensured to have taken into account, where appropriate, any matters proposed by the other Directors for inclusion in the agenda for the Board meeting, encouraged and allowed sufficient time for constructive discussions, criticisms and/or debates among the Directors in the Board meetings and ensured that the Board decisions fairly reflected the consensus of the Board. He also held a meeting with the independent non-executive Directors without the presence of the other Directors.

The CEO leads the day-to-day management of the Group and takes overall responsibilities for the supervision of the Management and the monitoring and conducts of the Group's business and ordinary operations in accordance with the policies, strategy and objectives established. The Board sets limits to the authorities exercisable by the CEO, who remains accountable to the Board, and monitors the performance of the CEO to ensure that the Board's objectives are attained.

Management Functions

Whilst the Board is responsible for directing and approving the Group's overall policies, strategy and objectives, the Group has also formed strong management teams in its business areas, with authorities and responsibilities to develop and exercise both operational and non-operational duties. The management teams' members of the Group have a wide range of skills, knowledge and experience necessary to govern the Group's operations.

The Board and the Management fully appreciate their respective roles and are committed to achieving good corporate governance. The Board gives clear directions to the Management as to its powers of management and administration, in particular, circumstances where they should report back and obtain the Board's prior approval before making any decisions or entering into any commitments on the Group's behalf. Major matters of the Group are reserved for the Board's own decisions, including the overall policies, strategy, directions and objectives of the Group; the issue, allotment or disposal of, or grant of options in respect of, the Shares and the debentures of the Company; the significant changes in accounting policies; the appointment and removal of the Directors, Company Secretary and external auditor (the "**Auditor**") of the Company; the dividend of the Company; major acquisitions and disposals; major capital investments; discloseable transactions; and other major operational and financial matters. The Directors clearly understand the delegation arrangements in place, which are reviewed by the Board periodically to ensure that the same remain appropriate to the Group's needs.

The Management, under the leadership and supervision of the CEO and executive Directors, is responsible for the day-to-day management, administration and operations of the Group, the execution of the policies, strategy and objectives set by the Group and the implementation of the adequate systems of risk management and internal control procedures. The Management is required to report directly to the CEO and the relevant executive Directors on a regular basis in respect of the business performance and the operational and functional issues of the Group.

Conduct of Board Proceedings and Supply of and Access to Information

The Board meets regularly and holds meetings at least four times a year at approximately quarterly intervals. A regular Board meeting is scheduled in advance with at least 14 days' notice being given to all Directors so as to give them an opportunity to attend. For any other Board meeting, reasonable notice is generally given. A meeting agenda and companying Board papers/materials, in the form and quality sufficient to enable the Board to make informed decisions on the matters placed before it, are sent in full to all Directors in a timely manner and at least three days before the intended date of the meeting. All Directors are given an opportunity to include matters in the agenda for the meetings. The Directors may participate in the meetings in person or by means of conference telephone, electronic facilities or other communications equipment through which all participants thereof can communicate with each other simultaneously and instantaneously. The Directors may also approve various matters by way of circulating written resolutions, where appropriate.

All Directors are required to declare their interests (if any) in the matters placed before the Board in accordance with the Articles of Association. Should a substantial Shareholder or a Director has a conflict of interest in a matter to be considered by the Board which the Board has determined to be material, the matter shall be dealt with by a physical Board meeting, rather than a written resolution, and the independent non-executive Directors who, and whose close associates, have no material interest in the transaction will be present at the Board meeting. Pursuant to the Articles of Association, the Directors who, or whose close associates, are considered to be materially interested in the matter shall abstain from voting on the resolution approving such matter.

The Company Secretary assists the Chairman of the Board to prepare the meeting agendas and ensures that all applicable rules and regulations regarding the Board proceedings are followed. The Company Secretary is also responsible for taking and keeping minutes of all Board meetings, which should record in sufficient details the matters considered and decisions reached, including any concerns raised by the Directors or dissenting views expressed. Draft minutes are normally sent to the Directors for their comment within a reasonable time after the meeting is held and the final signed versions of the minutes are available for inspection at any reasonable time on reasonable notice by any Director.

During the Year, the Board held five meetings (including four regular meetings) and the attendance record of each Director at those meetings is set out below:

Name of the Director	**Attendance/ Number of meetings**
Executive Directors	
Mr. Lim Kui Teng *(CEO)*	5/5
Mr. Phang Yew Kiat *(Chairman of the Board)*(re-designated from a non-executive Director to an executive Director on 1 January 2024)	5/5
Mr. Bijay Joseph	5/5
Independent Non-executive Directors	
Mr. Wee Hian Eng Cyrus	5/5
Mr. Wong Ka Bo Jimmy	5/5
Mr. Xu Fenglei	5/5

During the Year, the Board considered and approved, among others, the annual results and report of the Group for the financial year ended 31 December 2022; the annual budget for the Year; the results and performance update against annual budget together with business reports from the Management; the interim results and report of the Group for the six months ended 30 June 2023; the proposed re-election of the Directors; the re-designation of a non-executive Director to an executive Director; the proposed re-appointment of the Auditor; the remuneration packages of the Directors and the Senior Management; the connected transaction in relation to issue of Subscription Shares to a Director under the Specific Mandate; the proposed amendments to the amended and restated memorandum of association and articles of association (the "**Memorandum and Articles of Association**") of the Company; the adoption of the revisions to written terms of reference of the Remuneration Committee; as well as other critical business operations, compliance and housekeeping matters, including the review of the Board Independence Evaluation Mechanism and the shareholders communication policy (the "**Shareholders Communication Policy**") of the Company. The Board also, with the assistance of the Audit Committee, performed its corporate governance duties as required under the CG Code, including but not limited to the review of the Company's compliance with the CG Code and of the adequacy of the systems of risk management and internal control of the Group, as elaborated in the section headed "Risk Management and Internal Control" below.

All Directors are provided in a timely manner with appropriate information in the form and quality to enable them to make informed decision and perform their duties and responsibilities. They have access to the advice and services of the Company Secretary to ensure that the Board policies and procedures, and all applicable law, rules and regulations are followed. The Management is obliged to supply the Board with adequate information, which must be complete and reliable, in a timely manner, to enable the Board to make informed assessments and decisions, and to answer further enquiries raised by any Director. Accordingly, the Board and individual Directors have separate and independent access to the Senior Management. Queries raised by the Directors shall receive a prompt and full response, if possible.

All Directors, upon reasonable request and with the consent of the Chairman of the Board and/or the chairman of the Audit Committee, may seek independent professional advice in appropriate circumstances, including to assist the Directors in performing their duties to the Company, at the Company's expense. During the Year, no Director exercised his right for independent professional advice.

BOARD COMMITTEES

The Board has established three Board Committees, namely the Audit Committee, the Remuneration Committee and the Nomination Committee, and given the Board Committees specific terms of reference, which are no less exacting than those set out in the CG Code and are sufficiently clear to enable them perform their functions properly.

All Board Committees are required by their terms of reference to report their decisions, findings or recommendations to the Board, unless there are legal or regulatory restrictions on their ability to do so.

The Company Secretary acts as the secretary of all Board Committees and is responsible for taking and keeping minutes of all Board Committees meetings, which should record in sufficient details the matters considered and decisions reached, including any concerns raised by the Directors or dissenting views expressed. Draft minutes are normally sent to the respective Board Committee members for their comment within a reasonable time after the meeting is held and the final signed versions of the minutes are available for inspection at any reasonable time on reasonable notice by any Director.

All Board Committees are provided with sufficient resources to perform their duties and have access to independent professional advice at the expenses of the Company if necessary. The Board regularly evaluates the performance of the Board Committees.

Audit Committee

The Audit Committee currently comprises all three independent non-executive Directors, namely Mr. Wong Ka Bo Jimmy (chairman), Mr. Wee Hian Eng Cyrus and Mr. Xu Fenglei.

Mr. Wong Ka Bo Jimmy has the appropriate professional qualifications or accounting or related financial management expertise as required under the Listing Rules. No former partner of the Company's existing auditing firm acts as a member of the Audit Committee within two years from the date of the person ceasing to be a partner of or to have any financial interest in the firm, whichever is later. The Board expects the members to exercise independent judgment in conducting the business of the Audit Committee.

The written terms of reference of the Audit Committee detailing its role and authority delegated to it by the Board are available on the Stock Exchange's website and the Company's website. The major duties of the Audit Committee include:

– to act as the key representative body for overseeing the Company's relations with the Auditor;

– to review the Group's financial information;

– to oversee the Group's financial reporting system, and risk management and internal control systems; and

– to review arrangements the Group's employees can use, in confidence, to raise concerns about possible improprieties in financial reporting, internal control or other matters, and to ensure that proper arrangements are in place for fair and independent investigation of those matters and for appropriate follow-up action.

During the Year, the Audit Committee held two meetings and the attendance record of each member of the Audit Committee at those meetings is set out below:

Name of the Director	Attendance/ Number of meetings
Mr. Wong Ka Bo Jimmy *(chairman)*	2/2
Mr. Wee Hian Eng Cyrus	2/2
Mr. Xu Fenglei	2/2

During the Year, the Audit Committee performed, inter alia, the following works:

(1) considered and approved the audited consolidated financial statements of the Group for the financial year ended 31 December 2022 and the unaudited consolidated financial statements of the Group for the six months ended 30 June 2023, and reviewed any significant financial reporting judgement contained therein before submission to the Board;

(2) considered and approved the annual results and the annual report of the Group for the financial year ended 31 December 2022 and the interim results and the interim report of the Group for the six months ended 30 June 2023;

(3) assessed and confirmed the independence of the Auditor for the Year;

(4) reviewed and made recommendation to the Board on the re-appointment of the Auditor and the relevant terms of engagement, including remunerations in respect of audit and non-audit services;

(5) reviewed and approved the audit plan of the Group for the Year;

(6) reviewed the Group's risk management and internal control systems (including the Group's ESG risk management and internal control systems) and considered the necessity for an internal audit function;

(7) reviewed the adequacy of resources, staff qualifications and experience, training programmes and budget of the Group's accounting, internal audit, financial reporting functions, as well as those relating to the Group's ESG performance and reporting;

(8) reviewed the anti-bribery, anti-corruption and anti-money laundering policy (the "**Anti-Corruption Policy**") and the whistleblowing policy (the "**Whistleblowing Policy**") of the Company; and

(9) assisted the Board to perform its corporate governance duties set out in the section headed "BOARD OF DIRECTORS" above.

During the Year, the Board and the Audit Committee had no disagreements on the selection, appointment, resignation or dismissal of the Auditor.

Remuneration Committee

The Remuneration Committee currently comprises two independent non-executive Directors, namely Mr. Xu Fenglei (chairman) and Mr. Wong Ka Bo Jimmy, and an executive Director, namely Mr. Lim Kui Teng.

A majority of the Remuneration Committee members are the independent non-executive Directors. The Board expects the members to exercise independent judgment in conducting the business of the Remuneration Committee.

The written terms of reference of the Remuneration Committee detailing its role and authority delegated to it by the Board are available on the Stock Exchange's website and the Company's website. The major duties of the Remuneration Committee include:

– to review and make recommendations to the Board on the Company's policy and structure for all Directors' and Senior Management remuneration (the "**Remuneration Policy**") and on the establishment of a formal and transparent procedure for developing the Remuneration Policy;

– to review and approve the Management's remuneration proposals with reference to the Board's corporate goals and objectives;

– to make recommendations to the Board on the remuneration packages of individual executive Directors and Senior Management;

– to make recommendations to the Board on the remunerations of the non-executive Directors;

– to consider salaries paid by comparable companies, time commitment and responsibilities and employment conditions elsewhere in the Group;

– to review and approve compensation payable to the executive Directors and Senior Management for any loss or termination of office or appointment to ensure that it is consistent with contractual terms and is otherwise fair and not excessive;

– to review and approve compensation arrangements relating to dismissal or removal of the Directors for misconduct to ensure that they are consistent with contractual terms and are otherwise reasonable and appropriate;

– to ensure that no Director or any of his/her associates is involved in deciding that Director's own remuneration; and

– to review and/or approve matters relating to share schemes under Chapter 17 of the Listing Rules.

Remuneration Policy

The Remuneration Policy is set and recommended by the Remuneration Committee to the Board. Under the Remuneration Policy, the remuneration levels should be fair and sufficient to attract and retain high-quality Directors and staff to enable smooth operation within the Group without paying more than necessary. When setting remuneration to each Director and Senior Management, regards shall be given to his/her qualifications and competence, time commitment, job responsibilities and involvement with the Group's affairs; the Group's performance and profitability; employment conditions elsewhere in the Group; salaries paid by comparable companies; as well as the prevailing market conditions. The Remuneration Committee shall consult the Chairman of the Board and/or the CEO with regard to their remuneration proposals for other executive Directors. No Director or any of his/her associates shall be involved in deciding that Director's own remuneration.

To ensure the fairness and competitiveness of the remuneration payable to each executive Director and Senior Management, his/her remuneration package is structured to include:

– an appropriate rate of base remuneration for the job of the executive Director/Senior Management;

– competitive benefit programmes;

– bonus linked to sets of performance measures and targets for performance-related annual and long-term incentive plans based on an appropriate independent advice and/or an assessment of the interests of the Shareholders and taking into account of an appropriate balance of risks and rewards for the Directors and other participants; and

– other benefits-in-kind, pension rights and compensation payments, including any compensation payable for loss or termination of his/her office or appointment.

Remuneration to each non-executive Director is based on an adequate compensation for the efforts and time dedicated by such Director to the Group's affairs including his/her participation in the Board and the respective Board Committees. No equity-based remuneration with performance-related elements is granted to the independent non-executive Directors to avoid bias in their decision-making or compromising their objectivity and independence.

The Remuneration Committee periodically reviews the Remuneration Policy and the remuneration packages of the Directors and Senior Management.

During the Year, the Remuneration Committee held three meetings and the attendance record of each member of the Remuneration Committee at those meetings is set out below:

Name of the Director	**Attendance/ Number of meetings**
Mr. Xu Fenglei *(chairman)*	3/3
Mr. Lim Kui Teng	3/3
Mr. Wong Ka Bo Jimmy	3/3

During the Year, the Remuneration Committee performed, inter alia, the following works:

(1) reviewed the Remuneration Policy;

(2) assessed the performance of the executive Directors for the Year;

(3) reviewed and made recommendation to the Board on the remunerations of all Directors and Senior Management for the Year;

(4) considered and made recommendation to the Board on the terms of the new service agreement of an executive Director and the renewed letter of appointment of an independent non-executive Director; and

(5) reviewed the progress of the enhanced employee compensation scheme adopted by the Group, with reference to the Board's corporate goals and objectives, to bring the same in line with the remuneration benchmarks in the industry and the prevailing market conditions.

During the Year, the Board and the Remuneration Committee had no disagreements on any remuneration or compensation arrangements. No Director or any of his associates was involved in deciding that Director's own remuneration.

Nomination Committee

The Nomination Committee currently comprises the Chairman of the Board and an executive Director, namely Mr. Phang Yew Kiat (chairman) and two independent non-executive Directors, namely Mr. Wong Ka Bo Jimmy and Mr. Xu Fenglei.

A majority of the Nomination Committee members are independent non-executive Directors. The Board expects the members to exercise independent judgment in conducting the business of the Nomination Committee.

The written terms of reference of the Nomination Committee detailing its role and authority delegated to it by the Board are available on the Stock Exchange's website and the Company's website. The major duties of the Nomination Committee include:

– to review the structure, size and composition (including the skills, knowledge and experience) of the Board annually and make recommendations to the Board on any proposed changes to the Board to complement the Group's corporate strategy;

– to identify individuals suitably qualified to become the Directors and select or make recommendations to the Board on the selection of individuals nominated for directorship;

– to assess the independence of the independent non-executive Directors;

– to make recommendations to the Board on the appointment or re-appointment of the Directors and succession planning for the Directors, in particular the Chairman of the Board and the CEO;

– to monitor, review and disclose the Board Diversity Policy and the Nomination Policy; and

– to develop and make recommendations to the Board on the measurable objectives for achieving diversity on the Board and monitor the progress on achieving those objectives.

Board Diversity Policy

The Company is committed to equality of opportunity and does not discriminate on the grounds of gender, age, race, nationality, disability, religious and other factors. In recognition of the Board diversity as an essential element in enhancing Board effectiveness and supporting its sustainable and balanced development, the Company has adopted the Board Diversity Policy since 1 January 2019.

The Company sees diversity as a wide concept. In determining the Board composition and the selection of candidates for directorship, factors including but not limited to gender, age, ethnicity, language, cultural and educational background, professional qualifications, industrial experience, skills and knowledge, length of service, and other qualities will be considered. All Board appointments shall be based on meritocracy and the candidates shall be considered against the objective criteria, having regards for the benefits of diversity on the Board, the Group's business model and its specific needs from time to time. The ultimate decision will be based on merit and contribution that the selected candidates will bring to the Board.

The Nomination Committee has been monitoring the implementation of the Board Diversity Policy since its adoption and reviews the implementation and effectiveness of the Board Diversity Policy (including the measurable objectives set for achieving the Board diversity) on an annual basis to ensure its effectiveness.

The Board currently consists of all male Directors. In recognition of the benefits of achieving gender diversity at all levels of the Group, the Board has adopted the gender diversity plan (the "**Gender Diversity Plan**") of the Group since 30 June 2022. Under the Gender Diversity Plan, the Company is committed to increasing the proportion of female members over time when selecting and making recommendations on suitable candidates for the Board appointments and employing suitable employees and officers (including the Senior Management) within the corporation level of the Group, where appropriate. The Nomination Committee shall give due consideration on gender diversity when identifying and selecting candidates for directorship. In view of the Board size, the Board targets to appoint at least one female Director no later than 31 December 2024.

Achieving gender diversity is a challenge to the Group due to the characteristics of its principle activities. As most of the construction works require high intensity of physical labour, the workforce of the construction industry comprises mostly male construction workers. It is inevitable that the proportion of the Group's male workforce is much higher and therefore, achieving gender diversity across its workforce at construction sites is challenging. The Board will review the Group's workforce from time to time and is committed to achieving a good balanced gender ratio in its workforce (in particular, for the non-labour extensive workforce). Gender diversity was achieved at the Senior Management, comprising one female member and three male members, for the Year. Details on the gender ratio in the workforce of the Group together with relevant data are set out in the "Environmental, Social and Governance Report" on page 106 of this annual report.

Nomination Policy

Since 1 January 2019, the Company has adopted the Nomination Policy in relation to the nomination, appointment and re-appointment of the Directors as well as the nomination procedures of the Directors, with the aim of ensuring changes to the Board composition can be managed without undue disruption.

The Nomination Committee is delegated authority to identify potential candidates for directorship through different means and channels, including recommendations from the Directors or Shareholders, use of external search firms and any other means or channels it deems appropriate. In the case of nominating a candidate for directorship, the Nomination Committee shall hold a meeting to consider the candidate identified against the nomination criteria and make recommendation to the Board, if applicable. The Board shall deliberate and decide on the appointment based on the recommendation of the Nomination Committee. In the case of re-appointing a retiring Director, the Nomination Committee shall review the profile of the retiring Director and his/her overall contribution and service to the Company and determine whether the retiring Director continues to meet the nomination criteria set out in the Nomination Policy. The Nomination Committee will, where appropriate, recommend the retiring Director to the Board for consideration and recommendation to the Shareholders for the proposed re-election of the retiring Director at an AGM.

In evaluating and selecting any candidate for directorship, the Nomination Committee shall consider the structure, size, composition and needs of the Board, taking into account succession planning and the diversity of the Board, where appropriate; the diversity criteria set out under the Board Diversity Policy; the candidate's character and integrity, independence (where applicable) and commitment to devote time and effort for discharging his/her duties and responsibilities as a Director; and such other criteria that are appropriate to the business of the Group.

The Nomination Committee believes that independence is essential for fulfilling the Board's duty to supervise the management of the business and affairs of the Group. All Directors are required to disclose their interests in any competing business to the Company. Cross-directorships in Hong Kong or overseas between the Directors (if any) are also reviewed annually.

The Nomination Committee has been following the nomination criteria and procedures under the Nomination Policy since its adoption and reviews the Nomination Policy from time to time.

During the Year, the Nomination Committee held two meetings and the attendance record of each member of the Nomination Committee at those meetings is set out below:

Name of the Director	**Attendance/ Number of meetings**
Mr. Phang Yew Kiat *(chairman)*	2/2
Mr. Wong Ka Bo Jimmy	2/2
Mr. Xu Fenglei	2/2

During the Year, the Nomination Committee performed, inter alia, the following works:

(1) reviewed the existing Board structure, size and composition;

(2) assessed the independence of the independent non-executive Directors;

(3) reviewed and made recommendation to the Board on the retiring Directors' eligibility for re-election at the annual general meeting of the Company held on 25 May 2023 ("**2023 AGM**");

(4) considered and made recommendation to the Board on the re-designation of a non-executive Director to an executive Director; and

(5) monitored, reviewed and disclosed the Board Diversity Policy, the Nomination Policy and the Gender Diversity Plan.

CODES FOR SECURITIES TRANSACTIONS BY DIRECTORS AND RELEVANT EMPLOYEES

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**") set out in Appendix C3 to the Listing Rules as its code of conduct regarding Directors' securities transactions. All Directors, following specific enquiries made by the Company, have confirmed that they had complied with the required standard set out in the Model Code and its code of conduct regarding Directors' securities transactions throughout the Year.

The Company has also adopted a written code of conduct on terms no less exacting than the Model Code for its relevant employees (including all employees of the Company and all directors and employees of the Company's subsidiaries and holding company who, because of their office or employment, are likely to possess inside information in relation to the Company or its securities, the "**Relevant Employees**") in respect of their dealings in the Company's securities. All Relevant Employees are required to follow such code when dealing in the securities of the Company.

AUDIT, INTERNAL CONTROL AND RISK MANAGEMENT

Financial Reporting

The Board is responsible for presenting a balanced, clear and comprehensive assessment of the Group's performance, position and prospects. The Directors acknowledge their responsibility for preparing the financial statements of the Group for each financial year ended 31 December, which should give a true and fair view of the state of affairs of the Company and of the Group on that date and of the Group's results and cash flows for that year in accordance with the applicable accounting standards and the relevant laws and disclosure provisions of the Listing Rules. The Management should provide sufficient explanation and information to the Board to enable it to make an informed assessment of the financial and other information put before it for approval.

In preparing the financial statements of the Group for the Year, the Directors adopted appropriate and consistent accounting policies and made prudent and reasonable judgments and estimations. The financial statements of the Group for the Year were prepared by the Directors on a going concern basis and the Directors were not aware of any material uncertainties relating to events or conditions that might cast significant doubt on the Group's ability to continue as a going concern. A statement by the Auditor regarding its reporting responsibilities is set out in the "Independent Auditor's Report" of this annual report.

Risk Management and Internal Control

The Board has overall responsibilities for maintaining sound and effective risk management and internal control systems (including the ESG risk management and internal control systems) to safeguard the Shareholders' investments and the Group's assets, and reviewing the effectiveness of such systems on an annual basis.

The Group's risk management and internal control systems are designed to manage rather than eliminate the risk of failure to achieve business objectives, and can only provide reasonable and not absolute assurance against material misstatement or loss. Hence, such systems are to provide the clear governance structure, policies and procedures, as well as the reporting mechanism to facilitate the Group to manage its risks across business operations.

CORPORATE GOVERNANCE REPORT

With the continuous efforts of the Board, the Group has established and maintained an appropriate and effective internal control system and a risk management framework, which consists of three tiers of structure, being the Board, the Audit Committee and the Management, to safeguard corporate operating management, asset security, financial reporting and the fairness, accuracy and completeness of dissemination of the relevant information in a rational manner.

The Board is responsible for evaluating and determining the nature and extent of the risks (including the material risks relating to ESG) it is willing to take in achieving the Group's strategic objectives. The Audit Committee is delegated to oversee the Group's risk management and internal control systems on an ongoing basis and conduct a review of effectiveness of the same, which covers all material controls including financial, operational and compliance controls, at least annually. Under the supervision of the Audit Committee, the Management is responsible for the formulation, implementation and monitoring of the risk management and internal control systems, as well as the review and update of the same to ensure that they remain relevant and adequate. The Board has also established and empowered the ESG Taskforce for the ESG-related matters, duties of which are explained in the "Environmental, Social and Governance Report" of this annual report.

To assist the Audit Committee in fulfilling its responsibilities, the Management has developed a risk management policy in providing directions to identify, evaluate and manage significant risks (including ESG risks). Each half year, the Management follows the policy to identify and assess the key risk areas which cover all aspects of corporate strategy, operations, finance and ESG, as well as the changes thereof, reviews the internal control systems and distinguishes the material defects thereof (if any) and discusses the solutions to address such risk areas and defects where appropriate. Risk management and internal control reviews shall be reported by the Management to the Audit Committee at least once a year, to enable the Audit Committee to assess control of the Group and the effectiveness of the risk management, and to make recommendations to the Board where appropriate.

The Group does not have an internal audit function. In light of the Group's relatively simple corporate and operation structure, the close supervision of the Senior Management and the effective communications with the Auditor in respect of any material control deficiency identified during the course of the financial statement audit, the Board is currently of the view that there is no immediate need to set up an internal audit function within the Group. As opposed to diverting resources to establish a separate internal audit department, the Board, supported by the Audit Committee, shall be responsible for reviewing the adequacy and effectiveness of the Group's risk management and internal control systems. In order to maintain high standards of corporate governance, the Group also engages external independent consultants with professional staff in possession of relevant expertise to perform independent review of the adequacy and effectiveness of the Group's risk management and internal control systems on project-basis as well as to give trainings to the Group's staff on implementing and monitoring such systems. The Group will continue to review the need for an internal audit function on an annual basis.

Procedures and Internal Controls for Handling and Dissemination of Inside Information

The Group has adopted a policy on disclosure of inside information which sets out the procedures and controls for handling and dissemination of inside information in compliance with the SFO and the Listing Rules. The policy contains guidelines to the Directors, Relevant Employees and officers of the Group with the aim of enhancing the Group's system of handling of inside information and ensuring the truthfulness, accuracy, completeness and timeliness of the public disclosures of the Group.

Certain reasonable measures are taken by the Group from time to time to ensure that proper safeguards are in place to prevent any breach of the disclosure requirements in relation to the Group, which include:

– The Group ensures to conduct its affairs with close adherence to the Guidelines on Disclosure of Inside Information issued by the Securities and Futures Commission of Hong Kong;

– Access of information is restricted to a limited number of employees on a need-to-know basis. Employees who are in possession of inside information are fully conversant with their obligation to preserve confidentiality;

– Confidentiality covenants will be in place when the Group enters into significant negotiations. In addition, all Relevant Employees are required to strictly adhere to the rules and regulations regarding the management of inside information, including the securities transaction rules adopted by the Company which are on terms no less exacting than those required under the SFO and the Listing Rules; and

– The Group is committed to disclosing the inside information as soon as reasonably practicable under the applicable laws and regulations. Before the information is fully disclosed to the public, the Group ensures that the information is kept strictly confidential. If the Group believes that the necessary degree of confidentiality cannot be maintained or that the confidentiality covenants may have been breached, the Group shall immediately disclose the information to the public. The Group is committed to ensuring that the information contained in its announcements or circulars is not false or misleading as to a material fact, or false or misleading through the omission of a material fact in view of presenting information in a clear and balanced way, which requires equal disclosure of both positive and negative facts.

Whistleblowing Policy

Under the Whistleblowing Policy, the Group has in place a clear system and procedures for all directors, officers and employees at all levels and divisions of the Group as well as other stakeholders (including business counterparts) to raise concerns, in confidence and anonymity, with the Audit Committee about possible improprieties in any matter related to the Group.

Depending upon the circumstances, the chief financial officer of the Company or a suitable investigation officer with suitable seniority at the Company will be appointed or a special committee will be set up for investigation of the reported case in a confidential and timely manner and the same shall report the investigation results, with any recommendations for change or improvement (if applicable), to the Audit Committee.

The Audit Committee shall regularly review the Whistleblowing Policy and make appropriate revision, where necessary, to improve its effectiveness.

Anti-Corruption Policy

The Group takes a zero-tolerance approach towards all forms of bribery, corruption, money laundering or fraud. The Group has adopted the Anti-Corruption Policy which sets out the basic standard of conducts and provides guidance to all directors, officers and employees at all levels and divisions of the Group on acceptance of advantages and handling of conflicts of interest. The Group also encourages and expects its business partners to abide by the principles of the Anti-Corruption Policy.

Under the Anti-Corruption Policy, the Group's regular auditing procedures may, when deemed necessary and appropriate, include a review of the local circumstances that may make particular officer or project vulnerable to corruption, and the defences and strategy that are in place to mitigate such risk. The Company may, where necessary, also arrange audit of compliance with the Anti-Corruption Policy on an office and function basis, result of the same will be reported to the Audit Committee.

Pursuant to the Anti-Corruption Policy, the Group shall arrange regular anti-corruption trainings and briefings for all of its employees (including the Directors), and further trainings which are specific to the respective employees' field of business, to ensure their awareness of the Group's anti-bribery, anti-corruption and anti-money laundering practices as well as the compliance with the laws and regulations.

The Audit Committee shall regularly review the Anti-Corruption Policy and make appropriate revision, where necessary, to improve its effectiveness.

The Company has confirmed that the risk management and internal control provisions under the CG Code had been complied with throughout the Year. The Audit Committee has performed the annual review on the effectiveness of the Group's risk management and internal control systems (including the ESG risk management and internal control systems) for the Year, including but not limited to the changes (if any) in the nature and extent of significant risks (including ESG risks); the Group's ability to cope with the changes in its business and the external environment; the scope and quality of the Management's ongoing monitoring of the risks (including ESG risks) and of the internal control systems; the extent and frequency of communication to the Audit Committee in relation to the monitoring results; the significant control failures or weaknesses (if any) identified during the Year and their related implications; the effectiveness of the Group's processes for financial reporting and compliance with the Listing Rules; and the adequacy of resources, staff qualifications and experience, training programmes and budget of the Group's accounting, internal audit, financial reporting functions, as well as those relating to the Group's ESG performance and reporting. The Audit Committee received a confirmation from the Management on the effectiveness of the risk management and internal control systems (including the ESG risk management and internal control systems) of the Group for the Year, which was endorsed by the Audit Committee and submitted to the Board. Based on the result of the review, the Board has confirmed that the Group's risk management and internal control systems (including the ESG risk management and internal control systems) were effective and adequate during the Year. No significant area of concern that might affect the Shareholders was identified.

COMPANY SECRETARY

The Company Secretary supports the Board by ensuring good information flow within the Board and that the Board policies and procedures are followed, and facilities induction and professional development of the Directors. The Company Secretary reports to, and advises the Board on governance matters through, the Chairman of the Board.

Selection, appointment or dismissal of the Company Secretary shall be approved by the Board by a physical Board meeting rather than a written resolutions. During the Year and up to the date of this annual report, Mr. Ho Kai Tak ("**Mr. Ho**"), a practicing solicitor in Hong Kong and an external service provider, has been the Company Secretary. The primary corporate contact person at the Company for the purpose of the Code Provision C.6.1 is Ms. Ong Sok Hun, the chief financial officer of the Company.

Mr. Ho has confirmed that he took no less than 15 hours of relevant professional training during the Year.

AUDITOR'S REMUNERATION AND AUDITOR RELATED MATTERS

The re-appointment of Ernst & Young LLP ("**EY**") as the Auditor was approved by the Shareholders at the 2023 AGM.

The analysis of remuneration paid or payable in respect of audit and non-audit services provided by EY to the Group during the Year is set out below:

	Remuneration paid/payable S$'000
Audit services	
– Annual audit services	192
Non-audit services	
– Tax returns compliance services	22
	214

SHAREHOLDERS' RIGHTS

The Company is committed to ensuring that all Shareholders are treated equitably and fairly. Set out below is a summary of certain rights of the Shareholders as disclosed pursuant to the mandatory disclosure requirements under the CG Code:

– Convening an extraordinary general meeting ("EGM") of the Company and putting forward proposals at the general meeting

Pursuant to Article 58 of the Articles of Association, any one or more Shareholders holding at the date of deposit of the requisition at least one-tenth of the voting rights, on a one vote per share basis, in the share capital of the Company shall at all times have the right to make a requisition in writing to the Board or the Company Secretary to convene an EGM and/or add resolution(s) to the agenda of a meeting. Such requisition shall be signed by the requisitionist(s) and deposited at the Company's principal place of business in Singapore or Hong Kong, for the purpose of requiring an EGM to be called by the Board for the transaction of any business or resolution specified in such requisition; and such EGM shall be held within two months after the deposit of such requisition. If within 21 days of such deposit the Board fails to proceed to convene an EGM, the requisitionist(s) himself/herself/itself (themselves) may do so in the same manner, and all reasonable expenses incurred by the requisitionist(s) as a result of the failure of the Board shall be reimbursed to the requisitionist(s) by the Company. Relevant contact details are set out in the "Corporate Information" of this annual report.

Pursuant to Article 85 of the Articles of Association, a Shareholder may propose a person other than the retiring Director(s) for election as a Director at a general meeting of the Company. Detailed procedures for the same are available on the Company's website.

– Putting enquiries to the Board

The Shareholders may at any time send their written enquiries in respect of the Group and/or the Board by addressing the same to the Board via the Company's website (www.chuanholdingsltd.com), mail to the Company's principal place of business in Singapore or email at chuanlc@singnet.com.sg.

In addition, the Shareholders may contact the Company's Hong Kong branch share registrar and transfer office, Tricor Investor Services Limited, if they have any enquiry about their shareholdings or entitlements to dividend. Relevant contact details are set out in the "Corporate Information" of this annual report.

INVESTOR RELATIONS AND SHAREHOLDERS ENGAGEMENT

The Company believes that maintaining a high level of transparency is a key to enhancing investor relations and recognises the importance of disclosing the Group's information in a timely, accurate and complete manner, thereby enabling the Shareholders, investors as well as the public to make rational and informed investment decisions.

The Company is also committed to protecting the privacy rights on all personal data collected from the Shareholders. When collecting personal data from the Shareholders, the Company will specify in the relevant document the purpose of such collection and the use of the personal data. Contact details are also provided to the Shareholders for accessing and correcting their personal data.

The Company has adopted the Shareholders Communication Policy with the objectives of ensuring the Shareholders, and in appropriate circumstances, the Group's customers and the investment community at large, are provided with ready, equal and timely access to balanced and understandable information about the Group, in order to enable the Shareholders to exercise their rights in an informed manner, and to allow them and the investment community to engage actively with the Company. The Board shall be responsible for maintaining an on-going dialogue with the Shareholders and investors, and reviewing the implementation and effectiveness of the Shareholders Communication Policy on a regular basis.

Information of the Group is mainly communicated through the Company's general meetings, corporate communications (including but not limited to annual and interim reports, notices, announcements, circulars and proxy forms) and disclosures on the website of the Company. Under the Shareholders Communication Policy, the Shareholders are encouraged to participate in the Company's general meetings and all Directors should attend the general meetings to gain and develop a balanced understanding of the views of the Shareholders. The Company shall monitor and review the proceedings of the general meetings, as elaborated in the section headed "General Meeting" below, to ensure compliance and the Shareholders' needs are fulfilled. The Company's website provides the general and up-to-date information of the Group at a dedicated "Investor Relations" section and an effective communication platform to the Shareholders, investors and the public. Contact details of the Company, such as telephone hotline, fax number, email address and postal address, are also available on the Company's website, in order to enable the Shareholders and other stakeholders to communicate their views via such means. Apart from raising general enquiries to the Board, manner of which is set out in the section headed "SHAREHOLDERS' RIGHT" above, and reporting concerns about possible improprieties in any matter related to the Group under the scope of the Whistleblowing Policy set out in the section headed "Whistleblowing Policy" above, the Shareholders and other stakeholders may lodge any suggestion and/or complaint with full details in respect of the Group and/or the Board by addressing to the complaints officer designated by the Group via the Company's website (www.chuanholdingsltd.com), mail to the Company's principle place of business in Singapore or email at chuanlc@singnet.com.sg, or by phone, if the complainant has any individual difficulty to lodge a written suggestion/complaint.

The Shareholders Communication Policy are available on the Company's website. Having reviewed the Shareholders Communication Policy and taking into account (i) multiple channels of communication and engagement are in place for the Shareholders to communicate their views on various matters affecting the Company, as well as to solicit and understand the views of the Shareholders and stakeholders; (ii) the Company's disclosures in its corporate communications and website for the Year; and (iii) all Directors did attend the 2023 AGM and be available to respond to any Shareholders' questions and enquiries, the Board has confirmed that the Shareholders Communication Policy was appropriate and effective for the Year.

During the Year, the proposed amendments to the Memorandum and Articles of Association and the adoption of the second amended and restated memorandum of association and articles of association (the "**Second Amended and Restated Memorandum and Articles of Association**") of the Company in substitution for, and to the exclusion of, the Memorandum and Articles of Association were duly approved by the Shareholders by special resolution at the 2023 AGM. For further details, please refer to the circular of the Company dated 25 April 2023 and the announcement of the Company dated 25 May 2023. The Second Amended and Restated Memorandum and Articles of Association are available on the on the website of the Stock Exchange and the website of the Company.

Dividend Policy

Since 1 January 2019, the Company has adopted a policy to determine dividend payout (the "**Dividend Policy**"), which aims to allow the Shareholders to participate in the Company's profits sharing whilst enabling the Company to retain adequate reserves for future growth.

Under the Dividend Policy, subject to the approval of the Shareholders and the requirements of the relevant laws and regulations, the Company may pay annual dividends to the Shareholders if the Group is profitable, the operation environment is stable and there are no significant investments or commitments made by the Group. The proposed dividend payout shall be based on the Group's capacity to pay from accumulated and future earnings, liquidity position and future commitments at the time of declaration of dividend with reference to the Group's actual and expected financial performance, expected working capital requirements and future expansion plans; the Group's debt to equity ratios; the restrictions on payment of dividends that may be imposed by the Group's lenders (if any); the business cycles of the Group's business; the dividends received from the Company's subsidiaries and associates; the Shareholders' and the investors' expectation; general economic conditions; the industry's norm; and any other factors that the Board deems relevant. The Board may from time to time pay to the Shareholders such dividends as appear to the Directors to be justified taking into account of the Group's profits.

The Dividend Policy shall be reviewed by the Board from time to time so as to keep the same in line with the future prospects and capital requirements of the Group as well as the changes in market conditions

General Meetings

One of the principal channels of communication with the Shareholders is the Company's general meetings, where the Shareholders can directly exchange their views with the Board. For each substantially separate issue at a general meeting, the chairman of such meeting, who is generally the Chairman of the Board, shall propose a separate resolution to the Shareholders for their consideration and approval. The Chairman of the Board and the chairmen of all Board Committees, or in their absence, another member of the respective Board Committees, shall attend the AGM to answer questions from the Shareholder. The Auditor is also invited to attend the AGM to answer questions about the conduct of the audit, the preparation and content of the auditors' report, the accounting policies and the Auditor's independence. The chairman of the independent committee of the Board (if any) shall attend any general meeting to approve a connected transaction or any other transaction that requires independent Shareholders' approval and be available to answer questions thereat.

The Company reviews the proceedings of its general meetings from time to time to ensure that the same follows good corporate governance practices. Pursuant to the Listing Rules and the Articles of Association, the Company shall arrange the notice of AGM to be sent to the Shareholders not less than 21 clear days before the AGM and the notice of EGM to be sent to the Shareholders not less than 14 clear days before the EGM. All votes of the Shareholders at a general meeting shall be taken by poll. The chairman of the meeting shall ensure that the detailed procedures for conducting a poll are explained to the Shareholders and answer any questions relating thereto prior to the poll being taken. The Company's Hong Kong branch share registrar and transfer office shall act as the scrutineer for the vote-taking at the general meeting. Announcement on the poll vote results shall be made by the Company in the manner prescribed under Rule 13.39(5) of the Listing Rules and shall be published on the website of the Stock Exchange and the website of the Company.

During the Year, the 2023 AGM was held on 25 May 2023 at the Company's headquarters and the attendance record of each Director at the 2023 AGM is set out below:

Name of the Director	**Attendance**
Executive Directors	
Mr. Lim Kui Teng *(CEO)*	✓
Mr. Phang Yew Kiat *(Chairman of the Board and chairman of the Nomination Committee)* (re-designated from a non-executive Director to an executive Director on 1 January 2024)	✓
Mr. Bijay Joseph	✓
Independent Non-executive Directors	
Mr. Wee Hian Eng Cyrus	✓
Mr. Wong Ka Bo Jimmy *(chairman of the Audit Committee)*	✓
Mr. Xu Fenglei *(chairman of the Remuneration Committee)*	✓

Business transacted at the 2023 AGM include the adoption of the audited consolidated financial statements of the Group and the reports of the Directors and of the Auditors for the financial year ended 31 December 2022; the re-election of the retiring Directors; the authorisation to the Board to fix the Directors' remuneration; the re-appointment of EY as the Auditor and the authorisation to the Board fix its remuneration; the grant to the Directors of the general mandates to buy-back the Shares and to issue the Shares (and the extension thereof); and the approval and adoption of the Second Amended and Restated Memorandum and Articles of Association. All of the aforesaid proceedings were duly followed at the 2023 AGM.

REPORT OF THE DIRECTORS

The Directors are pleased to present their report together with the Consolidated Financial Statements for the financial year ended 31 December 2023.

PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding. The principal activities of the Group are:

– the provision of earthworks and ancillary services, including land clearing, demolition, rock breaking, mass excavation, deep basement excavation, foundation excavation, earth disposal, earth filling and shore protection. Certain earthworks projects may require civil engineering works such as road diversions, road reinstatements, overhead bridge, sewerage, drainage, pipe laying and cable trench works; and

– the provision of general construction works, including alteration and addition works, which can be broadly classified into interior works or works affecting building systems or components such as structural works, additions of lifts and reinforcement works, and the construction of new buildings.

A list of the Company's subsidiaries and their particulars are set out in Note 31 to the Consolidated Financial Statements.

An analysis of the Group's segment information for the Year by business is set out in Note 4 to the Consolidated Financial Statements.

BUSINESS REVIEW

A fair review of the business of the Group, an analysis of the Group's performance using financial key performance indicators ("**KPIs**") and a description of the principal risks and uncertainties facing the Group for the Year, as well as an indication of likely future development in the Group's business are provided throughout this annual report, particularly in the "Chairman's Statement" and the "Management Discussion and Analysis" of this annual report as well as the Consolidated Financial Statements. Details of the Group's financial risk management are set out in Note 33 to the Consolidated Financial Statements.

ENVIRONMENTAL POLICIES AND PERFORMANCE

The Group is committed to reinforcing values of acting lawfully, ethically and responsibly in its daily operations to fulfill its environmental and social responsibilities. The Group has an integrated management system ("**IMS**") to govern the ESG-related aspect of its operations.

In particular, the Group considers that environmental protection is essential to the long-term development of the Group and constantly improves its management practices so as to reduce waste, maximise efficiencies and minimise negative impact on the environment.

In order to minimise the impact of its construction activities on the environment, the Group has adopted and implemented an environmental management policy (the "**Environmental Management Policy**") with procedures to enable the Group to fulfill its commitment to the long-term sustainability of the environment and the communities in which it operates. The Group endeavours to maintain an environmental-friendly and low-carbon emission business operations to minimise the Group's impact on environment and natural resources, and help fight against global climate changes.

Detailed information on the ESG practices adopted by the Group is set out in the "Environmental, Social and Governance Report" of this annual report.

COMPLIANCE WITH RELEVANT LAWS AND REGULATIONS

In recognition of the importance of complying with the regulatory requirements and the risk of non-compliance with the same, the Group has allocated sufficient systems and manpower resources to ensure ongoing compliance with all relevant laws and regulations in different jurisdictions which have a significant impact on the Group in conduct of its business and operations.

The principal activities of the Group comprise the provision of earthworks and ancillary services as well as general construction works, operations of which are mainly carried out by the Company's subsidiaries in Singapore, whereas the Company itself was incorporated in the Cayman Islands and has been listed on the Main Board of the Stock Exchange since June 2016. Accordingly, the Group shall have to comply with the relevant laws and regulations in Singapore, the Cayman Islands and Hong Kong respectively.

On the corporate level, the Company had complied with the Listing Rules and the SFO in relation to, among others, the disclosure of information and the corporate governance matters throughout the Year. The Company has also adopted the Model Code.

So far as it is known to the Directors, the Group had complied with all relevant laws and regulations whereat the Group was operating that had a significant impact on the Group throughout the Year.

REPORT OF THE DIRECTORS

RELATIONSHIPS WITH EMPLOYEES, CUSTOMERS AND SUPPLIERS

The Group actively engages with its employees, customers and suppliers through different channels to develop mutual beneficial relationships and promote sustainability.

The Group ensures that all employees are reasonably remunerated and regularly reviews and improves its policies on remunerations and benefits, training, occupational health and safety. The Group is also committed to ensuring all employees and job candidates are treated fairly and equally.

In view of maintaining long-term business relationships with the Group's major customers and suppliers will further enhance the market recognition of the Group and enable it to attract more potential business opportunities, the Group endeavours to maintain good and stable relationships with its customers and suppliers. With the aim of improving service quality, the Group has put in place a customer complaint handling mechanism to receive, analyse and study the complaint cases (if any), and to make recommendations on remedial actions. The Group regularly reviews and evaluates the performance of its suppliers by conducting fair and strict appraisals.

RESULTS AND APPROPRIATIONS

The results of the Group for the Year are set out in the "Consolidated Statement of Comprehensive Income" of this annual report.

No interim dividend was paid during the Year and the Board did not recommend the payment of a final dividend for the Year. There were no arrangements under which a Shareholder had waived or agreed to waive any dividends during the Year.

FIVE YEARS' FINANCIAL SUMMARY

A summary of the published results and of the assets and liabilities of the Group for the last five financial years is set out on pages 4 and 5 of this annual report.

PROPERTY, PLANT AND EQUIPMENT

Movements in the property, plant and equipment of the Group during the Year are set out in Note 12 to the Consolidated Financial Statements.

INVESTMENT PROPERTY

Details of movements in the investment property of the Group during the Year are set out in Note 13 to the Consolidated Financial Statements.

SHARE CAPITAL

Details of movements in the Company's share capital during the Year are set out in Note 25 to the Consolidated Financial Statements.

EQUITY-LINKED AGREEMENTS

Save for the Subscription Agreement and the Share Option Scheme as disclosed in the sections headed "ISSUE, PURCHASE, SALE OR REDEMPTION OF SHARES" and headed "SHARE OPTION SCHEME" below respectively, no equity-linked agreement was entered into by the Company during the Year or subsisted at the end of the Year.

RESERVES

Details of movements in the reserves of the Group and of the Company during the Year are set out in Notes 25 and 30 to the Consolidated Financial Statements respectively.

DISTRIBUTABLE RESERVES

The Company's reserves available for distribution to the Shareholders represent the aggregate of share premium and contributed surplus less accumulated losses. Under the Companies Act, Chapter 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands (as amended, supplemented or otherwise modified from time to time), the share premium of the Company may be applied for paying distributions or dividends to the Shareholders subject to the provisions of the Second Amended and Restated Memorandum and Articles of Association, provided that immediately following the date on which the distribution or dividend is proposed to be paid, the Company shall be able to pay its debts as they fall due in the ordinary course of business. As at 31 December 2023, the Company's reserves available for distribution to the Shareholders were approximately S$58.6 million, being the aggregate of share premium and contributed surplus of approximately S$72.0 million less accumulated losses of approximately S$13.4 million.

REPORT OF THE DIRECTORS

DONATIONS

The Group's donations for charitable and other purposes during the Year are disclosed on page 121 of this annual report.

DIRECTORS

The Directors during the Year and up to the date of this report are set out below:

Executive Directors

Mr. Lim Kui Teng *(CEO)*
Mr. Phang Yew Kiat *(Chairman of the Board)*
(re-designated from a non-executive Director to an executive Director on 1 January 2024)
Mr. Bijay Joseph

Independent Non-executive Directors

Mr. Wee Hian Eng Cyrus
Mr. Wong Ka Bo Jimmy
Mr. Xu Fenglei

The biographical details of the Directors as at the date of this report are set out on pages 24 to 26 of this annual report.

Pursuant to Article 83(3) of the Articles of Association, Mr. Phang Yew Kiat will retire from office at the forthcoming AGM and, being eligible, has offered himself for re-election. In accordance with Article 84(1)-(2) of the Articles of Association, Mr. Bijay Joseph and Mr. Wong Ka Bo Jimmy will retire from office by rotation at the forthcoming AGM and, being eligible, have offered themselves for re-election.

DIRECTORS' SERVICE CONTRACTS

Details of the Directors' service contracts are set out on pages 32 and 33 of this annual report.

None of the Directors (including the Directors proposed for re-election at the forthcoming AGM) has entered into a service contract with the Company or any of its subsidiaries which is not determinable by the employer within one year without payment of compensation (other than statutory compensation).

PERMITTED INDEMNITY PROVISION

It is provided in the Articles of Association that the Directors for the time being of the Company and every one of them, and every one of their heirs, executors and administrators, shall be indemnified and secured harmless out of the assets and profits of the Company from and against all actions, costs, charges, losses, damages and expenses which they or any of them, their or any of their heirs, executors or administrators, shall or may incur or sustain by reason of any act done, concurred in or omitted in or about the execution of their duty, or supposed duty, in their respective offices or trusts, provided that such indemnity shall not extend to any matter in respect of any fraud or dishonesty which may attach to any of the said persons.

During the Year and up to the date of this report, the Company has taken out and maintained a directors' liability insurance, which provides appropriate cover for the legal actions against the Directors and the directors of the Company's subsidiaries arising from corporate activities. The level of the insurance coverage is reviewed annually.

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES

As at 31 December 2023

As at 31 December 2023, the interests and short positions of the Directors and the chief executives of the Company in the shares, underlying shares and debentures of the Company or any associated corporations (within the meaning of Part XV of the SFO) as recorded in the register required to be kept under Section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code were as follows:

Aggregate Long Positions in the Shares and Underlying Shares

	Number of Shares					
Name of the Director	**Personal interest (held as beneficial owner)**	**Corporate interest (interest of controlled corporation)**	**Sub-total**	**Number of underlying Shares held under equity derivatives** *(Note 2)*	**Total**	**Approximate percentage of the total number of issued Shares as at 31 December 2023**
Mr. Lim Kui Teng ("**Mr. Lim**")	21,380,000	529,125,000 *(Note 1)*	550,505,000	–	550,505,000	53.11%
Mr. Phang Yew Kiat ("**Mr. Phang**")	–	–	–	31,092,000	31,092,000	3.00%
Mr. Bijay Joseph ("**Mr. Joseph**")	–	–	–	8,000,000	8,000,000	0.77%

Notes:

1. These Shares were held by Brewster Global, entire issued share capital of which is directly held by Mr. Lim.

2. These interests represented the interests of these Directors in the underlying Shares in respect of the share options granted to them as beneficial owners under the Share Option Scheme, details of which are set out in the section headed "SHARE OPTION SCHEME" below.

Aggregate Long Positions in the Shares of the Associated Corporation

Name of the Director	Name of the associated corporation	Capacity/Nature of interest	Number of ordinary shares	Approximate percentage of the total number of issued shares of the associated corporation as at 31 December 2023
Mr. Lim	Brewster Global *(Note)*	Beneficial owner	1	100%

Note: Brewster Global is a controlling Shareholder and an associated corporation (within the meaning of Part XV of the SFO).

Save as disclosed above, as at 31 December 2023, none of the Directors or the chief executives of the Company had any interest or short position in the shares, underlying shares or debentures of the Company or any associated corporations (within the meaning of Part XV of the SFO) as recorded in the register required to be kept under Section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

As at 28 March 2024

As at the date of this report, being 28 March 2024, the interests and short positions of the Directors and the chief executives of the Company in the shares, underlying shares and debentures of the Company or any associated corporations (within the meaning of Part XV of the SFO) as recorded in the register required to be kept under Section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code are as follows:

Aggregate Long Positions in the Shares and Underlying Shares

	Number of Shares					
Name of the Director	Personal interest (held as beneficial owner)	Corporate interest (interest of controlled corporation)	Sub-total	Number of underlying Shares held under equity derivatives *(Note 3)*	Total	Approximate percentage of the total number of issued Shares as at 28 March 2024
Mr. Lim	21,380,000	529,125,000 *(Note 1)*	550,505,000	–	550,505,000	44.26%
Mr. Phang	207,291,200 *(Note 2)*	–	–	31,092,000	238,383,200	19.17%
Mr. Joseph	–	–	–	8,000,000	8,000,000	0.64%

Notes:

1. These Shares were held by Brewster Global, entire issued share capital of which is directly held by Mr. Lim.

2. These Shares were allotted and issued by the Company to Mr. Phang on 23 January 2024 pursuant to the terms and conditions of the Subscription Agreement, details of which are set out in the section headed “ISSUE, PURCHASE, SALE OR REDEMPTION OF SHARES” below.

3. These interests represented the interests of these Directors in the underlying Shares in respect of the share options granted to them as beneficial owners under the Share Option Scheme, details of which are set out in the section headed “SHARE OPTION SCHEME” below.

Save as disclosed above, at the date of this report, being 28 March 2024, none of the Directors or the chief executives of the Company has any interest or short position in the shares, underlying shares or debentures of the Company or any associated corporations (within the meaning of Part XV of the SFO) as recorded in the register required to be kept under Section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

SHARE OPTION SCHEME

Pursuant to the written resolutions of the Shareholders passed on 10 May 2016, the Company adopted the Share Option Scheme which became effective from 10 May 2016. Pursuant to the Share Option Scheme, the Board may grant share options to eligible participants under the Share Option Scheme to subscribe for the Share.

– Purpose

The purpose of the Share Option Scheme is to enable the Board to grant share options to eligible participants as incentives or rewards for their contribution or potential contribution to the Group, and to recruit and retain high calibre eligible participants and attract human resources that are valuable to the Group.

– Eligible participants

Eligible participants include employees or proposed employees (whether full time or part time, including directors) of members or invested entities of the Group; suppliers of goods or services; customers; persons or entities that provide research, development or other technological support; the Shareholders; or other participants who contribute to the development and growth of the Group or its invested entities.

– Total number of Shares available for issue

The total number of Shares available for issue under the Share Option Scheme is 100,000,000 Shares, which represents approximately 8.0% of the total number of issued Shares as at the date of this annual report.

– **Maximum entitlement of each eligible participant**

No share options shall be granted to any eligible participant if any further grant of share options would result in the Shares issued and to be issued upon exercise of all share options granted and to be granted to such person (including exercised, cancelled and outstanding share options) in the 12-month period up to and including the date of such further grant would exceed 1% of the total number of Shares in issue from time to time, unless (i) such grant has been duly approved, in the manner prescribed by the relevant provisions of Chapter 17 of the Listing Rules, by resolution of the Shareholders in general meeting, at which the eligible participant and his close associates (as defined in the Listing Rules) shall abstain from voting; (ii) a circular regarding the grant has been despatched to the Shareholders in a manner complying with, and containing the information specified in, the relevant provisions of Chapter 17 of the Listing Rules (including the identity of the eligible participant, and the number and the terms of the share options to be granted and the share options previously granted to such eligible participant); and (iii) the number and the terms (including the exercise price) of such share options are fixed before the Shareholders' approval is sought.

– **Period within which the share option may be exercised by the grantee**

Share options may be exercised in whole or in part by the grantee at any time before the expiry of the period to be determined and notified by the Board to the grantee which, in any event, shall not be longer than 10 years commencing from the date of the offer letter and expiring on the last day of such ten-year period.

There are no general requirements on the performance targets that must be achieved before a share option may be exercised under the Share Option Scheme. However, the Board may, on the case by case basis, make an offer subject to the conditions in relation to performance targets to be achieved and the relevant clawback mechanism for the Company to recover the share options granted as the Board may determine in its absolute discretion.

– **Vesting period of share options granted**

No vesting period shall be provided for the share options granted under the Share Option Scheme unless otherwise determined by the Board at the time of grant.

– **Payment on acceptance of the share option**

An offer of grant of a share option may be accepted by an eligible participant within 21 days from the date of grant of the share option (the "**Date of Grant**"), which must be a trading day, upon payment of HK$1.00.

– **Basis of determining the exercise price of share options granted**

The exercise price of share options granted under the Share Option Scheme shall be such price as determined by the Board, and shall be at least the highest of: (i) the closing price of the Shares as stated in the Stock Exchange's daily quotations sheet on the Date of Grant; (ii) the average closing price of the Shares as stated in the Stock Exchange's daily quotations sheets for the five trading days immediately preceding the Date of Grant; and (iii) the nominal value of the Shares on the Date of Grant. Where a share option is to be granted, the date of the Board meeting at which the grant is proposed shall be taken to be the Date of Grant.

– Remaining life

The Share Option Scheme shall expire on 9 May 2026.

No share options were granted by the Company under the Share Option Scheme during the Year. The number of share options available for grant under the Share Option Scheme at the beginning and the end of the Year are 48,000 and 48,000 respectively. The number of Shares that may be issued in respect of the share options granted under the Share Option Scheme during the Year divided by the weighted average number of Shares in issue for the Year is nil%.

Details of movements in the share options granted by the Company under the Share Option Scheme during the Year are as follows:

			Number of share options						
Name of the participant	**Date of Grant**	**Exercise price per Share HK$**	**Outstanding as at 1 January 2023** *(Note 1)*	**Granted during the Year**	**Exercised during the Year**	**Lapsed during the Year**	**Cancelled during the Year**	**Outstanding as at 31 December 2023** *(Note 1)*	**Exercise period** *(Note 2)*
Directors									
Mr. Phang	28 October 2020	0.090	10,364,000 (L)	–	–	–	–	10,364,000 (L)	16 October 2021 to 9 May 2026 (both days inclusive)
	29 October 2021	0.220	10,364,000 (L)	–	–	–	–	10,364,000 (L)	16 October 2022 to 9 May 2026 (both days inclusive)
	1 November 2022	0.103	10,364,000 (L)	–	–	–	–	10,364,000 (L)	16 October 2023 to 9 May 2026 (both days inclusive)
Mr. Joseph	28 October 2020	0.090	8,000,000 (L)	–	–	–	–	8,000,000 (L)	10 May 2021 to 9 May 2026 (both days inclusive)
Employees of the Group	28 October 2020	0.090	60,860,000 (L)	–	–	–	–	60,860,000 (L)	10 May 2021 to 9 May 2026 (both days inclusive)
Total			99,952,000 (L)	–	–	–	–	99,952,000 (L)	

Notes:

1. The letter "L" denotes a long position in the underlying Shares.

2. Vesting period of the share options granted commences from the Date of Grant of the relevant share option up to the date immediately before the same becomes exercisable.

DIRECTORS' RIGHT TO ACQUIRE SHARES OR DEBENTURES

Save as disclosed in the sections headed "DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES" and headed "SHARE OPTION SCHEME" above:

(a) no arrangements to which the Company, or any of its subsidiaries, its holding companies or its fellow subsidiaries, was a party and whose objects were, or one of whose objects was, to enable the Directors, or their spouses or children under 18 years of age, to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate subsisted at any time during the Year or at the end of the Year; and

(b) none of the Directors, or their spouses or children under 18 years of age, had any right to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate or exercised any such right during the Year.

SUBSTANTIAL SHAREHOLDERS' AND OTHER PERSONS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES

So far as it is known to the Directors and the chief executives of the Company, as at 31 December 2023, the interests and short positions of the persons, other than the Directors and the chief executives of the Company, in the Shares and underlying Shares as recorded in the register required to be kept under Section 336 of the SFO were as follows:

Aggregate Long Positions in the Shares

Name of the substantial Shareholder	Capacity/Nature of interest	Number of Shares	Approximate percentage of the total number of issued Shares as at 31 December 2023 *(Note 3)*
Brewster Global	Beneficial owner	529,125,000 *(Note 1)*	51.05%
Ms. Yee Say Lee ("**Ms. Yee**")	Interest of spouse *(Note 2)*	550,505,000	53.11%

Notes:

1. The entire issued share capital of Brewster Global is directly held by Mr. Lim. Accordingly, Mr. Lim is deemed to be interested in the Shares held by Brewster Global under the SFO. Mr. Lim is a controlling Shareholder and an executive Director.

2. Ms. Yee is the spouse of Mr. Lim. Accordingly, Ms. Yee is deemed to be interested in the Shares in which Mr. Lim is interested under the SFO.

3. Due to the allotment and issue of 207,291,200 new Shares by the Company to Mr. Phang on 23 January 2024 pursuant to the terms and conditions of the Subscription Agreement, details of which are set out in the section headed "ISSUE, PURCHASE, SALE OR REDEMPTION OF SHARES" below, the total number of issued Shares as at the date of this report (being 28 March 2024) is 1,243,747,200 Shares. Accordingly, the interests of Brewster Global and Ms. Yee in the Shares respectively represent approximately 42.54% and 44.26% of the total number of issued Shares as at 28 March 2024.

Save as disclosed above, as at 31 December 2023, no person, other than the Directors and the chief executives of the Company, had any interest or short position in the Shares or underlying Shares as recorded in the register required to be kept under Section 336 of the SFO.

ISSUE, PURCHASE, SALE OR REDEMPTION OF SHARES

On 17 November 2023, the Company and Mr. Phang entered into the Subscription Agreement, pursuant to which the Company conditionally agreed to allot and issue, and Mr. Phang conditionally agreed to subscribe for, the Subscription Shares of 207,291,200 Shares at the Subscription Price of HK$0.074 per Subscription Share for a total consideration of HK$15,339,548.80 in cash. The closing price as quoted on the Stock Exchange on 17 November 2023, being the date on which the terms of the issue were fixed, was HK$0.074 per Share. The Subscription Shares represent (i) 20% of the issued share capital of the Company immediately before the Completion; and (ii) approximately 16.67% of the issued share capital of the Company immediately after the Completion.

The Subscription demonstrates Mr. Phang's confidence and commitment for the Group's long-term development and growth prospect, and further strengthens the capital base of the Company by raising additional funds for the Group's business operations and strategic development. In light of the prevailing market conditions that the interest rate for debt financing has raised significantly, the Company considers that the Subscription represents a suitable financial option to support the Group's continuous development and business growth, as compared to other means of financing as it enables the Group to raise capital in an efficient manner without increasing interest burden on the Group.

The net proceeds of the Subscription, after the deduction of the related fees and expenses, amounted to approximately HK$15,000,000.00, representing a net Subscription Price of approximately HK$0.0724 per Subscription Share. The Company intends to utilise the aforesaid net proceeds for business expansion purpose in the following manner:

(a) HK$7,500,000.00 (i.e. 50% of the net proceeds) for strengthening the Group's working capital for tender for additional sizable projects;

(b) HK$3,600,000.00 (i.e. 24% of the net proceeds) for purchase of excavation machines and tipper trucks; and

(c) HK$3,900,000.00 (i.e. 26% of the net proceeds) for leasing or acquisition of industrial property for the Group's use.

Depending on actual business needs, it is estimated that the net proceeds of the Subscription will be fully utilised in accordance with its intended purposes within the next two years from the Completion.

The Subscription Agreement and the transactions contemplated thereunder, including the Subscription and the grant to the Directors of the Specific Mandate, were approved by the independent Shareholders at the 2024 EGM. The Completion took place on 23 January 2024 in accordance with the terms and conditions of the Subscription Agreement. Upon the Completion, the Subscription Shares were allotted and issued by the Company to Mr. Phang, who became a substantial Shareholder. For further details, please refer to the announcements of the Company dated 17 November 2023, 4 January 2024 and 23 January 2024 respectively and the circular of the Company dated 15 December 2023.

Save as disclosed above, there was no issue, purchase, sale or redemption of the Shares by the Company or any of its subsidiaries during the Year.

PRE-EMPTIVE RIGHTS

There is no provision for pre-emptive rights under the Articles of Association or under the laws of the Cayman Islands, being the jurisdiction in which the Company was incorporated, which would oblige the Company to offer the new Shares on a pro-rata basis to the existing Shareholders.

DIRECTORS' INTEREST IN COMPETING BUSINESS

During the Year, none of the Directors or their associates (as defined in the Listing Rules) had any interest in a business apart from the Group's business which competed or was likely to compete, either directly or indirectly, with the Group's business.

Mr. Lim, a controlling Shareholder and an executive Director, has confirmed that he had not engaged in any business apart from the Group's business which competed or was likely to compete, either directly or indirectly, with the Group's business, and that he had complied with the undertaking given under the deed of non-competition as disclosed in the prospectus of the Company dated 25 May 2016 throughout the Year. The independent non-executive Directors were not aware of any incident of non-compliance of such undertaking.

DIRECTORS' MATERIAL INTERESTS IN TRANSACTIONS, ARRANGEMENTS AND CONTRACTS

Save for the borrowings of the Group and the related party transactions of the Group as disclosed in Note 27 to the Consolidated Financial Statements, no transaction, arrangement or contract of significance in relation to the Group's business entered into by the Company, or any of its subsidiaries, its holding companies or its fellow subsidiaries, and in which a Director, or any of his connected entities, had, directly or indirectly, a material interest, subsisted at any time during the Year or at the end of the Year.

MAJOR CUSTOMERS, SUPPLIERS AND SUBCONTRACTORS

During the Year,

– Approximately 21.2% (2022:30.3%) and approximately 73.3% (2022: 74.6%) of the Group's total purchases were attributable to the largest supplier of the Group and the five largest suppliers of the Group combined respectively;

– Approximately 25.2% (2022: 17.7%) and approximately 50.9% (2022: 33.1%) of the Group's total revenue were attributable to the largest customer of the Group and the five largest customers of the Group combined respectively; and

– Approximately 8.8% (2022: 19.0%) and approximately 26.5% (2022: 52.9%) of the Group's total subcontractor fees were attributable to the largest subcontractor of the Group and the five largest subcontractors of the Group combined respectively.

None of the Directors, their close associates (as defined in the Listing Rules) or the Shareholders (which to the knowledge of the Directors own more than 5% of the total number of issued Shares) had any beneficial interest in any of the Group's five largest suppliers or customers during the Year.

MANAGEMENT CONTRACTS

No contracts, other than the contracts of service with the Directors and employment contracts, concerning the management and/or administration of the whole or any substantial part of any business of the Group were entered into or existed during the Year.

CHANGES IN DIRECTORS' INFORMATION

Change in information of the Directors since the date of the interim report of the Group for the six months ended 30 June 2023 and up to the date of this annual report which are required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules are set out below:

1. Mr. Phang has been re-designated from a non-executive Director to an executive Director with effect from 1 January 2024; and

2. Mr. Joseph's basic salary raised from S$230,400 per annum to S$276,000 per annum with effect from the second half of 2023 as determined by the Board based on the recommendation of the Remuneration Committee with reference to Mr. Joseph's job responsibilities and involvement with the Group's affairs and the prevailing market conditions.

Save as disclosed above, there has been no change in information of the Directors since the date of the interim report of the Group for the six months ended 30 June 2023 and up to the date of this annual report which is required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules.

RELATED PARTY TRANSACTIONS AND CONNECTED TRANSACTIONS

Details of the related party transactions entered into by the Group during the Year are disclosed in Note 27 to the Consolidated Financial Statements. Certain related party transactions constitute connected transactions or continuing connected transactions of the Company which are subject to the annual review and disclosure requirements under Chapter 14A of the Listing Rules, details of which during the Year are as follows:

(1) On 14 December 2021, the Company (for and on behalf of the Group) and Golden Empire Civil Engineering Pte. Ltd. ("**Golden Empire**"), a company incorporated in Singapore with limited liability, entered into a new rental services framework agreement 1 (the "**Rental Services Framework Agreement 1**") in relation to the provision of construction-related services such as rental of truck and supply of labour for a term of three years commencing from 1 January 2022 and shall terminate on 31 December 2024 with an option to renew for a further three years upon expiry with mutual consent by the parties after negotiation, subject to the annual cap of S$300,000 for each of the three financial years ending 31 December 2024. Pursuant to the Rental Services Framework Agreement 1, the relevant parties must enter into a separate implementing agreement to stipulate specific terms and conditions, including specific scope of service, form of service and payment method, in respect of a specific transaction relating to the relevant services based on and in accordance with the terms and conditions set out in the Rental Services Framework Agreement 1 and the terms and conditions of such implementing agreement should be fair and reasonable, in accordance with the principles of price fixing stated in the Rental Services Framework Agreement 1 and based on normal commercial terms applicable to the relevant transaction entered into with an independent third party (if available). For further details, please refer to the announcement of the Company dated 14 December 2021 (the "**Announcement**").

Golden Empire is owned as to 50% by Mr. Lim, a controlling Shareholder and an executive Director, and 50% by an independent third party. As such, Golden Empire is a connected person of the Company for the purpose of the Listing Rules.

The continuing connected transactions contemplated under the Rental Services Framework Agreement 1 are subject to the reporting, announcement and annual review but are exempt from the circular (including independent financial advice) and independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

The total amount of rental services and labour supply provided by the Group to Golden Empire during the Year was approximately S$0.

(2) On 14 December 2021, the Company (for and on behalf of the Group) and Golden Empire-Huationg Pte. Ltd. ("**GEHT**"), a company incorporated in Singapore with limited liability, entered into a new rental services framework agreement 2 (the "**Rental Services Framework Agreement 2**") in relation to the provision of construction-related services such as rental of truck and supply of labour for a term of three years commencing from 1 January 2022 and shall terminate on 31 December 2024 with an option to renew for a further three years upon expiry with mutual consent by the parties after negotiation, subject to the annual cap of S$300,000 for each of the three financial years ending 31 December 2024. Pursuant to the Rental Services Framework Agreement 2, the relevant parties must enter into a separate implementing agreement to stipulate specific terms and conditions, including specific scope of service, form of service and payment method, in respect of a specific transaction relating to the relevant services based on and in accordance with the terms and conditions set out in the Rental Services Framework Agreement 2 and the terms and conditions of such implementing agreement should be fair and reasonable, in accordance with the principles of price fixing stated in the Rental Services Framework Agreement 2 and based on normal commercial terms applicable to the relevant transaction entered into with an independent third party (if available). For further details, please refer to the Announcement.

GEHT is owned as to 33.33% by an independent third party and 66.67% by Golden Empire, which in turn is owned as to 50% by Mr. Lim, a controlling Shareholder and an executive Director, and 50% by an independent third party. As such, GEHT is a connected person of the Company for the purpose of the Listing Rules.

The continuing connected transactions contemplated under the Rental Services Framework Agreement 2 are subject to the reporting, announcement and annual review but are exempt from the circular (including independent financial advice) and independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

The total amount of rental services and labour supply provided by the Group to GEHT during the Year was approximately S$8,000.

(3) On 14 December 2021, Chuan Lim and Hulett Construction entered into a new master lease agreement (the "**Master Lease Agreement**") in relation to the provision of rental services for a term of two years commencing from 1 January 2022 and shall terminate on 31 December 2023, subject to the annual cap in respect of the Other Charges (as defined below) of S$1,701,000 for each of the two financial years ended on 31 December 2023. Pursuant to the Master Lease Agreement, Hulett Construction shall lease to Chuan Lim the premises (the "**Premises**"), including (i) the warehouse, workshop and production space with aggregate floor area of 37,899.26 square feet; (ii) the ancillary office with aggregate floor area of 4,684.19 square feet; (iii) the workers dormitory (based on availability and actual need of Chuan Lim); and (iv) the parking lots for heavy vehicles (based on availability and actual need of Chuan Lim), all situated at the Property, and shall provide the related management services to Chuan Lim. Chuan Lim shall pay to Hulett Construction an aggregated sum of the following components in advance on the first day of each calendar month during the term of the Master Lease Agreement: (a) monthly rent (the "**Monthly Rent**") of S$64,812.01, which includes the rentals of (i) the warehouse, workshop and production space of 37,899.26 square feet at the monthly rate of S$56,848.89; and (ii) the ancillary office of 4,684.19 square feet at the monthly rate of S$7,963.12; and (b) other charges (the "**Other Charges**"), which include the aggregated sums of (i) workers dormitory charges at the rate of S$280 per bed; (ii) parking charges at the rate of S$280 per parking lot; and (iii) charges for the utilities and management services provided to the Premises and used by Chuan Lim or any occupier thereof, all of which shall be adjusted and calculated on a monthly basis based on the actual usage by Chuan Lim. For further details, please refer to the Announcement.

Hulett Construction is owned as to 65% by Mr. Lim, a controlling Shareholder and an executive Director, and 35% by Ms. Yee, the spouse of Mr. Lim. As such, Hulett Construction is a connected person of the Company for the purpose of the Listing Rules.

As the Group recognised the Monthly Rent payable under the Master Lease Agreement as an acquisition of right-of-use asset under International Financial Reporting Standard 16 Leases issued by the International Accounting Standards Board, such acquisition constituted a one-off connected transaction for the Group under Chapter 14A of the Listing Rules. On the other hand, the payment of the Other Charges under the Master Lease Agreement, which shall be recognised as expenses in the Group's profit and loss accounts in the periods in which they are incurred, should be regarded as continuing connected transactions for the Group under Chapter 14A of the Listing Rules.

The connected transaction and the continuing connected transactions contemplated under the Master Lease Agreement are subject to the reporting, announcement and annual review but are exempt from the circular (including independent financial advice) and independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

The total amount of the Monthly Rent and the Other Charges charged by Hulett Construction to the Group during the Year was approximately S$778,000 and approximately S$1,651,000 respectively.

(4) On 17 November 2023, the Company and Mr. Phang, the Chairman of the Board and an executive Director (who was then a non-executive Director) and a connected person of the Company for the purpose of the Listing Rules, entered into the Subscription Agreement in relation to the Subscription. Pursuant to the Subscription Agreement, the Company conditionally agreed to allot and issue, and Mr. Phang conditionally agreed to subscribe for, the Subscription Shares of 207,291,200 Shares at the Subscription Price of HK$0.074 per Subscription Share for a total consideration of HK$15,339,548.80 in cash. The net proceeds of the Subscription, after the deduction of the related fees and expenses, amounted to approximately HK$15,000,000.00.

The connected transaction contemplated under the Subscription Agreement is subject to the reporting, announcement, circular (including independent financial advice) and independent Shareholders' approval requirements under Chapter 14A of the Listing Rules. The Subscription Agreement and the transactions contemplated thereunder, including the Subscription and the grant to the Directors of the Specific Mandate, were approved by the independent Shareholders at the 2024 EGM. Upon the Completion on 23 January 2024, the Subscription Shares were allotted and issued by the Company to Mr. Phang, who became a substantial Shareholder. For further details, please refer to the announcements of the Company dated 17 November 2023, 4 January 2024 and 23 January 2024 respectively and the circular of the Company dated 15 December 2023.

The price and terms of the respective continuing connected transactions mentioned in paragraphs (1) to (3) above were determined in accordance with the respective pricing policies and guidelines as disclosed in the Announcement. The independent non-executive Directors have reviewed the continuing connected transactions for the Year and confirmed that the transactions had been entered into:

– in the ordinary and usual course of business of the Group;

– on normal commercial terms or better; and

– according to the relevant agreements governing them on terms that were fair and reasonable and in the interests of the Shareholders as a whole.

Pursuant to Rule 14A.56 of the Listing Rules, the Company engaged the Auditor to report on the aforesaid continuing connected transactions for the Year in accordance with International Standard on Assurance Engagements 3000 (Revised) *Assurance Engagements Other Than Audits or Reviews of Historical Financial Information* as promulgated by the International Auditing and Assurance Standards Board and with reference to Practice Note 740 (Revised) *Auditor's Letter on Continuing Connected Transactions under the Hong Kong Listing Rules* issued by the Hong Kong Institute of Certified Public Accountants. The Auditor has issued an unqualified letter to the Board in accordance with Rule 14A.56 of the Listing Rules containing its confirmation that nothing has come to its attention that causes it to believe that the continuing connected transactions:

– have not been approved by the Board;

– were not, in all material respects, in accordance with the pricing policies of Group if the transactions involve the provision of goods or services by the Group;

– were not entered into, in all material respects, in accordance with the relevant agreement governing the transactions; and

– have exceeded the cap.

The Group has complied with the disclosure requirements in relation to the abovementioned connected transactions and continuing connected transactions in accordance with Chapter 14A of the Listing Rules. Apart from those transactions, the Group has not entered into any other connected transactions or continuing connected transactions which are required to be disclosed in this annual report pursuant to Chapter 14A of the Listing Rules.

DISCLOSURE PURSUANT TO RULES 13.20 AND 13.22 OF THE LISTING RULES

The details of the Group's advances to an entity and financial assistance to, and guarantees given for facilities granted to, the Group's joint ventures and associated companies (collectively, the "**affiliated companies**") as at 31 December 2023 are as follows:

On 7 May 2021, each of Longlands, Mr. Tng and Mr. Yang entered into a shareholder's loan agreement with the JV Company, pursuant to which the balance of the capital contribution to the JV Company payable by each of Longlands, Mr. Tng and Mr. Yang shall be made by way of unsecured interest-free shareholder's loans in the amount of not more than S$16,900,000 for the purpose of financing the Redevelopment Project. The amount of the contribution was determined based on the JV Company's portion (being 30%) of the cash contribution or commitment towards the capital needs for the Redevelopment Project (being an amount in the range of 20% to 27% of the total estimated capital needs for the Redevelopment Project). The unsecured interest-free shareholder's loans are repayable on demand. For further details, please refer to the announcement of the Company dated 7 May 2021 and the circular of the Company dated 25 June 2021.

The advances to an entity as well as the financial assistance and guarantees to the affiliated companies given by the Group as at 31 December 2023 are set out below:

	2023 **S$'000**	2022 S$'000
Amount due by the affiliated companies *(Note)*	**16,900**	8,689
Guarantees given for the affiliated companies in respect of banking and other credit facilities	**–**	–
Commitments to capital injections and loan contributions	**–**	8,211

Note: The advances are unsecured interest-free shareholder's loans, which are repayable on demand.

REPORT OF THE DIRECTORS

Subsequent to the end of the Year, Longlands provided the First Further Shareholder's Loan of S$500,000 to the JV Company on 3 January 2024 and provided the Second Further Shareholder's Loan of S$2,500,000 to the JV Company on 18 March 2024, details of which are set out in the announcement of the Company dated 12 March 2024. The advances to an entity as well as the financial assistance and guarantees to the affiliated companies given by the Group as at the date of this report (being 28 March 2024) are set out below:

	S$'000
Amount due by the affiliated companies *(Note)*	19,900
Guarantees given for the affiliated companies in respect of banking and other credit facilities	–
Commitments to capital injections and loan contributions	–

Note: The advances are unsecured interest-free shareholder's loans, which are repayable on demand.

Pursuant to Rule 13.22 of the Listing Rules, a combined statement of financial position of the affiliated companies with financial assistances from the Group and the Group's attributable interests in those affiliated companies as at 31 December 2023 are presented as follows:

	Combined statement of financial position S$'000	**The Group's attributable interests** S$'000
Non-current assets	54,589	18,196
Current assets	35	12
Current liabilities	(308)	(103)
Total assets less current liabilities	54,316	18,105
Non-current liabilities	(54,150)	(18,050)
Net assets	166	55

The combined statement of financial position of the affiliated companies was prepared by combining their statements of financial position, after making adjustments to conform with the Group's significant accounting policies and re-grouping into significant classifications in the statement of financial position, as at 31 December 2023.

EMOLUMENY POLICY AND LONG-TERM INCENTIVE SCHEMES

The employees' emolument policy adopted by the Group and the Remuneration Policy are set out on pages 23 and 42 of this annual report respectively.

The Company has adopted the Share Option Scheme as an appropriate long-term incentive scheme to the Directors and the eligible employees of the Group, details of which are set out in the section headed "SHARE OPTION SCHEME" above.

PENSION SCHEME

The Group participates in the Central Provident Fund ("**CPF**") Scheme ("**CPF Scheme**"), which is a defined contribution pension scheme in Singapore. The CPF Scheme is a comprehensive social security system that enables working Singapore citizens and permanent residents to set aside funds for retirement.

Pursuant to the Central Provident Fund Act ("**CPF Act**"), laws of Singapore, the Group is obliged to make CPF contributions for all of its employees who are Singapore citizens or permanent residents employed in Singapore.

CPF contributions are required for both ordinary wages and additional wages (subject to an ordinary wage ceiling and a yearly additional wage ceiling) of an employee at the applicable prescribed rates which are dependent on, among others, the amount of monthly wages and the age of the employee. An employer must pay both the employer's and employee's shares of the monthly CPF contributions. However, the employer can recover the employee's share of the monthly CPF contributions from his/her wages when the contributions are paid for that month. No forfeited contributions under the CPF Scheme may be used by the employer to reduce the existing level of contributions.

The total costs charged to profit or loss, amounting to approximately S$772,000 for the Year, represent the CPF contributions paid by the Group. As at 31 December 2023, all due CPF contributions were paid.

Save as aforesaid, the Group did not participate in any other pension schemes during the Year.

EMOLUMENTS OF DIRECTORS, SENIOR MANAGEMENT AND FIVE HIGHEST PAID INDIVIDUALS

Details of the emoluments of the Directors, the Senior Management and the five highest paid individuals of the Group are set out in Note 8 to the Consolidated Financial Statements. The five highest paid individuals of the Group included 2 Directors, 2 Senior Management and 1 senior project manager for the Year. The remunerations of the Senior Management for the Year are as presented in the table below:

Remuneration band	**Number of individuals**
Nil – HK$1,000,000	0
HK$1,000,001 – HK$1,500,000	3
HK$1,500,001 - HK$2,000,000	0
HK$2,000,001 - HK$2,500,000	1

There were no arrangements under which a Director had waived or agreed to waive any emoluments during the Year.

REPORT OF THE DIRECTORS

TAX RELIEF

The Company is not aware of any relief from taxation to which the Shareholders are entitled by reason of their holding of the Shares.

SUFFICIENCY OF PUBLIC FLOAT

During the Year and up to the date of this annual report, based on the information that is publicly available to the Company and within the knowledge of the Directors, the Company has maintained a sufficient amount of public float for the Shares as required under the Listing Rules.

CORPORATE GOVERNANCE

Details of the corporate governance practices adopted by the Company are set out in the "Corporate Governance Report" of this annual report.

In the opinion of the Directors, the Company had complied with all applicable Code Provisions throughout the Year.

AUDITORS

With effect from the conclusion of the AGM held on 24 May 2021, BDO Limited, which had been serving the Company continuously for 5 years at the material time, retired as the Auditor and EY has been appointed as the Auditor.

The Consolidated Financial Statements are audited by EY, which shall retire at the forthcoming AGM and, being eligible, has offered itself for re-appointment. A resolution for re-appointment of EY as the Auditor will be proposed at the forthcoming AGM.

EVENTS AFTER END OF YEAR

Save as disclosed below, the Directors confirm that there have been no significant events affecting the Group after 31 December 2023 and up to the date of this annual report:

1. At the 2024 EGM, the independent Shareholders approved the Subscription Agreement and the transactions contemplated thereunder, including the Subscription and the grant to the Directors of the Specific Mandate, details of which are set out in the section headed "ISSUE, PURCHASE, SALE OR REDEMPTION OF SHARES" above. The Completion took place on 23 January 2024. For further details, please refer to the announcement of the Company dated 4 January 2024 and 23 January 2024 respectively;

2. On 14 February 2024, Mr. Lim, Ms. Yee, Hulett Construction and Chuan Lim entered into the Agreement, pursuant to which Mr. Lim and Ms. Yee have conditionally agreed to sell, and Chuan Lim has conditionally agreed to purchase, the Sale Shares together with the Sale Loans at the total consideration of S$46,700,000, which shall be settled (i) as to S$8,000,000 by the issue of the Promissory Note; and (ii) as to S$38,700,000 in cash. For further details, please refer to the announcement of the Company dated 14 February 2024; and

3. In order to finance the JV Company's portion (being 30%) of the cash contribution or commitment towards the further capital needs for the Redevelopment Project, on the respective dates of 3 January 2024 and 12 March 2024, Longlands and the JV Company entered into (i) the First Further Shareholder's Loan Agreement, pursuant to which Longlands provided to the JV Company the First Further Shareholder's Loan on 3 January 2024; and (ii) the Second Further Shareholder's Loan Agreement, pursuant to which Longlands provided to the JV Company the Second Further Shareholder's Loan on 18 March 2024, respectively. The Further Shareholder's Loans are unsecured, interest-free and repayable on demand. For further details, please refer to the announcement of the Company dated 12 March 2024.

On behalf of the Board

Phang Yew Kiat
Chairman and Executive Director
28 March 2024

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

ABOUT THE COMPANY AND THE GROUP

The Company has been listed on the Main Board of the Stock Exchange (Stock Code: 1420) since June 2016. As a leading earthwork contractor in Singapore, the Group is principally engaged in providing quality earthworks and ancillary services as well as general construction works.

Earthworks and ancillary services business is the key revenue contributor of the Group, which involves activities such as land clearing, demolition, rock breaking, mass excavation, deep basement excavation, foundation excavation, earth disposal, earth filling, and shore protection on a variety of commercial and residential projects. Meanwhile, the Group also engages in the general construction works, which cover a wide range of activities, including new project development and alteration and addition works for both private developments and public sector.

With more than two decades of experience, the Group has solidified its position as a leading earthworks contractor in the Singapore market. The Group has always prioritised delivering high-quality services in a timely and reliable manner, while upholding integrity and excellence in its workmanship. The Group delivers its ESG commitments to promote sustainability, striving to maintain a balance between social, environmental and economic developments, while unwaveringly addressing the needs of stakeholders and the community.

ABOUT THIS REPORT

Overview

The Group places strong emphasis on sustainable corporate development and strives to incorporate environmental-friendly practices into its daily operations. The Group is delighted to present its environmental, social and governance report (the "**ESG Report**"), which provides a comprehensive overview of the Group's ESG principles, policies and accomplishments during the Reporting Year.

Reporting Year and Scope

The Group's ESG strategy anchors on creating long-term value for its stakeholders. In addition to embedding ESG considerations into the Group's daily operations, the Group's ESG policy also applies the precautionary principle by taking early action to prevent and mitigate potential negative impacts on the environment, society and its business. The ESG Report will take a deep dive into the Group's ESG management approach, focusing on the sustainability performance and initiatives undertaken in its operations and businesses of earthworks and ancillary services, as well as general construction works in Singapore covering the period from 1 January 2023 to 31 December 2023 during which the Group exercises operational control over its principal business operations.

The purpose of the ESG Report is to provide the Group's stakeholders a precise and transparent overview of the Group's performance and advancements in relation to the sustainability topics that the Group has identified as significant. The reporting scope of the ESG Report is consistent with that of the year ended 31 December 2022. The ESG Report encompasses all of the Group's business units located in Singapore that contribute to majority of the Group's revenue and are under its direct operational control throughout the Reporting Year.

Reporting Standards

The ESG Report has been prepared in compliance with the most up-to-date guidelines of the Environmental, Social, and Governance Reporting Guide (the "**Guide**") set out in Appendix C2 to the Listing Rules.

The ESG Report adheres to the four reporting principles of "materiality", "quantitative", "balance" and "consistency" as mandated by the Guide.

Please refer to the Stock Exchange ESG Guide Content Index on pages 122 to 126 of the ESG Report for the complete list of ESG aspects, respective KPIs and their reference within the ESG Report.

Reporting Principles

To precisely present the Group's ESG performance with its stakeholders, the ESG Report is compiled based on the following four principles:

Materiality

The Group recognises that the recognition and involvement of stakeholders play a crucial role in shaping the Group's sustainable development strategy and reporting. The Group is committed to continuously building relationships with internal and external stakeholders through regular materiality assessments, to ensure its engagement approach is responsive and inclusive, thereby adopting the confirmed material issues as the focus for the preparation of the ESG Report.

Quantitative

The Group discloses ESG KPIs in a quantitative manner, providing explanations and comparative data to facilitate investors and stakeholders in easily understanding the Group's performance in these areas.

Balance

The Group presents its ESG performance in an unbiased manner, avoiding any selection, omission or misleading presentation format that may unduly influence the reader's judgement.

Consistency

The Group adopts consistent methodologies, assumptions and principles for reporting and compiling ESG data to ensure comparability between the current reporting year and the previous reporting year, unless otherwise specified by regulations.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Confirmation and Approval

To ensure the utmost accuracy and reliability of the information contained in the ESG Report, the Group has established internal regulatory mechanisms and a rigorous review process. The content of the ESG Report has undergone thorough examination by the Senior Management and obtained approval from both the Audit Committee and the Board. This comprehensive review process guarantees the integrity and credibility of the ESG Report.

Opinions and Feedback

The Group highly appreciates stakeholders' opinions in assisting with the enhancement of its sustainability management. Your valuable feedback on the content and format of the ESG Report is essential for driving the Group's continuous improvement. If you have any comments or suggestions regarding the ESG Report, please email the Group at **chuanlc@singnet.com.sg**.

Forward-looking Statements

The ESG Report contains available, reasonable and supportive forward-looking information based on the Group's current estimates, expectations, projections and assumptions about its businesses and the markets in which it operates. The ESG Report aims to provide stakeholders an understanding of the Group's vision, which may be subject to changes as circumstances evolve. The forward-looking statements in the ESG Report do not guarantee future performance and are subject to market changes, risks and factors beyond the Group's control. As a result, the actual outcomes and returns may differ significantly from the statements presented in the ESG Report.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

MESSAGE FROM CHAIRMAN

To all stakeholders,

On behalf of the Board, I am delighted to present Chuan Holdings Limited's ESG Report, showcasing its sustainability efforts throughout 2023.

The year 2023 was undoubtedly one of the most complicated and volatile periods in recent history. Despite the challenges posed by a turbulent global environment, geopolitical risks, supply chain disruptions, and the increasing impacts of climate change, our commitment to becoming a sustainability and innovation leader remains unwavering.

Sustainability is at the core of the Group's business focus, regardless of market cycles or broader economic conditions, and we firmly believe that the benefits of sustainability extend far beyond short-term fluctuations. By investing in sustainable practices and initiatives, the Group aims to create enduring value for its investors, communities, partners and stakeholders. During the Reporting Year, the Group continued to embed its "Think Green; Go Green" strategies into every aspect of its operations, taking significant steps towards achieving its sustainability vision. The Group's ultimate aspiration is to contribute to the progress of a more sustainable and inclusive world.

In 2023, the Group achieved notable progress in its sustainability management objectives, attaining improved outcomes in ESG management. We achieved a 9% reduction in electricity use, and a 12% decrease in water consumption compared to the previous year. These achievements were made possible by the tireless efforts and contributions of our dedicated employees across all departments. As a prominent Singapore construction contractor, the Group recognises its responsibility to spearhead positive transformation, demonstrate exemplary leadership, and establish new benchmarks not only in the construction industry but also in sustainability. We firmly believe in harnessing the power of our community and advances in construction technology and techniques to pave the way towards a more sustainable future.

Aligned with the vision set forth by Singapore's Ministries of Sustainability and the Environment, Trade and Industry, Transport, National Development, and Education, and with whole-of-government support, the Singapore Green Plan 2030 seeks to galvanise a national movement and advance Singapore's sustainable development agenda. Beyond this, the introduction of the annual GreenGov.SG report since the Reporting Year details the Singapore government's efforts, progress and plans to drive environmental sustainability. Under GreenGov.SG, the government has committed to achieving several sustainability targets by 2030, in fields including energy, water and waste, and reaching net zero emissions around 2045, five years ahead of the national target of 2050.

The built environment sector has embraced the concept of sustainable buildings, with the BCA expanding its efforts to green a larger stock of existing buildings and engage occupants in reducing energy consumption. Its aim is to ensure that at least 80% of buildings (by floor area) in Singapore are green by 2030. As of the end of 2022, almost 55% had already been greened. In accordance with government directives, the Group actively advocates for energy conservation and emission reduction initiatives to contribute meaningfully to sustainable social development.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

The Group's commitment to sustainability extends beyond its operations. We offer comprehensive training programmes to ensure that our employees embrace sustainability strategies and environmental consciousness. And we encourage our employees to actively promote environmental sustainability within their local communities.

Furthermore, the Group is dedicated to exploring sustainable energy solutions. By incorporating solar energy systems and electric vehicles into its daily operations, the Group aims to reduce its environmental footprint and to accelerate transition towards achieving net zero emissions in the long run. These efforts not only enhance the sustainability of the built environment but also foster the growth of a climate-resilient portfolio through collaborative initiatives, strengthening its resilience against climate-related risks.

Creating a professional atmosphere in which its employees feel a sense of belonging, trust and appreciation is critical to the Group's success. The Group has implemented flexible work practices to enrich employees' at-work experience, and the Group will continue to explore innovative approaches to work-life integration, prioritising its employees' physical and mental wellbeing. Safety also remains a top priority across our office and construction sites.

Contributing to the communities in which we operate is another integral part of our mission and sustainability strategy. Moving forward, the Group will focus on impact measurement and establish a comprehensive social value framework to effectively achieve its desired outcomes.

On behalf of the Group, I would like to express my deepest gratitude to the Board, the management team and our employees for their hard work and dedication both to our customers and to one another over the past year. Their tremendous efforts have, more than anything else, defined our success. The Group will continue to maximise value for stakeholders, strike an optimum balance between business development and social responsibility, and take solid steps towards a future characterised by high-quality sustainable development.

Chuan Holdings Limited
Phang Yew Kiat
Chairman and Executive Director

SUSTAINABILITY VISION

The Group is committed to spearheading the transformation of its industry towards genuine sustainability, encompassing environmental, social and economic aspects. The management team of the Group places great values on operating in compliance with regulations and implementing sustainable management practices, with an aim of fostering its long-term, healthy and robust development through effective corporate governance.

The Group's enduring mission "Green and Gracious" serves as the foundation of its sustainable development and strategy, guiding the Group every step of the way to construct a better and more sustainable home for everyone.

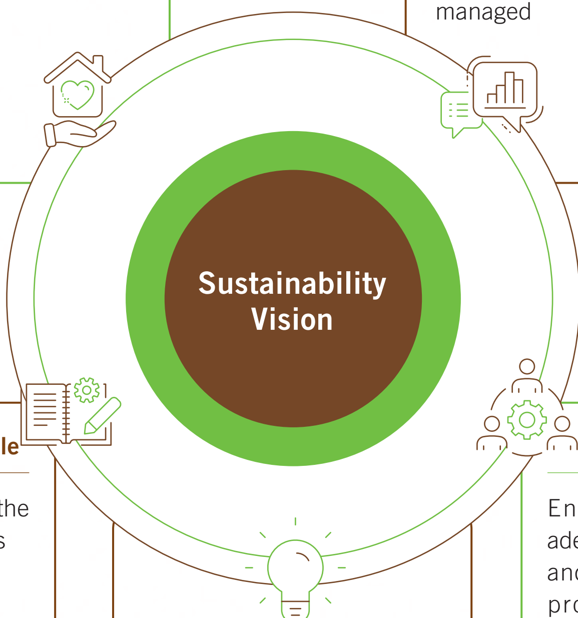
Recognising the importance of transitioning to a low-carbon economy, the Group is fully committed to enhancing its resource efficiency and developing climate resilience. The Group is actively implementing a range of measures to integrate sustainability into its daily operations. These environmentally-friendly practices are incorporated into project planning, design and construction, with the ultimate goal of mitigating any adverse effects resulting from earthworks and ancillary services and general construction works.

Green and Gracious

Give a safe work environment to all staff and the public, and earn the support and trust from stakeholders through its commitment

Effective and Efficient Use of Resources

Enhance efficient usage of electricity, diesel and water, and ensure air and water pollution are well managed



Reduce, Reuse, and Recycle

Reduce, reuse and recycle the Group's materials and wastes

Nurture a Sustainable Home

Nurture an ideal environment and deliver sustainable values to the communities in which the Group operates

Employees First

Ensure employees receive adequate knowledge of "Green and Gracious" practices and provide sufficient training, harnessing the power of teamwork, collective experience and professional knowledge to achieve sustainable development objectives

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

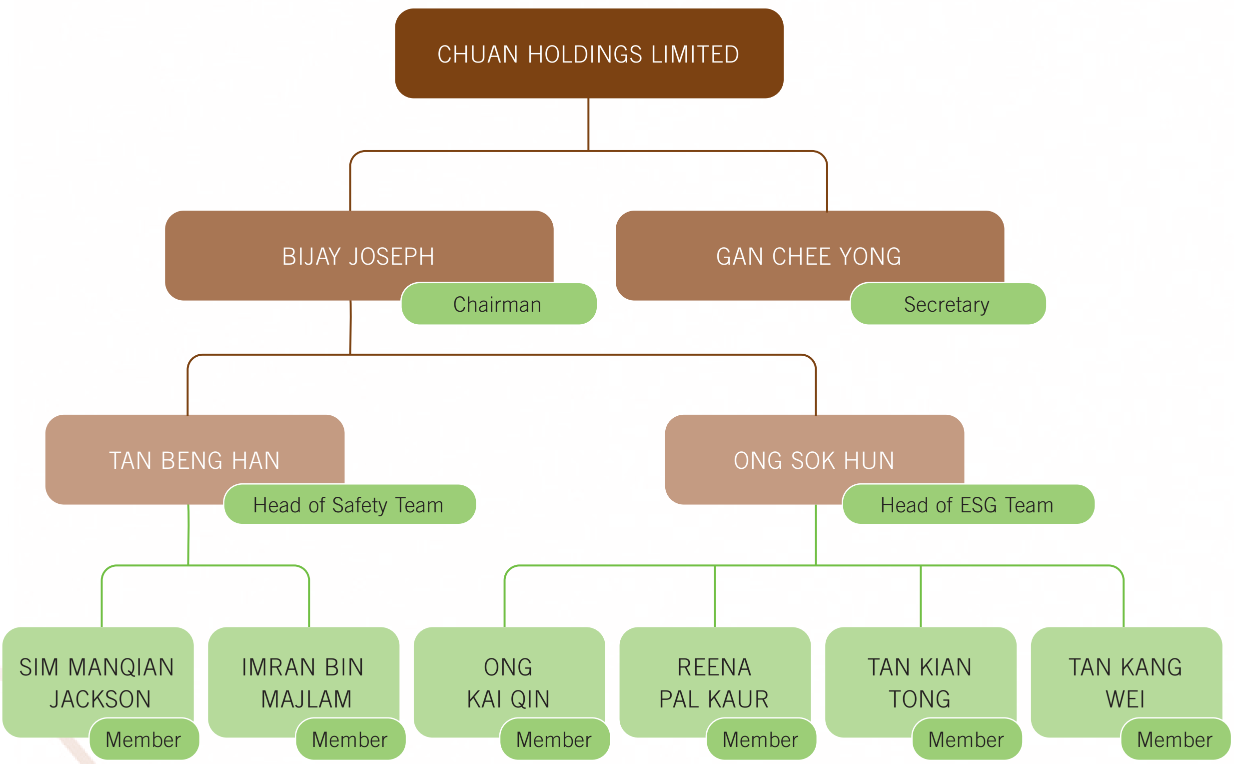
Driving change in sustainability requires the Group to influence and empower its stakeholders, as it cannot accomplish it alone. The Group's employees play an indispensable role in this regard. The Group strives to nurture a transparent and open communication with its employees, prioritising their well-being and promoting a spirit of cooperation towards achieving sustainable development objectives.

Looking ahead, the Group will continue to lead the industry in delivering quality earthworks and ancillary services and general construction works, while continuously contributing to a greener and more sustainable future for all. The Group aspires to remain as a market leader by maximising long-term economic value while creating positive social and environmental impacts.

ESG GOVERNANCE STRUCTURE

The Group is deeply committed to upholding high ethical standards in its business practices and firmly adheres to the principles of sound corporate governance. The Group truly believes that conducting its operations with transparency, accountability and ethical corporate governance practices is crucial for the long-term prosperity of both its organisation and stakeholders.

In order to effectively drive its long-term commitment to sustainable development, the ESG Taskforce plays a pivotal role in integrating ESG considerations at the strategic level and coordinating ESG management across the entire Group. The structure of the ESG Taskforce is indicated as below:



The ESG Taskforce consists of a dedicated team of 10 core members, each playing a crucial role in driving its sustainability agenda. The ESG Taskforce is led by the Chairman, an executive Director, the Secretary to the Chairman, as well as the ESG Team and the Safety Team, comprising five and three team members respectively. The members of the ESG Taskforce provide strategic guidance and ensure the integration of sustainability principles throughout the Group's operations. Additionally, the ESG Team and the Safety Team, comprising a team of highly skilled professionals, contribute their expertise and knowledge to the ESG Taskforce's initiatives.

Committed to continuous improvement, the members of the ESG Taskforce actively seek to enhance their understanding of sustainable development. They recognise the importance of staying up-to-date with emerging trends, best practices and regulatory requirements in order to strengthen the efficacy of its corporate governance practices. By deepening their knowledge and expertise, the ESG Taskforce members are better equipped to drive positive change and facilitate the Group's transition towards sustainable and responsible business practices.

The Board, as the governing body of the Group, holds the primary responsibility of augmenting the long-term value of the Group. In this capacity, the Board provides guidance on overall operational and business development strategies, ensuring alignment with its sustainability goals. The Board also assumes a supervisory role, overseeing all ESG issues and the corporate governance practices of all business entities within the Group. Through its oversight, the Board aims to establish and enhance internal control and risk management systems, safeguarding the interests of its stakeholders and promoting transparency and accountability throughout the Group.

By leveraging the expertise of the ESG Taskforce and the guidance of the Board, the Group is able to cultivate a culture of sustainability, innovation and ethical corporate governance. Together, the Group strives to create enduring value, mitigate risks, and contribute positively to the communities and environments in which it operates.

The ESG Taskforce collaborates closely with various business units to provide strategic direction and oversees all ESG-related matters. Concurrently, the Board, with the support of the Audit Committee, assumes ultimate responsibility for the Group's ESG strategies and performance, ensuring effective governance and oversight.

The ESG Taskforce has been delegated by the Board with a range of important duties and responsibilities, including:

- To identify, evaluate, prioritise and manage the ESG-related issues that are material to the Group (including risks to the Group's business) and/or its stakeholders;
- To make recommendations to the Board for approval on the process to identify and the criteria for the selection of the material ESG-related issues, and the setting of the ESG-related goals and targets that align with the Group's long-term objectives;
- To formulate, develop and implement the ESG-related strategies, frameworks and policies of the Group in order to attain the ESG-related goals and targets, and to monitor and review their ongoing relevance, effectiveness and further development;
- To assess the Group's progress in promoting and measuring the impact of ESG-related goals and targets; and
- To facilitate the Board's oversight of the ESG-related matters and ensure preparation of the ESG reports and its disclosures are in accordance with all applicable laws, rules and regulations.

Regular meetings are conducted among members of the ESG Taskforce to foster progress, strategise development plans, and ensure alignment of its sustainability vision and long-term value creation across the entire Group. The ESG Taskforce evaluates and adjusts the Group's ESG policies, initiatives, objectives and strategic priorities across different business segments, utilising insights gained from the evaluation of ESG risks and opportunities conducted throughout the Year.

The findings of the materiality analysis, along with the corresponding recommendations, are reported to the Board for its thorough examination and endorsement at least annually. This ensures that the Board remains fully informed and actively engaged in shaping the Group's ESG agenda, fostering transparency and accountability in its sustainability efforts.

PERFORMANCE REVIEW

The Group has displayed commendable dedication in addressing all ESG aspects throughout the Reporting Year and has effectively accomplished the subsequent milestones.

Presentation Suggestion

Environment
(As compared to 2022)

Electricity usage decreased by
9%

Water usage decreased by
12%

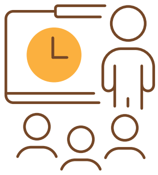
Battery waste generation decreased by
24%

General waste intensity decreased from
0.902 to 0.838
tonnes per employee

During the Reporting Year, the Group did not incur any administrative penalties as a result of violating environmental laws and regulations that had a significant impact on the Group.

The Group has made strides in environmental sustainability by closely collaborating with its clients and suppliers to adopt environmental-friendly practices, resulting in a continuous reduction in electricity and water usage, as well as battery waste emissions.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT



Over 3,700 of hours training has been provided to employees

The Group's people-centred and harmonious work environment is a magnet for top-tier professionals. The Group offers competitive benefits and ensures a safe and healthy workplace, empowering employees to become a high-calibre team that delivers outstanding products and services to its customers.

Social

Governance

In regards to governance, specialised committees are in place to monitor specific areas of environmental concern, guaranteeing that the Group's operations align with its sustainability goals and adhere to industry standards. In addition, extensive anti-corruption training was provided to all members of the Group, spanning across various levels.

The Group continuously enhances its governance effectiveness and related accomplishments in order to optimise its overall performance.

OUR APPROACH TO SUSTAINABILITY

Stakeholder Engagement

Stakeholders and Communication Channels

The expectations and needs of the Group's stakeholders play a pivotal role in shaping its sustainability strategy and identifying and prioritising risks and opportunities across its business. The Group actively fosters open communication and collaboration with both internal and external stakeholders through various channels to gain a comprehensive understanding of their concerns and interests. The Group's stakeholders encompass a wide range of entities, including the Board and Management, government and regulatory authorities, shareholders and investors, employees, customers, business partners, suppliers and subcontractors, the community and the public, as well as the media.

By proactively listening to and understanding their concerns, the Group is better equipped to fulfill and exceed their expectations when it comes to its governance, management and sustainability initiatives. In addition to conducting yearly evaluations, the Group has implemented efficient and robust communication platforms to collect feedback from its stakeholders. These channels serve as valuable sources of insights and input, enabling the Group to continuously improve its practices and effectively address the evolving needs of its stakeholder.

Through these ongoing communication efforts, the Group strives to foster trust, transparency and accountability in its relationships with stakeholders. By actively engaging with them, the Group ensures that its decisions and actions align with their expectations and contribute positively to their interests. This collaborative approach not only strengthens the Group's sustainability efforts but also enhances its overall business performance and reputation in the marketplace.

Stakeholder Groups	Issues of Concerns	Engagement Channels
The Board and Management	• Healthy and sustainable business development • Business operations • Business credit and influence	• Board meetings • Executive meetings • Questionnaire survey • Interview with the Management • Phone and emails
Government and regulatory authorities	• Occupational safety • Environmental impact • Customer privacy • Compliance with laws and regulations	• Officers' site inspection • Meetings with officials • Public consultation on regulations and policies • Feedback through industry associations
Shareholders and investors	• Healthy and sustainable business development • Anti-corruption • Business performance • Prospects • Corporate governance • Risk control • Return on investment	• Annual reports, interim reports, ESG reports, announcements and circulars • General meetings and other shareholder meetings • Investor enquiries • Investor meetings

Stakeholder Groups	Issues of Concerns	Engagement Channels
Employees	• Remuneration and welfare • Training opportunities • Labour relations • Safe and healthy working environment • Equal opportunities and anti-discrimination	• Emails and announcements • Internal meetings • Training programmes • Corporate newsletter • Team-building activities • Questionnaire survey
Customers	• Service quality • Delivery schedules • Cost control • Safety management • Customers rights	• Project meetings • Support hotline • Company website
Business partners	• Cooperation and mutual benefits • Safe and healthy working environment • Long-term partnership • Fair trade and anti-corruption	• Industrial events and supplier meetings • Industry associations
Suppliers and subcontractors	• Cooperation and mutual benefits • Contract fulfilment	• Daily business communication • Supplier/subcontractor meetings • Site inspection • Performance monitoring • Procurement procedures • Review and assessment
Community and the public	• Environmental protection • Community investment	• News releases • Community opinion surveys • Charity event planning and participation
Media	• Financial results • Business performance • Prospects • Corporate governance • Sustainable development strategy	• Press releases • Feedback and responses to media enquiries • Interviews and media audits • Annual reports • ESG reports • Company website

Materiality Assessment

Driving change in sustainability involves crucial task of inspiring and empowering its stakeholders to take action, as the Group recognises that it cannot achieve this goal on its own. The Group regularly engages with its stakeholders through multi-channels communications and interactions. The Group conducted an extensive stakeholder engagement and materiality assessment during the Year to identify the most significant ESG topics for disclosure, which was achieved through the following process:

1. *Recognising potential concerns*

   A list of sustainability topics relevant to the Group's businesses were selected by closely monitoring sustainability trends and referring to both local and international reporting standards.

2. *Collecting feedback from stakeholders*

   The Group engaged its internal and external stakeholders through an online survey, aiming to address potential sustainability concerns that may arise.

3. *Identifying material topics*

   The materiality of each topic was assessed and prioritised according to the responses obtained from stakeholders.

4. *Validating sustainability strategy of the Group*

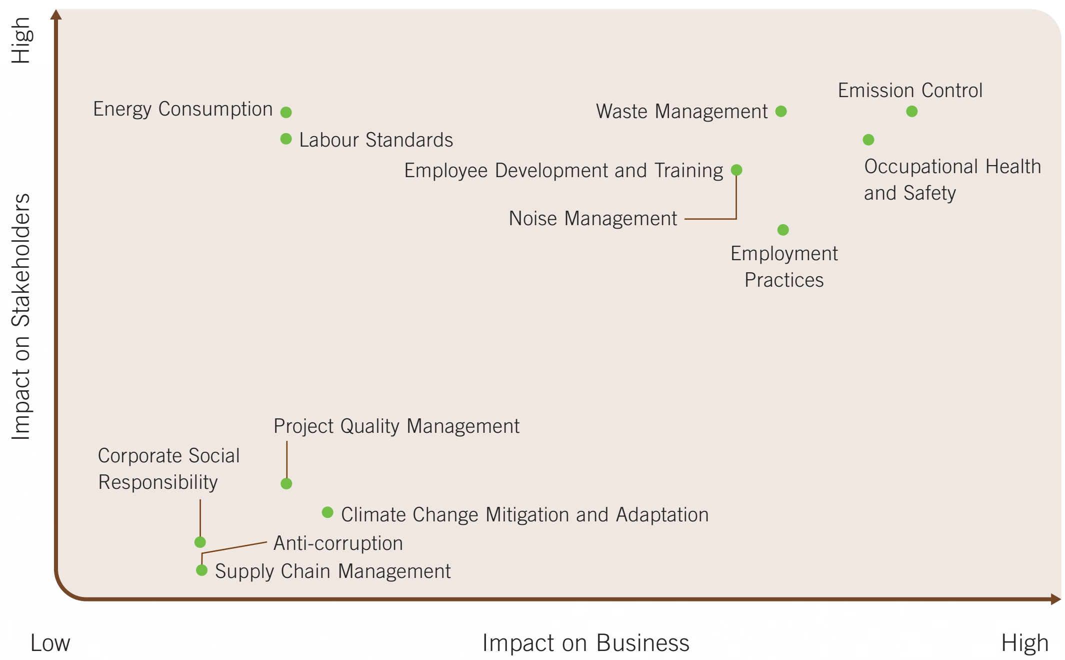
   The Board reviewed and approved the list of material sustainability topics, taking into account the emerging business challenges and remaining focused on implementing the Group's sustainability strategy.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Overview of Materiality Assessment Results

The Group gathered responses from both internal and external stakeholders who were invited to take part in the survey aimed at evaluating the 13 sustainability issues that were identified. The chart below displays the results of the materiality assessment. Emission control, waste management and energy consumption are the most significant material issues of the Group.

Materiality Matrix



Environmental Engagement

Environmental-friendly Operation Policy

The Group acknowledges the paramount importance of recognising the environmental consequences arising from its construction works and daily operations, including greenhouse gas ("**GHG**") emissions, air pollution, water consumption, waste disposal, and noise. With its steadfast commitment to fostering a better and environmentally conscious society, the Group laboriously undertakes measures to alleviate its environmental footprint through the establishment of an environmental management system that adheres to ISO 14001 (Environmental Management System). Throughout the Year, the Group had continued to consolidate and strengthen its operation systems and mechanisms, ensuring effective perpetration of environmental protection practices in its daily operations to minimise the damages that the Group's operations may possibly bring into the environment and natural resources.

To expedite the realisation of its corporate vision to create a sustainable environment, the Group constantly adheres to the Environmental Management Policy. This policy enables the Group to proficiently manage sustainability efforts in its daily operations by integrating business development and innovation, thereby generating long-term value for its shareholders. Furthermore, the Group actively promotes a green corporate culture, firmly committing to harmonising business development with environmental and social advancement. Building upon the success of the Group's green sustainability project (the "**Green Sustainability Project**") initiated in the previous reporting year, the Group has successfully ingrained environmental consciousness into daily routines of its employees. This has resulted in significant energy savings and reductions in emissions. To enhance environmental awareness among employees, the Group has implemented various initiatives such as sustainability newsletters, seminars, training sessions and workshops, with a focus on promoting green and low-carbon practices while imparting knowledge on sustainability principles to the workforce.

The Group's work sites operate in accordance with the specific environmental requirements as outlined by the laws of Singapore. The Group diligently complies with all applicable environmental protection laws and regulations in Singapore, including the Environmental Protection and Management Act and Environmental Public Health Act. Notably, during the Reporting Year, the Group did not encounter any instances of prosecution resulting from violations of applicable environmental protection laws and regulations, including those pertaining to air and GHG emissions, water and land discharges, as well as generation of hazardous and non-hazardous waste at its work sites.

In 2021, the Group set forth its environmental targets for the next five years, which included reductions in GHG emissions, energy consumption, water consumption, and generation of both hazardous and non-hazardous waste. The Group continues to strive for these goals. The Group remains dedicated to monitoring its ESG progress and furnishing regular updates on its ESG performance. These results will be consistently reported in forthcoming ESG reports, demonstrating the Group's ongoing commitment to environmental sustainability and responsible business practices.

Green Operation

Energy and Carbon Emission Management

The Group is fully committed to promoting sustainability and incorporating green practices into all aspects of its operations. As a longstanding participant in the Singapore construction industry, the Group recognises its duty and obligation to safeguard the environment and conserve biodiversity. The Group constantly strives to foster environmental sustainability by enforcing practices that minimise its ecological footprint and contribute to a greener future. The Group's unwavering commitment to these values demonstrates its responsibility and dedication as an environmentally conscious organisation.

In the course of its daily operations, the Group acknowledges that fuel and electricity consumption are essential but also contribute to the emission of GHG and other air pollutants such as nitrogen oxides ("**NOx**"), sulfur oxides ("**Sox**"), and respirable suspended particulates ("**RSP**"). The Group understands the significance of these emissions and their environmental impact. As part of its commitment to sustainability, the Group conducts yearly assessments of its GHG emissions performance and makes devoted efforts to achieve its GHG emissions targets. These initiatives exemplify its proactive stance towards environmental issues and efforts to minimise carbon emissions.

(i) To reduce air pollution, the Group prioritises the use of environmental-friendly machinery, equipment and fuel. Additionally, the Group places great emphasis on implementing effective dark smoke management practices to prevent excessive emissions. As part of these endeavours, a thorough inspection is conducted by a certified examiner on every fuel-burning apparatus, including air compressors, prior to their utilisation. This meticulous examination guarantees that the machines adhere to the required criteria and function optimally, thereby minimising air pollution and advocating for a more pristine environment.

(ii) To encourage effective energy consumption, the Group has established the following measures:

- Prominently display posters and notices to serve as constant reminders for employees to actively participate in promoting environmental-friendly practices;
- Conserve energy by powering off all idle machines and unnecessary equipment;
- Regularly adjust the temperature of air-conditioning systems to optimise energy usage and promote energy efficiency;
- Prioritise the procurement of equipment and appliances certified with energy efficiency labels; and
- Monitor and record the energy usage derived from electricity and fuel consumption closely to identify any irregularities and gain valuable insights into areas where further improvements can be made in terms of energy conservation.

(iii) To reduce dust exposure and ensure productivity at construction sites, the Group has established the following measures:

- Ensure the execution of waste management strategy and closely monitor the ecological impact throughout the entire construction process;
- Utilise water trucks or sprinkler systems to moisten dusty area regularly;
- Install PM2.5 dust control testers and automatic detectors to monitor dust levels within the construction area;
- Mount de-dust devices on tower cranes to capture the dust emissions generated during construction activities at elevated heights;
- Install dust sprayers alongside the roads to minimise dust pollution caused by vehicular movement; and
- Ensure that all vehicles exiting the construction sites are adequately protected by canvas or other appropriate covers, while dusty stockpiled materials are covered with tarpaulin or fabric sheets to prevent the dispersal of dust and debris.

(iv) Despite the necessity of utilising diesel, electricity and paper in construction sites and offices, the Group remains dedicated to effectively managing resource consumption and avoiding any escalation in intensity compared to the previous reporting year. During the Reporting Year, the Group recorded a total of approximately 21,962 tonnes of carbon dioxide equivalent ("**tCO_2e**") in GHG emissions, with an average of approximately 38.2 tCO_2e per employee. Below is a comprehensive summary of the Group's GHG emissions during the Reporting Year.

(v) To reduce direct and indirect GHG emissions, the Group has conducted the following measures:

Direct GHG Emissions from Diesel Consumption

- Utilise fuel-efficient vehicles, machinery and equipment with superior fuel economy ratings and reduced emissions;
- Regularly maintain and tune diesel engines to ensure optimal efficiency;
- Encourage operators to minimise idling duration for diesel-powered equipment and vehicles;
- Implement mechanisms to monitor and track diesel consumption and GHG emissions, enabling regular reporting and performance evaluation; and
- Embrace eco-friendly practices in its offices and project sites to promote environmental awareness.

Energy Indirect GHG Emissions

- Enhance employees' understanding of the significance of energy conservation and minimise GHG emissions through internal communications, specifically through the distribution of emails; and

- Encourage employees to cultivate energy-saving habits, such as the responsible use of lights and equipment, optimise power-saving features on computers, and instill a sense of sustainability within the Group.

Other Indirect GHG Emissions

- Persistently advocate for the implementation of paperless workflows within the Group by motivating employees to use double-sided printing and copying whenever feasible; and

- Encourage employees to disseminate and showcase files and documents electronically during Board and business meetings.

During the Reporting Year, the Group's operations generated approximately 94.31 tonnes of NOx, 0.09 tonnes of SOx, and 6.78 tonnes of RSP, respectively. The Group remains committed to addressing environmental issues arising from its business operations, such as climate change, resource management, emission reduction, and the promotion of green building practices. The Group strives to meet these obligations through the implementation of eco-friendly methodologies. In accordance with this pledge, the Group intends to gradually reduce GHG emissions by 3% by 2025 as compared to the levels recorded in 2018.

	GHG Emissions Amount and Intensity			
	Quantity – tCO_2e		**Intensity – tCO_2e per employee**[2]	
GHG Emissions Scope[1]	**2023**	2022	**2023**	2022
Scope 1: Direct GHG emissions – diesel consumption	**21,692.52**	17,693.79	**37.79**	33.13
Scope 2: Energy indirect GHG emissions – electricity consumption	**257.63**	275.36	**0.45**	0.52
Scope 3: Other indirect GHG emissions – paper disposal	**11.79**	8.28	**0.02**	0.02
Total GHG emissions	**21,961.94**	17,977.43	**38.26**	33.67

Notes:

(1) GHG emission data is presented in terms of tCO2e and is based on, including but not limited to, "The Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standards" issued by the World Resources Institute and the World Business Council for Sustainable Development, "Electricity Grid Emissions Factors and Upstream Fugitive Methane Emission Factor" issued by the Energy Market Authority of Singapore, "How to prepare an ESG Report-Appendix II: Reporting Guidance on Environmental KPIs" issued by the Stock Exchange and the global warming potential in the "Fifth Assessment Report" issued by Intergovernmental panel on Climate Change.

(2) As at 31 December 2023, the total number of full-time employees of the Group was 574 (2022: 534). The data is also used for calculating other intensity data.

Waste management

The Group has implemented comprehensive waste management protocols to efficiently oversee and regulate the waste generated during its operations. These policies provide explicit instructions for proper management of hazardous waste, general waste and construction waste.

To optimise resource allocation and reduce wastage, the Group has collaborated with licensed waste contractors who are accountable for the collection and processing of hazardous waste materials, including fluorescent light tubes, waste cartridges, waste toner bottles and batteries. These contractors collect the waste from designated bins on a monthly basis and provide reports to monitor the amount of waste collected.

The Group has implemented a waste classification system that adheres to environmental regulations and promotes sustainability for non-hazardous waste. Non-recyclable waste is collected and properly disposed of in designated landfills, while recyclable materials undergo sorting to facilitate their reuse and recycling. Furthermore, as part of its waste management strategy, the Group actively involves its suppliers, customers and employees in collaborative efforts to achieve waste reduction objectives, fostering a sustainable development mindset not only within the Group but also among its stakeholders. During the Reporting Year, the Group's waste management practices were fully compliant with applicable laws and regulations pertaining to environmental protection.

Hazardous Waste

During the Reporting Year, the Group's construction sites were the main source of hazardous waste generation. The hazardous waste consisted mainly of fluorescent lamps, electronic waste and engine oil. Below is a summary of the Group's performance in disposing of hazardous waste for the Year:

	Hazardous Waste Disposal Amount and Intensity			
	Quantity – tonnes		**Intensity – tonnes per employee**	
Hazardous Waste	**2023**	2022	**2023**	2022
E-wastes (e.g. waste computers)	**0.070**	0.070	**0.000**	0.000
Tyre	**110.840**	89.830	**0.193**	0.168
Engine oil	**38.130**	26.910	**0.066**	0.050
Fluorescent lamps	**0.005**	0.005	**0.000**	0.000
Plastic	**0.020**	0.010	**0.000**	0.000
Battery	**10.760**	14.060	**0.019**	0.026
Total hazardous waste	**159.825**	130.885	**0.278**	0.244

The Group has devised a holistic strategy for addressing the pollution resulting from hazardous waste. This strategy encompasses various aspects of solid waste management, including collection, retention, transportation, elimination and utilisation of both industrial solid waste and hazardous waste. To ensure proper management of hazardous waste, the Group takes specific measures at construction sites. For instance, ash and slag generated at these sites are collected separately and stored in enclosed ash silos to prevent any contamination. During retention and transportation, the Group implements a range of environmental protection measures, including measures to avert leakage incidents, shield against rainwater exposure, and minimise fugitive dust release. These measures are in strict compliance with all applicable laws and regulations governing hazardous waste management.

To facilitate proper disposal process, the Group has engaged a proficient third party collector to safely treat the waste. This ensures that the disposal process adheres to the highest standards of safety and environmental responsibility. The Group remains committed to upholding stringent hazardous waste management practices and continuously seeks ways to further improve its processes and minimise the environmental impact associated with hazardous waste generation and disposal.

Non-hazardous Waste

The non-hazardous waste generated by the Group primarily consists of construction waste, as well as waste from general office operations and domestic sources. Guided by the core principles of “Reduce, Reuse, Recycle, and Replace”, the Group has adopted a range of strategies to address the ecological consequences of non-hazardous waste and contribute to the creation of a green environment in Singapore.

In order to promote employee participation in environmental preservation at construction sites, the Group has introduced a waste segregation system that categorises construction waste into four distinct groups. Effective communication channels have been put in place to ensure that all employees are fully aware of the waste segregation protocols. The four categories of construction waste are as follows:

- General construction waste: this category encompasses various types of waste materials commonly generated from excavation activities, such as concrete waste, earth, clay and debris;
- Organic waste: this category comprises food waste generated within the construction sites；
- Recyclable waste: this category refers to materials, such as steel scrap and timber, that possess the potential for recycling; and
- Toxic industrial waste: this category encompasses perilous waste substances, such as used oil and grease from machinery and equipment, as well as leftover paints and chemical waste.

The Group engages both general waste collectors and licensed waste-removing contractors to manage the disposal of general waste. These waste collectors and contractors are responsible for transporting the waste to authorised dumping grounds or disposal facilities, while ensuring adherence to applicable regulations and guidelines.

In addition to construction waste, the Group is dedicated to integrating sustainability into its daily office operations. As part of this dedication, the Group has taken significant steps to raise environmental awareness among employees through a series of sustainability training programmes designed to educate and enlighten the workforce about essential sustainability principles and practices. During the Reporting Year, the Group enforced the subsequent initiatives to encourage widespread environmental-friendly practices across all offices:

- Reduced paper usage by encouraging double-sided printing or photocopying practices;
- Expedited the implementation of an online communication system to promote a paperless office, including conducting paperless meetings, using electronic documents and emails for work, revising documents electronically, and utilise of e-signature;
- Motivated employees to organise and recycle waste by establishing designated storage areas for non-hazardous recyclable items, such as aluminum, glass and paper;
- Identified and repurposed reusable waste item;
- Positioned recycle bins strategically with clear signage throughout the office to facilitate the collection of wastepaper and other recyclables;
- Replaced business trips with video conferences whenever feasible;
- Promoted the practice of green travel among employees by advocating the use of public transportation, carpooling, or other sustainable mode of travel for work-related commuting;
- Assigned a designated staff to manage office supplies, ensuring responsible procurement, effective utilisation, and accurate inventory management; and
- Conducted regular inspections and maintenance of office supplies and equipment to prolong their lifespan and reduce the necessity for premature replacement.

	Non-hazardous Waste Disposal Amount and Intensity			
	Quantity – tonnes		**Intensity – tonnes per employee**	
Non-hazardous Waste	**2023**	2022	**2023**	2022
General waste	**481.8**	481.8	**0.838**	0.902
Paper	**1.8**	1.7	**0.003**	0.003
Non-hazardous waste generated from renovation/relocation of office	**213.0**	N/A	**0.370**	N/A
Total non-hazardous waste	**696.6**	483.5	**1.211**	0.905

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

During the Reporting Year, the Group achieved notable progress in its endeavours to minimise both hazardous and non-hazardous waste through efficient waste management practices. Acknowledging its fundamental duty to offer and advocate for sustainable building solutions and methodologies, the Group established a 5-year objective in 2021 to progressively diminish the production of hazardous and non-hazardous waste. The Group is confident in its ability to achieve this target by continually raising staff awareness of waste management issues through promotional endeavours across all offices.

Furthermore, the Group is committed to regularly assessing its waste reduction targets and appraising the effectiveness of current waste management and disposal procedures. By adhering to these tactics, the Group maintains its unwavering commitment to achieving its waste reduction objectives and strives to contribute to the development of sustainable cities and the alleviation of climate change impacts.

The Group will continue to explore innovative waste management solutions and work closely with its partners to identify new ways to minimise waste generation throughout its operations. The Group is confident that its efforts will yield tangible results in the year to come. By taking bold steps towards waste reduction, the Group will not only enhance its environmental performance but also create a positive ripple effect within its industry and beyond.

Energy Saving Management Implementation

Energy Consumption

The Group's primary energy consumption arises from electricity usage and the combustion of fossil fuels for production and operations. With a firm commitment to fostering a sustainable and environmental-friendly workplace, the Group is actively exploring viable energy efficiency solutions that can be integrated into all aspects of its operations. In pursuit of this objective, the Group attaches significant emphasis on optimising energy efficiency and promoting resource conservation practices among its employees. As part of its continuous efforts to enhance energy efficiency, the Group is fully dedicated to implementing a robust and practical energy management system that adheres to Singapore's rules and regulations.

Energy Saving

The Group is committed to actively promoting resource efficiency and vigilantly monitoring the potential environmental impacts of its operations. The ultimate objective is to establish an eco-friendly office and operating environment while simultaneously reducing the Group's overall environmental footprint. In order to achieve this objective, the Group has successfully implemented a range of green policies and explicit directives to efficiently regulate the utilisation of resources throughout its operations. The Group consistently prioritises the procurement of equipment and appliances that bear energy-saving or energy-efficient labels and adhere to Euro 6 standards. Furthermore, the Group is fully committed to incorporating solar energy into both its construction sites and daily office operations. This encompasses the utilisation of solar energy to power the CCTV systems on site. The Group upholds a diligent approach in identifying and executing practical energy-saving initiatives across the entire Group. Moreover, the Group remains vigilant in identifying potential avenues for improving energy efficiency.

In addition, the Group has devised numerous strategies to conserve energy, aligning with the requirements of developers and contractors, while consistently staying abreast of the latest advancements in environmental preservation. In the event of any abnormality, site staff will promptly report to the respective department officer and take appropriate corrective actions. In terms of office operations, the Group has implemented the following protocols:

- Enhanced advocacy for sustainable transportation;
- Active participation in office equipment and supplies recycling programmes;
- Improved workflow digitalisation and elimination of paper-based communication;
- Maintenance of indoor temperature within the range of 24-26 degree Celsius or with an intensity level of 60%-80% during summer;
- Energy-efficient model as priority when replacing air-conditioners;
- Ongoing installation of energy-efficient electrical equipment, including LED T5 lighting and motion-activated lights;
- Encouragement for employees to switch off all idle machines and unnecessary powered equipment to conserve energy;
- Display of energy-saving reminders at the offices to promote environmental awareness; and
- Gradual transition towards hybrid and electric vehicles.

The Group's energy consumption of diesel and electricity during the Reporting Year is shown as below:

	Energy Consumption Amount and Intensity			
	Quantity – kWh		Intensity – kWh per employee	
Energy Type	**2023**	2022	**2023**	2022
Direct energy consumption				
– Diesel	**88,256,541.1**	71,951,263.8	**153,757.0**	134,740.2
Indirect energy consumption				
– Electricity	**618,107.0**	678,729.3	**1,076.8**	1,271.0
Total energy consumption	**88,874,648.1**	72,629,993.1	**154,833.9**	136,011.2

Despite energy consumption has inevitably increased with the subsidence of the pandemic leading to gradual resumption of business operations, the Group managed to reduce approximately 9.0% of electricity consumption during the Reporting Year. As an organisation that inevitably relies on energy for its operations, the Group recognises the critical importance of efficient energy use in mitigating its environmental impact. The Group is committed to regularly reviewing its operations and implementing strategies to achieve optimal energy efficiency. The Group's vision is to pave the way for a sustainable future by maximising the utilisation of precious energy resources.

In line with its long-term sustainability objectives, the Group has established its environmental targets for the next five years in energy consumption. As part of its commitment to responsible resource management, the Group has set a short-term goal to gradually reduce its energy consumption by 3% by 2025. This goal reflects its unwavering dedication to responsible energy management and signifies its proactive approach to minimising its carbon footprint. By embracing innovative technologies, implementing energy-saving initiatives, and fostering a culture of energy consciousness, the Group aims to achieve this reduction while maintaining operational excellence.

Through continuous monitoring, analysis, and optimisation of its energy consumption patterns, the Group will identify areas of improvement and implement targeted measures to drive efficiency throughout its operations. The Group's commitment to energy efficiency extends beyond mere compliance, it is ingrained in its corporate culture and guides its decision-making processes.

Water Resources Management

Water plays a crucial role in the Group's daily construction operations. The Group's water policy exemplifies its dedication and strategies to ensure responsible water management across the Group. The Group endeavours to minimise its water consumption by incorporating water-saving features such as low-flow taps and toilets. The Group conducts regular monitoring of its water consumption to identify areas for efficiency improvements and effectively reduce water usage in its business operations. During the Reporting Year, the majority of the Group's water supply was sourced from the Singapore government's water supply system, and it obtained water that met its requirements seamlessly and without encountering any challenges or difficulties. Moving forward, the Group will continue to explore innovative water management solutions and actively seek ways to further optimise its water usage, contributing to the conservation and sustainable use of this valuable resource.

The Group's water consumption for head office during the Reporting Year is as follows:

	Water Consumption Amount and Intensity			
	Quantity – cubic metre		**Intensity – cubic metre per employee**	
	2023	2022	**2023**	2022
Water	**3,193.1**	3,626.3	**5.6**	6.8

During the Reporting Year, the Group implemented visionary water management strategies to ensure efficient and sustainable use of water resources. These strategies encompassed wastewater management, water conservation and recycling, all aimed at minimising environmental impact and promoting a greener future.

Wastewater Management

- Allocated designated locations for the management of silt and debris;
- Carried out regular inspection of silt traps to ensure their maximum efficiency in capturing sediment;
- Employed high-pressure water jets to wash the Group's vehicles prior to their departure from the construction sites;
- Promptly detected any potential issues pertaining to oil, diesel or chemicals at the construction sites. In case of any spillage, immediate action was taken to confine and alleviate the spill, preventing further contamination and environmental damage;
- Strategically placed the diesel tanks away from surface drains, reducing the risk of unintentional spills or leaks contaminating the drainage system;
- Employed qualified and licensed sanitary plumbers at all construction sites to create temporary sanitary and water supply systems in compliance with regulatory standards;
- Utilised specifically designed facilities for removal of sand and silt, such as sand traps, silt traps and sediment basins, to eliminate sand and silt from the runoff prior to its release into storm drains;
- Redirected stormwater flow towards the designated sand/silt removal facilities through the usages of channels, earth bunds or sandbag barriers; and
- Installed the perimeter channels along the boundaries as a precautionary measure to intercept storm runoff originating from outside the site.

Water Conservation	• Heightened employee awareness of water conservation by disseminating information on water resource management measures during training sessions; • Inspired employees to actively conserve water by ensuring faucets were turned off when not in use; • Conducted regular inspections and maintenance on water containers and pipelines to minimise water leakage and optimise water usage; and • Installed water efficient taps in washrooms and float-make-up valves at the construction sites.
Recycling	• Implemented water resource optimisation strategies at construction sites to minimise water consumption while maintaining operational efficiency; • Implemented on-site treatment facilities to streamline the recycling process of wastewater generated from washing off activities at the construction sites; • Implemented the rainwater utilisation for the purpose of flushing toilets, cleaning and irrigating plants; and • Reused wastewater after sedimentation treatment for site cleaning, water suppression systems, wheel washing at site access and water barrier filling, etc.

During the Reporting Year, the Group achieved a year-on-year reduction in water consumption by approximately 12%. Such achievement exemplifies its unwavering commitment to sustainable water management. In 2021, the Group established a 5-year objective to progressively reduce water consumption, demonstrating its dedication to continuous improvement. The Group is committed to consistently evaluating the importance and effectiveness of this objective by analysing water usage data from previous years, examining consumption patterns, and identifying trends. This ongoing assessment will propel further advancements towards the successful achievement of its target, ensuring responsible and efficient water management practices.

Use of Packaging Materials

Owing to the nature of its business operations, the operational procedures and requirements of the Group do not entail significant reliance on packaging materials. As a result, the usage of such materials during the Reporting Year was kept to a minimum.

Tackling Climate Change

Climate change presents significant threats to the global economy, encompassing tangible risks such as extreme weather occurrences and transitional risks associated with low-carbon regulations impacting all industries. The Group acknowledges the paramount importance of climate change in relation to its business operations. The Group is committed to consistently assessing the impacts of climate change on operational resilience, proactively managing climate-related risks, and exploring emerging opportunities. To this end, the Group strives to adopt industry-leading approaches that mitigate, adapt to, and strengthen its resilience against climate hazards throughout its operations.

The Group recognises that its operations may be susceptible to physical risks stemming from climate change, which could result in delay in projects, physical damages to construction sites and offices and potentially endanger the safety of its employees and customers. To address these risks, the Group ensures the provision of essential information and resources to effectively manage the physical consequences of climate change. Additionally, it takes proactive measures to handle potential risks associated with climate transition to a low-carbon economy, including shifts in customer preferences and climate-related mandates. The Group maintains ongoing communication with stakeholders regarding the impacts of climate change and actively collaborates with business partners to promote decarbonisation initiatives.

During the Reporting Year, the Group had no knowledge of any third party legal disputes associated with climate change or any occurrences of non-compliance with laws pertaining to climate-related matters. The Group is currently expediting its efforts to enhance the integration of climate-related risks and opportunities into its strategy, investments and operations. These include adopting more eco-friendly raw materials, transitioning to low-carbon fuels and implementing other measures that contribute to reducing its carbon footprint.

Employment and Labour Practices

Recruitment and Promotion

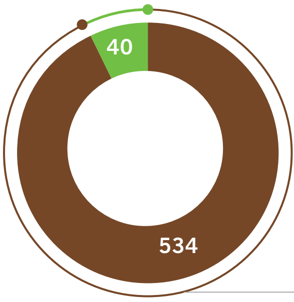
The Group deeply recognises the invaluable contribution made by its talented individuals, who are instrumental in driving its ongoing success. At the Group, the Management believes in investing in its talent by offering them with a variety of training courses and inspiring their human capital towards delivering excellence. The Group is also committed to ensuring a safe and healthy working environment for all employees while upholding equal employment opportunities.

The Group has established a diversity policy aimed at fostering a workforce that embraces diversity in all its forms, including management positions. The Group recognises that diversity encompasses a wide range of aspects, including professional experiences, business perspectives, skills, knowledge, gender, age, cultural and educational background, and ethnicity. When selecting candidates for employment, the Management considers the vision, mission and core values of the Group, focusing on merit and the attributes that individual can bring to complement and expand the Group's competencies, experiences and perspectives. With the adoption of the Gender Diversity Plan, the Group is committed to increasing female members over time when employing staff and officers, where appropriate, and achieving a good balanced gender ratio in its workforce (in particular, for the non-labour extensive workforce).

As of 31 December 2023, the Group had a highly competent team of 574 employees, consisting of both local and foreign workers, supporting its business operations. The composition of its team is as follows:

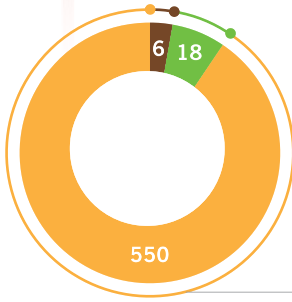
	Categories	**2023** **Number**	2022 Number
Gender	Male	534	496
	Female	40	38
Employee Category	Executive Directors and Senior Management	6	6
	Management	18	19
	General staff	550	509
Age Group	Below 30	122	127
	30-50	348	329
	Above 50	104	78
Geographical Region*	Singapore	574	534
	Overseas	0	0
Employment Type	Full time	574	534
	Part time	0	0

*Note: Geographical region distinguishes employees of the Group working in Singapore or working in overseas countries (outside Singapore).The same definition is also applied to other relevant KPIs.



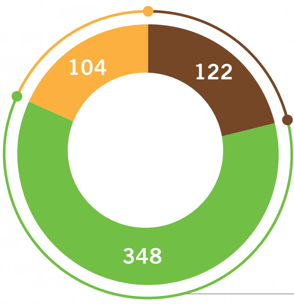
Number of Employees by Gender

- Male
- Female



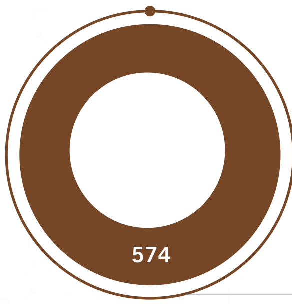
Number of Employees by Employee Category

- Executive Directors and Senior Management
- Management
- General staff



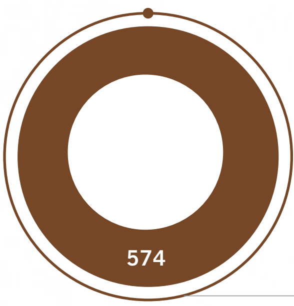
Number of Employees by Age Group

- Below 30
- 30-50
- Above 50



Number of Employees by Geographical Region

- Singapore
- Overseas



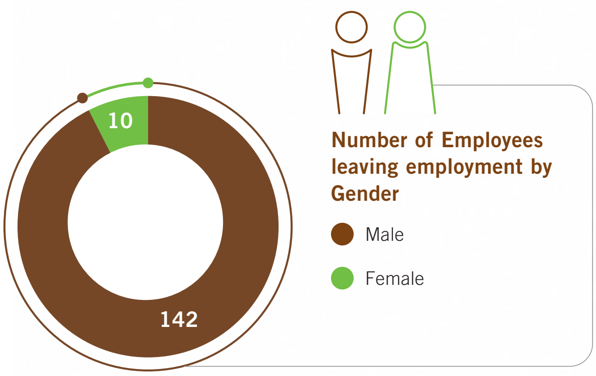
Number of Employees by Employment Type

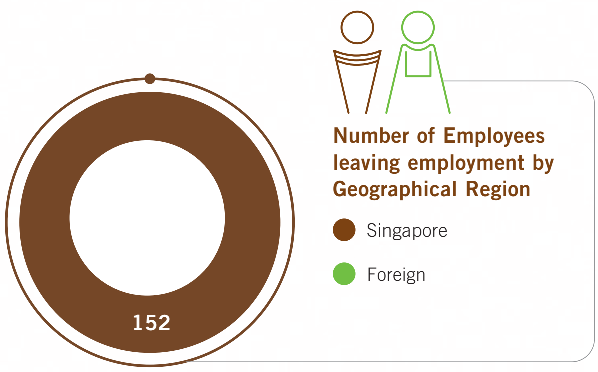
- Full time
- Part time

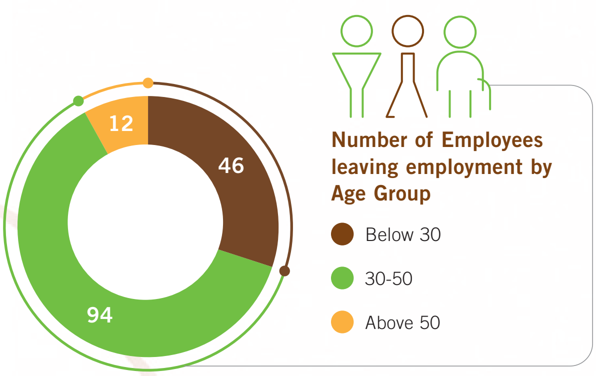
Fundamental to the success of any company relies on its ability to effectively hire, onboard, manage and reward its staff. An important indicator of this is the employee turnover rate. During the Reporting Year, the Group is pleased to report that it achieved a reasonably stable turnover rate, with an overall turnover rate of approximately 27%*. Below is a comprehensive breakdown of the Group's employee turnover rate, categorised by gender, age group, geographical region and employment type.

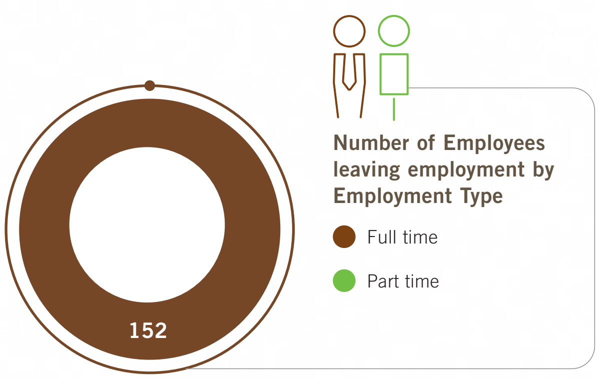
	Categories	2023 Number	2023 Percentage*
Gender	Male	142	26.59%
	Female	10	25.00%
Age Group	Below 30	46	37.70%
	30-50	94	27.01%
	Above 50	12	11.54%
Geographical Region	Singapore	152	26.48%
	Overseas	0	0
Employment Type	Full time	152	26.48%
	Part time	0	0

*Note: Turnover rate by category is calculated by number of employees in the specified category leaving employment/number of employees in the specified category x 100.









Employee Welfare and Working Condition

Embracing a people-oriented principle, the Group is fully dedicated to cultivating a highly professional and innovative talent team that thrives on diversity. The Group firmly believes that a workforce that operates equitably and inclusively will elevate its business. To enhance the employee experiences, the Group has introduced a range of flexible work practices, including flexible working hours. In addition to strict compliance with local employment laws, the Group's human resources department has developed and implemented comprehensive human resources management policies and systems to ensure its employees are treated fairly, with dignity and respect.

The Group continuously strives to enhance its human resource management system, improve its multi-level talent cultivation system and foster a diverse workplace that promotes a culture of equal opportunities. The Group's aim is to build a career development platform for employees to unleash their potential and achieve their personal values. Acknowledging enhancement of employees' work efficiency and professional skills is its top priority, the Group constantly refines the performance appraisal and salary distribution mechanisms, offering highly competitive remuneration packages and benefits, such as discretionary annual performance bonus, paid annual leave, wedding leave, examination leave, insurance and personal accident insurance, to maintain employee motivation and enthusiasm.

Creating a sound and harmonious working environment free from discrimination and harassment against any individual on the basis of race, religion, colour, gender, physical or mental disability, or any other status protected by applicable laws, is of utmost importance to the Group. The Group is committed to respecting human rights across its business operations and supply chain. Human rights risk factors are integrated into the Group's risk management policy and assessment checklist to monitor the human rights impacts arising from its business activities and relationships. The Group respects employees' freedom of association and actively encourages their participation in group activities organised by the Group. The Group has established and refined internal communication mechanisms to ensure smooth channels of communications within the organisation. Additionally, the Group encourages employees to report any instances of harassment, discrimination or violations they may encounter, as well as express any dissatisfaction they may have through its complaint channel.

The physical, mental and social well-being of its people is crucial to the Group's continued success. During the Reporting Year, the Group organised various engagement events and activities aimed at enhancing employees' well-being, productivity and work-life balance. These included festive gatherings, celebration dinners and team building events, which fostered a sense of camaraderie and strengthened employee well-being within the Group. The Group is committed to continually exploring novel strategies to achieve work-life balance and enhance the overall physical and mental wellness of its employees.

During the Reporting Year, the Group was not aware of any case of non-compliance with relevant laws and regulations that had a significant impact on the Group in relation to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination or other benefits and welfare.

To encourage its employees to "Think Green; Go Green", the Group organised a beach clean-up activity at Sembawang Park, to promote environmental-friendly practices.

The Group places significant emphasis on the well-being of its employees, both physically and mentally. Therefore, a self-care seminar was held to promote their awareness in this regard.

The Group organised a Mid-Autumn Festival party to celebrate the festive occasion and foster camaraderie among department members.

The Group's Annual Dinner and Dance Party was held at the Singapore Island Country Club, with sports as the theme, demonstrated the Group's commitment to the overall health and wellness of its employees.

Awards presentation was held to appreciate the long-serving employees for their dedication and loyalty, serving as an incentive for employees who have exceptional performance.

A movie night was arranged for all staff to enjoy as a team to promote social interaction and enhance team cohesion.

Christmas gathering was organised to celebrate the holiday season and foster team spirit.

Retirement Scheme

Employees of the Group who are Singapore citizens or permanent residents are obligated to participate in the CPF Scheme, a compulsory social security savings scheme funded by contributions from both employers and employees.

In full compliance with applicable regulations, the Group abides by the CPF Scheme by making contributions based on certain percentages of employees' monthly salaries, up to a specific limit. During the Reporting Year, the Group contributed a maximum of 17% of eligible employees' salaries under the CPF Scheme, with each employee's qualifying salary capped at S$6,300 per month. The Group's commitment to fulfilling its obligations resulted in total expenses of approximately S$772,000 recorded in the profit or loss for the Reporting Year, representing the CPF contributions made by the Group. The Group did not partake in any other pension schemes during the Reporting Year.

Training and Development

The Group's team of skilled and professional talents is integral to its business development and growth. Hence, the Group prioritises offering extensive training programmes and learning opportunities to all its employees, regardless of their positions or levels within the Group. The Group remains committed to encouraging its employees to continuously enhance their professional skills and knowledge, ensuring that they stay updated with the evolving demands of the industry.

The Group has developed a comprehensive training programme that covers a wide range of subjects, including anti-corruption measures, industry practices, knowledge enhancement and safety standards. The primary objective of these programmes is to enhance the industrial and technical expertise of employees. As part of its onboarding process, all new employees are obliged to participate in the training programme to familiarise themselves with the management and control systems, as well as the technical prerequisites set forth by the Group.

Training programmes such as Structural Steel Works and Design for Safety for Professional, Manager and Executive have garnered positive and motivating feedback from the Group's employees. These programmes go beyond imparting technical skills, they also provide insights and perspectives from senior leaders, enabling employees to gain a more holistic view of their organisational goals and strategies. The direct involvement of senior leaders ensures that the employees undergoing training has access to pertinent resources, engages in collaborative discussions, and adopts a practical learning approach. This support has had a positive impact on employee conduct and methodologies, resulting in the development of a more proficient, safety-oriented and harmonious workforce.

During this Reporting Year, 3,763.5 hours of training covering different professional areas were provided to employees. In response to escalating concerns surrounding climate change, the Group also arranged mandatory training sessions for all employees, focusing on ESG and innovation, with its aim to ensure all employees remain well-informed on the latest ESG-related matters, reflecting its commitment to environmental sustainability.

The Group also encourages and supports qualified employees to pursue degree programmes, participate in various professional training courses, and take professional certification exams as self-learning opportunities to obtain professional qualifications and promote personal development. For instance, specific employees are granted sponsorship to participate in external training programmes, including but not limited to the first aid course, occupational health and safety measures in construction sites course, and structural steel works programme.

By investing in its employees' training and development, the Group is fostering a culture of continuous improvement and ensuring that its workforce remains adaptable and equipped with the necessary skills to meet the challenges of the future. The Group is proud to provide its employees with the resources and opportunities they need to excel in their careers and contribute to the success of the Group.

	Categories	Percentage of employees trained (%)[1]	Average training hours per employee (hours)[2]
Gender	Male	96%	6.91
	Female	4%	1.80
Employee Category	Executive Directors and Senior Management	1%	35.00
	Management	10%	16.14
	General staff	89%	5.93
Geographical Region	Singapore	100%	6.56
	Overseas	0%	0
Working Location	Office	12%	4.45
	Construction site	88%	7.07

Notes:

1. Percentage of employees trained in relevant categories is calculated by number of employees trained in the specified category/total number of employees who took part in training x 100.

2. Average training hours per employee in relevant categories is calculated by total number of training hours for employees in the specified category/number of employees in the specified category.

Total number of employees trained
222
employees

Average training hours per employee
6.56
hours

Total training hours completed by employees
3,763.5
hours

Employees' Health and Occupational Safety

The safety and well-being of the Group's employees are paramount in its business operations. Not only does the Group provide sufficient equipment and facilities at its construction sites and offices to ensure the safety and convenience of employees, but it also consistently updates its health and safety policies, making them easily accessible to all employees, contractors and tenants. These policies serve as a roadmap for the Group's actions and ensure adherence to all relevant laws and regulations.

The Group prioritises strict adherence to all applicable health and safety laws and regulations of Singapore, including the Employment Act 1968 (the "**Employment Act**") and Workplace Safety and Health (Noise) Regulations 2011. The Group's comprehensive implementation of various occupational health and safety measures aims to cultivate a healthy and secure working environment for its valued employees. During the Reporting Year, the Group engaged professional testing organisations to evaluate occupational hazards related to temperature, noise, air quality, dust, wind and gas in different job positions. The Group prioritises the provision of mandatory safety training courses to equip its employees with necessary knowledge to identify and mitigate potential occupational hazards, as outlined in the relevant manuals.

In addition to the aforementioned, the Group also conducts regular testing and maintenance of the plant and equipment to ensure sound and effective operations. The Group also assures that all construction activities adhere to the necessary health and safety standards in construction, while providing proper personal protective equipment, such as safety helmets, safety goggles, safety shoes and reflective clothing. These measures aim to mitigate the risk of work-related accidents and minimise the adverse effects of occupational hazards on the health of the employees at their respective roles. The Management monitors and reviews all health and safety measures adopted regularly to ensure their effectiveness.

During the Reporting Year, the Group was not aware of any case of non-compliance with relevant laws and regulations that had a significant impact on the Group in terms of providing a safe working environment and protecting employees from occupational hazards.

No work-related fatalities happened during the past three consecutive years.

	Unit	2023	2022	2021
Fatalities due to work	Cases	0	0	0

	Unit	2023
Lost days due to work injury	Days	279
Work injury rate*	%	0.18%

*Note: Work injury rate is calculated by number of work-related injury lost days/(number of employees x 22 x 12 (working days)) x 100.

The Group has subscribed employees' compensation insurance for all employees, and it has covered the compensation required due to work-related injury.

Labour Standards

In addition to strictly adhering to the Employment Act and Singapore's Employment (Children and Young Persons) Regulations 2000, the Group is committed to upholding the highest ethical standards and safeguarding labour rights in its business operations. The Group has implemented comprehensive strategies to prevent any instances of child labour, forced labour and bonded labour within its workforce.

To verify the eligibility of candidates and employees for relevant positions, the Group has established rigorous procedures that encompass the submission of official documents such as qualification certificates and records of job references to authenticate the information provided. Upon commencing employment, all employees voluntarily sign labour agreements, solidifying their commitment to its shared values. In line with its commitment to eradicating forced labour, any modifications or additions to labour agreements are made based on the principles of equality and mutual agreement through transparent negotiations. The Group steadfastly rejects any unfair measures that could impede the employment relationship between the employees and the Group. If any employee is identified as child labour, illegal labour or forced labour by the Group, it would terminate his/her contract immediately and report to the relevant regulatory authorities. Besides, the Group regularly assesses its risk management and internal control systems to ensure that effective measures have been adopted to avoid employment risks such as child labour, illegal labour and forced labour. By prioritising ethical conduct and safeguarding labour rights, the Group demonstrates its dedication to establishing a fair and sustainable work environment. The Group's unwavering commitment to these values ensures that its business operations adhere to the highest ethical standards while safeguarding the rights and well-being of its employees.

During the Year, the Group was not aware of any material non-compliance or breach of relevant laws and regulations in child labour, illegal labour and forced labour. This underscores the Group's proactive approach to compliance and its commitment to maintaining a responsible and ethical workplace.

Well-being of Employees

Promoting a healthy work-life balance is a priority for the Group, as it actively encourages its employees to pursue personal interests and develop a well-rounded lifestyle. To foster a sense of camaraderie and enhance employee well-being, the Group organises a range of engagement events and activities, namely lunch gatherings and sports activities. In terms of work-life benefits, the Group offers comprehensive medical and health benefits, including hospitalisation and surgical coverage, as well as insurance for work-related accident and medical expenses. In addition, the Group provides subsidies for health screenings and examinations.

During the Reporting Year, the Group made significant efforts to introduce workshops aimed at offering mental health screening services to employees. These workshops were designed to enhance employees' understanding of mental health status and equip them with effective problem-solving skills. Recognising the importance of mental health, the Group also provided supplementary support such as a hotline service, organised healing activities and offered crisis intervention support to raise the awareness about mental health among employees.

Operation Practices

Supply Chain Management

Recognising that supply chain management is essential to operational efficiency, the Group works closely with suppliers and contractors to ensure clients' needs can be fulfilled effectively and efficiently, while at the same time, emphasising responsible operating practices. The Group is stringent in selecting qualified suppliers, and thus has developed a robust tendering and procurement management mechanism that encompasses all stages of the supplier life cycle, including supplier pooling, selection, performance evaluation and sustainable procurement practices, to make sure environmental and social risks can be identified and monitored along the supply chain, as well as the entire production process to be in line with the Group's standards and specifications. When procuring materials, services and equipment, the Group upholds the principles of fair and equal treatment for all suppliers and subcontractors. The Group conducts regular inspections and evaluations to review the standards of its suppliers and cease cooperation with unqualified suppliers. Simultaneously, the Group prioritises obtaining goods and services at the best possible value while firmly rejecting any offers of bribes or sales commissions. This approach ensures transparency, competitiveness, efficiency and optimal value in its procurement practices.

The Group has established a long-term business relationship with the suppliers and subcontractors. As of 31 December 2023, the transacted suppliers and subcontractors engaged by the Group in Singapore totalled 753. The Group has not encountered any major suppliers or subcontractors who have significantly violated business ethics, environmental protection, human rights, or labour practices.

Supplier Selection

The Group makes concerted efforts to evaluate and manage the entire supplier or subcontractor selection process, with the aim of mitigating any mischievous impacts of its operations on society and the environment.

The Group conducts comprehensive evaluations of all potential suppliers and subcontractors prior to their engagement and inclusion in the Group's prestigious list of approved vendors. The Group articulates the standards for all suppliers and contractors in various critical areas encompassing ethical conduct, labour rights, privacy and data protection, and environmental impacts. Social responsibility of the suppliers is also considered, in hopes of reducing the social risks of the supply chain. In pursuit of sustainable development, the Group consistently seeks to collaborate with suppliers and subcontractors who prioritise environmental-friendly practices and have effectively integrated the principles of green supply chain management into their fundamental business operations.

To ensure a stable supply chain, the Group procures a minimum of two quotations for each project, promoting transparency and competition among suppliers.

Performance Evaluation

Supplier performance is assessed based on a range of factors, including quality, environmental preservation, occupational health and safety, and product sustainability. Through thorough evaluations, the Group ensures that responsible business practices and sustainability are upheld throughout the supply chain, surpassing the minimum criteria set by regulations.

Additionally, the Management conducts yearly evaluations and appraisals of suppliers, analysing vital factors such as quality, material delivery and business management performance. These rigorous evaluations aim to determine the suppliers' proficiency across these domains. By conducting meticulous evaluations, the Management ensures compliance with the set benchmarks and encourages suppliers to actively engage in improving the overall operational effectiveness and efficiency of the supply chain.

Sustainable Procurement

To ensure that its suppliers adhere to specific environmental protection standards, the Group prioritises working with those who have defined sustainability principles, hold sustainability certificates such as ISO 9001 or other accolades, and have implemented sustainability or quality management systems with a focus on environmental considerations. The Group strongly encourages all suppliers to prioritise the selection of green and energy-efficient products and adopt environmental-friendly materials and services. This commitment helps the Group achieve net-zero emissions and demonstrate exemplary practices in ESG-related matters.

Product Management and Safety

Product Management

The Group has established a customised product quality control system to ensure the preservation of product excellence and cater to customers' needs. This system strengthens the foundation of standardised products and streamlines the research and development process. The Group maintains collective mindset and standards, guaranteeing the triumphant creation and advancement of top-notch products. The Group's commitment to quality is reflected in its IMS objectives, which include achieving a minimum average customer satisfaction index of 65% and a 100% on-time delivery rate for all projects, thereby avoiding any liquidated damages.

During the Reporting Year, the Group implemented the Global Navigation Satellite System ("**GNSS**") to enhance its excavation processes. This advanced system utilises the Global Positioning System signal for automatic adjustment of blade movements, encompassing lift and tilt. The GNSS system offers significant advantages such as time efficiency, enhanced precision, and an impressive 50% boost in overall productivity compared to conventional machines. Moreover, it effectively elevates the quality of the products.

The Group consistently improves its quality management by reinforcing quality assurance, streamlining monitoring procedures, implementing standardised and reliable measures, and optimising quality management practices. Furthermore, the Group has set up a customer complaint handling mechanism to efficiently receive, evaluate and address any customer grievances. The primary objective of this mechanism is to provide informed suggestions for appropriate remedial actions.

During the Reporting Year, the Group had no incidents of non-compliance with relevant laws and regulations, including the Personal Data Protection Act 2012, laws of Singapore, that had a significant compact on the Group concerning health and safety, advertising, labelling and privacy matters relating to the products and services provided by the Group and methods of redress. In addition, the Group received no substantial grievances concerning the caliber of the contractor's endeavours in construction ventures, and there were no product recalls due to health and safety concerns.

Product Safety

The Group places a paramount emphasis on the safety, finesse and ingenuity of its projects. Rigorous testing and meticulous inspections are conducted at multiple stages of the construction process, complemented by comprehensive tests upon project completion to ensure full compliance with contractual provisions. Any deviations from specifications require rework or repair, which must be re-inspected prior to proceeding to the next stage or handover. The Group is committed to guaranteeing that its products adhere to all safety standards and conform to project specifications for earthwork projects, as well as ensuring the quality of finishes in general construction works. This commitment extends to meticulous inspection and rectification of visual defects, such as misalignment, discolouration, stains, or watermarks. Additionally, the Group maintains comprehensive records of all inspections to ensure accurate documentation.

Customer Information and Intellectual Property

Customer Information

The Group maintains a stringent adherence to laws and regulations in order to ensure the protection of customer privacy and their best interests. The Group is committed to preserving customer confidentiality as stipulated in the contract and complying with the privacy policy to safeguard personal data. The Group has put in place extensive security protocols to safeguard the acquisition, utilisation, storage and exchange of customer information. These protocols undergo regular assessments and updates as necessary.

In addition, the Group actively enhances the awareness and proficiency of its staff in information protection. To mitigate the risk of information security incidents caused by its staff, the Group provides comprehensive training on customer information security and privacy protection to all employees. This training plays a pivotal role in reducing the probability of such incidents occurring.

During the Reporting Year, the Group did not receive any notable written complaints regarding data privacy matters from its customers, signifying effective management of data privacy concerns.

Intellectual Property

The Group holds intellectual property rights in high regards and has established a robust protection mechanism to mitigate infringement risks. This ensures strict adherence to applicable laws and regulations, minimising any possible legal or financial repercussions. In accordance with applicable laws and regulations, the Group strictly prohibits employees from using unlicensed computer software on their workplace computers. The Group demonstrates its commitment to respecting intellectual property rights by mandating that its suppliers adhere to applicable laws and regulations. This requirement ensures the confidentiality and integrity of intellectual property.

The Group has taken measures to protect its intellectual property rights by registering the trademark "Chuan Holdings Limited" in Hong Kong, registration of which is valid until 4 February 2026. Likewise, the logo of Chuan Lim Construction Pte. Ltd. in Singapore has also been registered and will remain protected until 31 August 2025. These actions reflect the Group's proactive approach to safeguarding its intellectual property assets and maintaining legal protection and exclusivity. In addition, Chuan Lim, as the registrant of the domain name www.chuanholdings.com, has successfully renamed the domain name as www.chuanholdingsltd.com on 1 January 2024, registration of which is set to expire on 8 December 2026. The Group will actively monitor and protect the validity of its trademarks and domain name to preserve its intellectual property rights.

No complaints or allegations of intellectual property rights infringement were received during the Reporting Year, which is consistent with previous reporting years.

Anti-corruption

Committed to upholding the principles of fairness and honesty, integrity serves as a fundamental cornerstone of the Group's corporate culture. The Group demonstrates unwavering dedication to strong governance and ethical practices by actively combating corruption. The Group's employee handbook explicitly prohibits employees from using their authority to solicit or accept benefits, underscoring the importance of maintaining a fair and ethical business environment.

The Group takes proactive measures to mitigate the detrimental societal consequences of corruption through the implementation of anti-corruption practices. These efforts include organising integrity promotion activities, such as showcasing case study-based anti-corruption videos and conducting awareness-raising seminars. These initiatives exemplify the Group's dedication to fostering a culture of integrity and combating corruption. Moreover, the Group constantly facilitates informative sessions led by the Corrupt Practices Investigation Bureau of Singapore, with a specific emphasis on corruption prevention within the construction industry. This initiative underscores the Group's dedication to promoting a culture of integrity and ethics among its workforce. The Company regularly organises training sessions for the Directors, focusing on anti-corruption practices, intending to augment their knowledge and consciousness in this domain.

All employees, including the Directors, are bound by the following provisions: (i) prohibition from paying or receiving any form of bribe; (ii) strict adherence to the Group's guidelines and authorisation levels regarding the giving and receiving of gifts and hospitality; (iii) full compliance with the applicable laws and regulations relating to anti-money laundering and terrorist financing; and (iv) participation in a comprehensive anti-corruption training session, typically lasting approximately 30 minutes, upon joining the Group. In accordance with the Anti-Corruption Policy, the Group unequivocally prohibits any manifestation of bribery, extortion, fraud, money laundering, or any other forms of corruption. The Group maintains a steadfast commitment to adhering to local laws and regulations pertaining to anti-corruption and bribery, regardless of the geographical location or jurisdiction in which it operates.

To facilitate the identification of potential instances of corruption, money laundering, and other forms of misconduct, the Group has devised and consistently updated the Whistleblowing Policy. This policy encourages the disclosure of pertinent information through a designated confidential reporting channel. The Group is dedicated to addressing suspected violations with the utmost caution and conducting thorough investigations led by either the chief financial officer or a qualified investigation officer of the Company. Confidentiality and timeliness are paramount in this process, and any suspected violations will be promptly reported to local law enforcement authorities for further investigation.

The Audit Committee conducts regular reviews of the Anti-Corruption Policy and the Whistleblowing Policy, implementing necessary amendments to enhance their efficiency.

During the Reporting Year, the Group remained oblivious to any violations of relevant laws and regulations that had a significant impact on the Group in relation to bribery, extortion, fraud or money laundering. Also, there were no concluded legal cases regarding corrupt practices brought against the Group or its employees.

Commitment to Society

Donations and Sponsorship

The Group actively participates in community empowerment through collaboration with charitable organisations, involvement in voluntary activities, and strategically sponsors initiatives in health, education, environment, sports and culture. These endeavours are aimed to foster long-term community development and create positive societal impacts.

During the Reporting Year, the Group extended its support to various charitable and nonprofit organisations by means of cash and product donations, as well as cash sponsorships. These organisations include Singapore Thong Chai Medical Institution, NUHS Fund Limited, NCSS Charitable Fund, Potong Pasir CCC Community Development and Welfare Fund, Education Fund and Kwong Wai Shiu Hospital, among others. The Group contributed S$156,250 for these noble causes.

Contribution to Communities and Sharings of Employees

The Group is dedicated to cultivating a harmonious community atmosphere by actively addressing the needs of residents and making concerted efforts to resolve any issues they may face. In addition, the Group employs the Green Sustainability Project to engage in community-oriented public welfare initiatives and voluntary services. This initiative allows the Group to contribute to the betterment of society by meeting the demands of the communities and providing support through various means. Embracing the principle of "Think Green; Go Green", the Green Sustainability Project aims to create an eco-friendly community while fulfilling corporate social responsibility.

Recognising the importance of fostering positive connections and advocating for beneficial societal transformations, the Group pledges to uphold its corporate social responsibility. Moreover, the Group instils a culture of philanthropy among its employees, encouraging their active participation in charitable endeavours. This demonstrates their unwavering dedication towards making a positive impact in society and endorsing extensive philanthropic ventures. During the Reporting Year, the Group conscientiously undertook various initiatives as part of the Green Sustainability Project, consistently extending its care to communities across the nation. Notable among these efforts were visits to charity nursing homes and the coordination of community clean-up days, exemplifying the Group's steadfast dedication to environmental preservation and nurturing a collective sense of social responsibility within the community.

Looking ahead, the Group will remain steadfast in its commitment to public welfare and community development. It will continue to actively engage in charitable donations, community services, and other philanthropic endeavours, with the aim of cultivating favourable connections between the Group and the community. In pursuit of this objective, the Group endeavours to promote social progress and enhance the well-being of individuals residing in the community.

It is worth noting that the Group has not only enhanced social interaction among employees through various teambuilding activities, but has also raised their awareness of maintaining a safe and pleasant environment in an enjoyable manner. Particularly notable is the introduction of the practice of "Powering Down" during the Reporting Year, where all office lights were switched off for an hour to reduce electricity consumption. This initiative not only helps conserve energy but also provides employees with a peaceful respite during their workday.

Furthermore, apart from engaging in internal practice, the Group also orchestrated a series of volunteering activities, including beach cleaning at Sembawang Park and visits to the Old Age Home. These activities offer valuable opportunities to foster camaraderie among individuals and promote a stronger sense of collaboration, creating a more harmonious working environment. Particularly, activities that encourage teamwork, instill environmental awareness, and promote adherence to good governance are instrumental in achieving these goals.

STOCK EXCHANGE ESG GUIDE CONTENT INDEX

Subject Areas, Aspects, General Disclosures and KPIs	Description	Section/Declaration
A. Environmental		
Aspect A1: Emissions		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous waste.	Environmental-friendly Operation Policy and Energy and Carbon Emission Management and Waste Management
KPI A1.1	The types of emissions and respective emissions data.	Energy and Carbon Emission Management
KPI A1.2	Direct (Scope 1) and energy indirect (Scope 2) greenhouse gas emissions (in tonnes) and intensity.	Energy and Carbon Emission Management
KPI A1.3	Total hazardous waste produced (in tonnes) and intensity.	Waste Management
KPI A1.4	Total non-hazardous waste produced (in tonnes) and intensity.	Waste Management
KPI A1.5	Description of emission target(s) set and steps taken to achieve them.	Energy and Carbon Emission Management
KPI A1.6	Description of how hazardous and non-hazardous wastes are handled, and a description of reduction target(s) set and steps taken to achieve them.	Waste Management
Aspect A2: Use of Resources		
General Disclosure	Policies on the efficient use of resources, including energy, water and other raw materials.	Green Operation
KPI A2.1	Direct and/or indirect energy consumption by type in total and intensity.	Energy Saving Management Implementation
KPI A2.2	Water consumption in total and intensity.	Water Resources Management
KPI A2.3	Description of energy use efficiency target(s) set and steps taken to achieve them.	Energy Saving Management Implementation
KPI A2.4	Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency target(s) set and steps taken to achieve them.	Water Resources Management
KPI A2.5	Total packaging material used for finished products (in tonnes) and with reference to per unit produced.	Use of Packaging Materials

Subject Areas, Aspects, General Disclosures and KPIs	Description	Section/Declaration
Aspect A3: The Environment and Natural Resources		
General Disclosure	Policies on minimising the issuer's significant impact on the environment and natural resources.	Environmental-friendly Operation Policy
KPI A3.1	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.	Environmental-friendly Operation Policy and Green Operations
Aspect A4 :Climate Change		
General Disclosure	Policies on identification and mitigation of significant climate-related issues which have impacted, and those which may impact, the issuer.	Tackling Climate Change
KPI A4.1	Description of the significant climate-related issues which have impacted, and those which may impact, the issuer, and the actions taken to manage them.	Tackling Climate Change
B. Social		
Employment and Labour Practices		
Aspect B1: Employment		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare.	Recruitment and Promotion, Employee Welfare and Working Condition, Retirement Scheme and Well-being of Employees
KPI B1.1	Total workforce by gender, employment type (for example, full- or part-time), age group and geographical region.	Recruitment and Promotion
KPI B1.2	Employee turnover rate by gender, age group and geographical region.	Recruitment and Promotion

Subject Areas, Aspects, General Disclosures and KPIs	Description	Section/Declaration
Aspect B2: Health and Safety		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to providing a safe working environment and protecting employees from occupational hazards.	Employees' Health and Occupational Safety
KPI B2.1	Number and rate of work-related fatalities occurred in each of the past three years including the Reporting Year.	Employees' Health and Occupational Safety
KPI B2.2	Lost days due to work injury.	Employees' Health and Occupational Safety
KPI B2.3	Description of occupational health and safety measures adopted, and how they are implemented and monitored.	Employees' Health and Occupational Safety
Aspect B3: Development and Training		
General Disclosure	Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities.	Training and Development
KPI B3.1	The percentage of employees trained by gender and employee category.	Training and Development
KPI B3.2	The average training hours completed per employee by gender and employee category.	Training and Development
Aspect B4: Labour Standards		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to preventing child and forced labour.	Labour Standards
KPI B4.1	Description of measures to review employment practices to avoid child and forced labour.	Labour Standards
KPI B4.1	Description of steps taken to eliminate such practices when discovered.	Labour Standards

Subject Areas, Aspects, General Disclosures and KPIs	Description	Section/Declaration
Operating Practices		
Aspect B5: Supply Chain Management		
General Disclosure	Policies on managing environmental and social risks of the supply chain.	Supply Chain Management
KPI B5.1	Number of suppliers by geographical region.	Supply Chain Management
KPI B5.2	Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, and how they are implemented and monitored.	Supply Chain Management
KPI B5.3	Description of practices used to identify environmental and social risks along the supply chain, and how they are implemented and monitored.	Supply Chain Management
KPI B5.4	Description of practices used to promote environmentally preferable products and services when selecting suppliers, and how they are implemented and monitored.	Supply Chain Management
Aspect B6: Product Responsibility		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress.	Product Management and Safety
KPI B6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons.	Product Management and Safety
KPI B6.2	Number of products and service-related complaints received and how they are dealt with.	Product Management and Safety
KPI B6.3	Description of practices relating to observing and protecting intellectual property rights.	Customer Information and Intellectual Property
KPI B6.4	Description of quality assurance process and recall procedures.	Product Management and Safety
KPI B6.5	Description of consumer data protection and privacy policies, and how they are implemented and monitored.	Customer Information and Intellectual Property

Subject Areas, Aspects, General Disclosures and KPIs	Description	Section/Declaration
Aspect B7: Anti-corruption		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to bribery, extortion, fraud and money laundering.	Anti-corruption
KPI B7.1	Number of concluded legal cases regarding corrupt practices brought against the issuer or its employees during the Reporting Year and the outcomes of the cases.	Anti-corruption
KPI B7.2	Description of preventive measures and whistle-blowing procedures, and how they are implemented and monitored.	Anti-corruption
KPI B7.3	Description of anti-corruption training provided to directors and staff.	Anti-corruption
Community		
Aspect B8: Community Investment		
General Disclosure	Policies on community engagement to understand the needs of the communities where the issuer operates and to ensure its activities take into consideration the communities' interests.	Commitment to Society
KPI B8.1	Focus areas of contribution (e.g. education, environmental concerns, labour needs, health, culture, sport).	Commitment to Society
KPI B8.2	Resources contributed (e.g. money or time) to the focus area.	Commitment to Society

REPORT OF THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

OPINION

We have audited the financial statements of Chuan Holdings Limited (the "**Company**") and its subsidiaries (collectively, the "**Group**"), which comprise the consolidated statement of financial position as at 31 December 2023, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2023 and of the consolidated financial performance, the consolidated changes in equity and the consolidated cash flows of the Group for the financial year then ended in accordance with International Financial Reporting Standards (the "**IFRSs**") as issued by the International Accounting Standards Board (the "**IASB**") and have been prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

BASIS FOR OPINION

We conducted our audit in accordance with International Standards on Auditing (the "**ISAs**") as issued by the International Auditing and Assurance Standards Board (the "**IAASB**"). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the International Ethics Standards Board for Accountants (the "**IESBA**") Code of *Ethics for Professional Accountants* (the "**IESBA Code**"), and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated 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 Consolidated 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 consolidated 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 consolidated financial statements.

KEY AUDIT MATTERS (CONTINUED)

Revenue recognition from construction contracts

The Group is involved in construction projects for which it recognises contract revenue over time using the input method in accordance with IFRS 15 *Revenue from Contracts with Customers*. The measure of progress is calculated based on the actual contract costs incurred to-date to the total budgeted costs for each project. The input method involves the use of significant management estimates, including amongst others, the total estimated project costs and estimated contract revenue. Accordingly, we have identified this to be a key audit matter.

As part of our audit procedures, we obtained an understanding and reviewed management's internal costing and budgeting processes in estimating contract revenues and contract costs. On a sample basis, our procedures included:

- reviewed the contractual terms and conditions with customers, including the contractual sums and other terms that may impose penalties by the customers;

- verified the costs incurred against underlying supporting documents;

- assessed the reasonableness of the key assumptions used by management in estimating the total budgeted cost for the projects;

- reviewed the appropriateness of key inputs, amongst others, materials, subcontractors and labour costs, used by management in their estimation of the total costs to complete and obtained supporting documentation on the major inputs;

- checked the arithmetic accuracy of revenue recognised according to the progress of each project measured by reference to costs incurred for work performed to date to the total budgeted cost;

- reviewed the project files and discussed with the management on the progress of projects to determine if there are signs of potential disputes, variation order claims, known technical issues, delays, penalties or overruns; and

- reviewed management's assessment and estimation of the additional time and costs needed to complete the on-going projects due to business disruptions and operational changes related to the changes in operation environment on the budgeted costs to complete the projects.

We also evaluated the adequacy of the Group's disclosures for revenue recognition and contract balances in Notes 5 and 17 to the consolidated financial statements.

KEY AUDIT MATTERS (CONTINUED)

Investments in property development projects

As at 31 December 2023, the Group had investments in debt instruments on property development projects amounting to approximately S$7.0 million (2022: S$6.4 million) which were classified as financial assets at fair value through profit or loss. The measurement of the fair value of the financial assets involves management using estimates and assumptions which includes amongst others, the estimates of the selling price and cost of construction of the underlying property, and appropriate discount rate. Accordingly, we have identified this to be a key audit matter.

As part of our audit procedures, we obtained an understanding of management's processes and controls around the valuation of the investments in these debt instruments. We reviewed the contractual terms and conditions of the investment agreements, and assessed the reasonableness of the methodology and key assumptions used by management in estimating the fair value of the investments. We also evaluated the appropriateness of key inputs, amongst others, the estimated profits before tax of the property development projects by comparing them to available market data. We have also considered the reasonableness of the discount rate and expected rate of return used for the projects by performing sensitivity analysis. In addition, we evaluated the Group's disclosures for the investments in property development projects in Notes 16 and 33 to the consolidated financial statements.

OTHER INFORMATION

Management is responsible for other information. The other information comprises the information included in the annual report, other than the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated 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 consolidated 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 the other information, we are required to report that fact. We have nothing to report in this regard.

RESPONSIBILITIES OF MANAGEMENT AND DIRECTORS FOR THE CONSOLIDATED FINANCIAL STATEMENTS

Management is responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with the IFRSs approved by the IASB and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal controls as management determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatements, whether due to fraud or error.

In preparing the consolidated 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 of the Company are assisted by audit committee (the "**Audit Committee**") of the Company in discharging their responsibilities for overseeing the Group's financial reporting process.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the consolidated 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. Our report is made solely to you, as a body, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the ISAs 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 consolidated financial statements.

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

- Identify and assess the risks of material misstatement of the consolidated 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.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

- 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 consolidated 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 consolidated financial statements, including the disclosures, and whether the consolidated 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 Audit Committee 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 Audit Committee with a statement that we have complied with relevant ethical requirements regarding independence and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the Audit Committee, we determine those matters that were of most significance in the audit of the consolidated 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.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

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

Ernst & Young LLP
Public Accountants and
Chartered Accountants
Singapore

28 March 2024

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the financial year ended 31 December 2023

	Note	2023 S$'000	2022 S$'000
Revenue	5	**120,832**	88,605
Cost of sales		**(112,240)**	(82,407)
Gross profit		**8,592**	6,198
Other income and gains	5	**3,977**	2,598
Administrative and other operating expenses		**(6,990)**	(6,423)
Other expenses		**(145)**	(309)
Finance costs	6	**(237)**	(213)
Share of (loss)/results of associates		**(640)**	585
Profit before income tax	7	**4,557**	2,436
Income tax expense	9	**(1,312)**	(713)
Net profit attributable to owners of the Company		**3,245**	1,723
Other comprehensive income:			
Items that will not be reclassified subsequently to profit or loss:			
Financial assets at fair value through other comprehensive income ("**FVOCI**")			
– Fair value gains		**–**	470
Other comprehensive income, net of tax		**–**	470
Total comprehensive income for the year attributable to owners of the Company		**3,245**	2,193
Basic earnings per share (cents)	11	**0.31**	0.17
Diluted earnings per share (cents)	11	**0.29**	0.15

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

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2023

	Note	2023 S$'000	2022 S$'000
ASSETS AND LIABILITIES			
Non-current assets			
Property, plant and equipment	*12*	**16,820**	11,020
Investment property	*13*	**1,274**	1,286
Investment in associates	*14*	**16,928**	9,924
Other assets	*15*	**366**	365
Deposits, prepayments and other receivables	*19*	**520**	140
Financial assets at fair value through profit or loss ("**FVTPL**")	*16*	**8,499**	7,874
Financial assets at FVOCI	*16*	**557**	1,394
Financial assets at amortised cost	*16*	**250**	250
Deferred tax assets	*9*	**–**	228
Total non-current assets		**45,214**	32,481
Current assets			
Contract assets	*17*	**27,304**	28,020
Trade receivables	*18*	**16,069**	21,852
Deposits, prepayments and other receivables	*19*	**1,708**	3,460
Pledged deposits	*20*	**1,285**	1,281
Cash and cash equivalents	*20*	**30,105**	23,441
Total current assets		**76,471**	78,054
Total assets		**121,685**	110,535
Current liabilities			
Contract liabilities	*17*	**4,101**	2,295
Trade payables	*21*	**8,042**	6,893
Other payables, accruals and deposits received	*22*	**7,618**	4,878
Borrowings	*23*	**1,277**	1,252
Lease liabilities	*24(b)*	**4,006**	2,820
Income tax payable		**1,031**	529
Total current liabilities		**26,075**	18,667
Net current assets		**50,396**	59,387
Total assets less current liabilities		**95,610**	91,868

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2023

	Note	2023 S$'000	2022 S$'000
Non-current liabilities			
Other payables, accruals and deposits received	*22*	**11**	6
Borrowings	*23*	**540**	1,817
Lease liabilities	*24(b)*	**2,915**	1,262
Deferred tax liabilities	*9*	**56**	–
Total non-current liabilities		**3,522**	3,085
Total liabilities		**29,597**	21,752
Net assets		**92,088**	88,783
EQUITY			
Equity attributable to owners of the Company			
Share capital	*25*	**1,767**	1,767
Share premium	*25*	**27,250**	27,250
Reserves	*25*	**63,071**	59,766
Total equity		**92,088**	88,783

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 31 December 2023

	Share capital S$'000	Share premium S$'000	Merger reserve* S$'000	Share option reserve* S$'000	Fair value reserve* S$'000	Retained profits* S$'000	Total S$'000
At 1 January 2022	1,767	27,250	5,166	521	(618)	52,421	86,507
Profit for the year	–	–	–	–	–	1,723	1,723
Other comprehensive income:							
Changes in fair value of financial assets at FVOCI	–	–	–	–	470	–	470
Total comprehensive income for the year	–	–	–	–	470	1,723	2,193
Equity-settled share option arrangements (Note 32)	–	–	–	83	–	–	83
At 31 December 2022	1,767	27,250	5,166	604	(148)	54,144	88,783

* *These reserve accounts comprise the consolidated reserves of S$59,766,000 in the consolidated statement of financial position as at 31 December 2022.*

	Share capital S$'000	**Share premium S$'000**	**Merger reserve* S$'000**	**Share option reserve* S$'000**	**Fair value reserve* S$'000**	**Retained profits* S$'000**	**Total S$'000**
At 1 January 2023	**1,767**	**27,250**	**5,166**	**604**	**(148)**	**54,144**	**88,783**
Profit for the year	**–**	**–**	**–**	**–**	**–**	**3,245**	**3,245**
Other comprehensive income:							
Changes in fair value of financial assets at FVOCI	**–**	**–**	**–**	**–**	**–**	**–**	**–**
Transfer of fair value reserve of equity instruments designated at FVOCI	**–**	**–**	**–**	**–**	**106**	**(106)**	**–**
Total comprehensive income for the year	**–**	**–**	**–**	**–**	**106**	**3,139**	**3,245**
Equity-settled share option arrangements (Note 32)	**–**	**–**	**–**	**60**	**–**	**–**	**60**
At 31 December 2023	**1,767**	**27,250**	**5,166**	**664**	**(42)**	**57,283**	**92,088**

* *These reserve accounts comprise the consolidated reserves of S$63,071,000 in the consolidated statement of financial position as at 31 December 2023.*

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

CONSOLIDATED STATEMENT OF CASH FLOWS

For the financial year ended 31 December 2023

	2023 S$'000	2022 S$'000
Cash flows from operating activities		
Profit before income tax	**4,557**	2,436
Adjustments for:		
Interest income	**(193)**	(57)
Interest expense	**237**	213
Dividend income from financial assets at FVOCI	**(59)**	(46)
Depreciation of property, plant and equipment	**6,413**	7,342
Depreciation of investment property	**12**	12
Gain on disposals of property, plant and equipment	**(587)**	(202)
Write-off of lease liabilities	**–**	(68)
(Reversal of)/provision for expected credit loss ("**ECL**") on contract assets	**(34)**	289
Provision for/(reversal of) ECL on trade receivables, net	**131**	(293)
(Reversal of)/impairment on other assets	**(1)**	4
Fair value gain from financial assets at FVTPL	**(876)**	(247)
Gain on settlement of financial assets at FVTPL	**(934)**	(96)
Share of results of associates	**640**	(585)
Equity-settled share option expense	**60**	83
Unrealised exchange difference	**127**	9
Operating cash flows before changes in working capital	**9,493**	8,794
Decrease/(increase) in contract assets	**750**	(4,213)
Decrease/(increase) in trade receivables	**5,651**	(2,823)
Decrease/(increase) in deposits, prepayments and other receivables	**1,402**	(527)
Increase/(decrease) in contract liabilities	**1,806**	(527)
Increase/(decrease) in trade payables	**1,149**	(212)
Increase in other payables, accruals and deposits received	**2,744**	659
Cash flows from operations	**22,995**	1,151
Income tax paid, net	**(525)**	–
Net cash flows generated from operating activities	**22,470**	1,151

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

CONSOLIDATED STATEMENT OF CASH FLOWS

For the financial year ended 31 December 2023

	2023 S$'000	2022 S$'000
Cash flows from investing activities		
Proceeds from disposals of property, plant and equipment	**724**	460
Purchase of property, plant and equipment	**(6,359)**	(1,662)
Purchase of financial assets at FVTPL	**(1,215)**	(1,337)
Proceeds from settlement of financial assets at FVTPL	**2,400**	910
Proceeds from settlement of financial assets at FVOCI	**886**	–
Investment in associates	**(7,646)**	(1,752)
Interest received	**166**	41
Dividend received	**10**	46
Net cash flows used in investing activities	**(11,034)**	(3,294)
Cash flows from financing activities		
Interest portion of the lease liabilities	**(188)**	(139)
Principal portion of the lease liabilities	**(3,152)**	(4,476)
Repayment of borrowings	**(1,252)**	(1,227)
Increase in pledged deposits secured against banking facilities	**(4)**	(5)
Interest paid	**(49)**	(74)
Net cash flows used in financing activities	**(4,645)**	(5,921)
Net increase/(decrease) in cash and cash equivalents	**6,791**	(8,064)
Cash and cash equivalents at beginning of financial year	**23,441**	31,514
Effect of exchange rate changes on cash and cash equivalents	**(127)**	(9)
Cash and cash equivalents at end of financial year (Note 20)	**30,105**	23,441

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

1. GENERAL INFORMATION

Chuan Holdings Limited (the "**Company**") is a limited liability company incorporated and domiciled in Cayman Islands. The registered office of the Company is located at Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands, and the principal place of business of the Company in Singapore is located at 20 Senoko Drive, Singapore 758207.

The Company is an investment holding company. The Company and its subsidiaries (the "**Group**") are principally engaged in the provision of general building and construction services in Singapore.

As at the date of this report, in the opinion of the directors (the "**Directors**") of the Company, the immediate holding company and the ultimate holding company of the Company is Brewster Global Holdings Limited, which is incorporated in British Virgin Islands.

2. MATERIAL ACCOUNTING POLICY INFORMATION

2.1 Basis of preparation

The consolidated financial statements of the Group have been prepared in accordance with International Financial Reporting Standards (the "**IFRSs**") as issued by the International Accounting Standards Board and the disclosures requirement of the Hong Kong Companies Ordinance.

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

The consolidated financial statements are presented in Singapore Dollars ("**SGD**" or "**S$**"), which is the Company's functional currency and all values are rounded to the nearest thousand ("**SGD'000**" or "**S$'000**"), except where otherwise stated.

2. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

2.2 Basis of consolidation

The consolidated financial statements comprise the financial statements of the Group for the year ended 31 December 2023. A subsidiary is an entity, directly or indirectly, controlled by the Company. Control is achieved when the Group 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.

When the Group has, directly or indirectly, less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement(s) with the other vote holders of the investee;
- Rights arising from other contractual arrangements; and
- The Group's voting rights and potential voting rights.

The financial statements of the subsidiaries are prepared for the same financial year as the Company, using consistent accounting policies. The results of subsidiaries are consolidated from the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

Profit or loss and each component of other comprehensive income are attributed to the owners of the parent of the Group. All intra-group assets, liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control described above. A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If the Group loses control over a subsidiary, it derecognises the related assets (including goodwill), liabilities, and other components of equity, while any resultant gain or loss is recognised in profit or loss. Any investment retained is recognised at fair value.

2. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

2.3 Standards issued but not yet effective

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

Description	**Effective for annual periods beginning on or after**
Amendments to IAS 1: *Classification of Liabilities as Current or Non-Current*	1 January 2024
Amendments to IAS 1: *Non-current Liabilities with Covenants*	1 January 2024
Amendments to IFRS 16: *Lease liability in a Sale and Leaseback*	1 January 2024
Amendments to IAS 7 and IFRS 7: *Supplier Finance Arrangement*	1 January 2024
Amendments to IFRS 10 and IAS 28: *Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*	To be determined

The Directors expect that the adoption of the standards above will have no material impact on the Group's financial statements in the period of initial application.

2.4 Investment in associates

An associate is an entity over which the Group has the power to participate in the financial and operating policy decisions of the investee but does not have control or joint control of those policies. The Group accounts for its investment in associates using the equity method from the date on which it becomes an associate.

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

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

2. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

2.4 Investment in associates (Continued)

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

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

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

2.5 Impairment of non-financial assets

Property, plant and equipment, investment property and investment in associates are tested for impairment whenever there is any objective evidence or indication that these assets may be impaired.

For the purpose of impairment testing, the recoverable amount (i.e. the higher of the fair value less cost to sell and the value-in-use) is determined on an individual asset basis unless the asset does not generate cash inflows that are largely independent of those from other assets. If this is the case, the recoverable amount is determined for the cash-generating-unit ("**CGU**") to which the asset belongs.

If the recoverable amount of the asset (or CGU) is estimated to be less than its carrying amount, the carrying amount of the asset (or CGU) is reduced to its recoverable amount.

The difference between the carrying amount and recoverable amount is recognised as an impairment loss in profit or loss.

An impairment loss for an asset is reversed if, there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. The carrying amount of this asset is increased to its revised recoverable amount, provided that this amount does not exceed the carrying amount that would have been determined (net of any accumulated amortisation or depreciation) had no impairment loss been recognised for the asset in prior years.

A reversal of impairment loss for an asset is recognised in profit or loss.

2. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

2.6 Property, plant and equipment

(a) Measurement

(i) Property, plant and equipment

Property, plant and equipment are initially recognised at cost and subsequently carried at cost less accumulated depreciation and accumulated impairment losses.

(ii) Component of costs

The cost of an item of property, plant and equipment initially recognised includes its purchase price and any cost that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

(b) Depreciation

Depreciation on property, plant and equipment is calculated using the straight-line method to allocate their depreciable amounts over their estimated useful lives. The estimated useful lives are as follows:

	Useful lives
Plant and machinery	5 years
Furniture, fixtures and office equipment	5 years
Motor vehicles	5 years

The residual values, estimated useful lives and depreciation method of property, plant and equipment are reviewed, and adjusted as appropriate, at each reporting date. The effects of any revision are recognised in profit or loss when the changes arise.

2. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

2.6 Property, plant and equipment (Continued)

(c) Subsequent expenditure

Subsequent expenditure relating to property, plant and equipment that has already been recognised is added to the carrying amount of the asset only when it is probable that future economic benefits associated with the item will flow to the entity and the cost of the item can be measured reliably. All other repair and maintenance expenses are recognised in profit or loss when incurred.

(d) Disposal

On disposal of an item of property, plant and equipment, the difference between the disposal proceeds and its carrying amount is recognised in profit or loss.

2.7 Investment property

Investment property of the Group include those portions of buildings that are held for long term rental yields and/or for capital appreciation.

Investment property is initially recognised at cost and subsequently carried at cost less accumulated depreciation and accumulated impairment losses.

Depreciation is calculated using a straight-line method to allocate the depreciable amounts over the estimated useful life of 50 years. The residual value, useful life and depreciation method of investment property are reviewed, and adjusted as appropriate, at each reporting date. The effects of any revision are included in profit or loss when the changes arise.

When the cost model is applied, the fair value of investment property shall be disclosed at each reporting date.

2.8 Borrowing costs

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

2. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

2.9 Financial assets

(a) Classification and measurement

The classification depends on the Group's business model for managing the financial assets as well as the contractual terms of the cash flows of the financial assets.

The Group reclassifies financial assets when and only when its business model for managing those assets changes.

At initial recognition

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

At subsequent measurement

(i) Debt instruments

There are three subsequent measurement categories, depending on the Group's business model for managing the asset and the cash flow characteristics of the asset:

- Amortised cost: Debt instruments that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. A gain or loss on a debt instrument that is subsequently measured at amortised cost and is not part of a hedging relationship is recognised in profit or loss when the asset is derecognised or impaired. Interest income from these financial assets is included in interest income using the effective interest rate method.

2. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

2.9 Financial assets (Continued)

(a) Classification and measurement (Continued)

At subsequent measurement (Continued)

(i) Debt instruments (Continued)

- FVOCI: Debt instruments that are held for collection of contractual cash flows and for sale, and where the assets' cash flows represent solely payments of principal and interest, are classified as FVOCI. Movements in fair values are recognised in Other Comprehensive Income ("**OCI**") and accumulated in fair value reserve, except for the recognition of impairment gains or losses, interest income and foreign exchange gains and losses, which are recognised in profit or loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss and presented in "other gains and losses". Interest income from these financial assets is recognised using the effective interest rate method and presented in "other income and gains".

- FVTPL: Debt instruments that are held for trading as well as those that do not meet the criteria for classification as amortised cost or FVOCI are classified as FVTPL. Movement in fair values and interest income is recognised in profit or loss in the period in which it arises and presented in "other gains and losses".

(ii) Equity instruments

The Group subsequently measures all its equity investments at their fair values. Equity investments are classified as FVTPL with movements in their fair values recognised in profit or loss in the period in which the changes arise and presented in "other gains and losses", except for those equity securities which are not held for trading. The Group has elected to recognise changes in fair value of equity securities not held for trading in other comprehensive income as these are strategic investments and the Group considers this to be more relevant. Movements in fair values of investments classified as FVOCI are presented as "fair value gains/losses" in OCI. Dividends from equity investments are recognised in profit or loss as "dividend income".

2. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

2.9 Financial assets (Continued)

(b) Impairment

The Group recognises an allowance for ECLs for all debt instruments not held at FVTPL. 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 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-months 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 365 days past due. However, in certain cases, the Group may also considers 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.

(c) Recognition and derecognition

Regular way purchases and sales of financial assets are recognised on trade date – the date on which the Group commits to purchase or sell the asset.

Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership.

On disposal of a debt instrument, the difference between the carrying amount and the sale proceeds is recognised in profit or loss. Any amount previously recognised in OCI relating to that asset is reclassified to profit or loss.

2. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

2.10 Trade and other payables

Trade and other payables represent liabilities for goods and services provided to the Group prior to the end of financial year which are unpaid. They are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). Otherwise, they are presented as non-current liabilities.

Trade and other payables are initially recognised at fair value, and subsequently carried at amortised cost using the effective interest method.

2.11 Leases

(a) When the Group is the lessee

At the inception of the contract, the Group assesses if the contract contains a lease. A contract contains a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Reassessment is only required when the terms and conditions of the contract are changed.

- *Right-of-use assets*

  The Group recognises a right-of-use asset and lease liability at the date which the underlying asset is available for use. Right-of-use assets are measured at cost which comprises the initial measurement of lease liabilities adjusted for any lease payments made at or before the commencement date and lease incentives received. Any initial direct costs that would not have been incurred if the lease had not been obtained are added to the carrying amount of the right-of-use assets.

  The right-of-use assets are subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use assets or the end of the lease term, unless the Group has the option to acquire the right-of-use assets at the end of the lease term. In this case, the right-of-use assets will be subsequently depreciated using the straight-line method from the commencement date to the end of useful life of the assets.

  Right-of-use assets are presented within “Property, plant and equipment”.

2. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

2.11 Leases (Continued)

(a) When the Group is the lessee (Continued)

- *Lease liabilities*

The initial measurement of a lease liability is measured at the present value of the lease payments discounted using the interest rate implicit in the lease, if the rate can be readily determined. If that rate cannot be readily determined, the Group shall use its incremental borrowing rate.

Lease payments include the following:

- Fixed payments (including in-substance fixed payments), less any lease incentives receivable;
- Variable lease payments that are based on an index or rate, initially measured using the index or rate as at the commencement date;
- Amounts expected to be payable under residual value guarantees;
- The exercise price of a purchase option if the Group is reasonably certain to exercise the option; and
- Payment of penalties for terminating the lease, if the lease term reflects the Group exercising that option.

For a contract that contains both lease and non-lease components, the Group allocates the consideration to each lease component on the basis of the relative stand-alone prices of the lease and non-lease components. The Group has elected to not separate lease and non-lease components for leases and account these as one single lease component.

Lease liabilities are remeasured with a corresponding adjustment to the right-of-use assets, or is recorded in profit or loss if the carrying amount of the right-of-use assets has been reduced to zero.

2. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

2.11 Leases (Continued)

(b) When the Group is the lessor

The Group leases investment property under operating lease to non-related parties.

Leases where the Group retains substantially all risks and rewards incidental to ownership are classified as operating leases. Rental income from operating leases (net of any incentives given to the lessees) is recognised in profit or loss on a straight-line basis over the lease term.

Initial direct costs incurred by the Group in negotiating and arranging operating leases are added to the carrying amount of the leased assets and recognised as an expense in profit or loss over the lease term on the same basis as the lease income.

Contingent rents are recognised as income in profit or loss when earned.

2.12 Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability, or in the absence of a principal market, in the most advantageous market for the asset or liability. The principal or the most advantageous market must be accessible by the Group. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy based on the lowest level input that is significant to the fair value measurement as a whole.

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by reassessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

2. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

2.13 Borrowings

Borrowings are presented as current liabilities unless the Group has an unconditional right to defer settlement for at least 12 months after the reporting date, in which case they are presented as non-current liabilities.

Borrowings are initially recognised at fair value (net of transaction costs) and subsequently carried at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption value is recognised in profit or loss over the period of the borrowings using the effective interest method.

2.14 Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events, it is more likely than not that an outflow of resources will be required to settle the obligation and the amount has been reliably estimated.

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.

2.15 Income tax

Current income tax

Current income tax assets and liabilities 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 reporting date in the countries where the Group operates and generates taxable income.

Current income tax relating to items recognised directly in equity is recognised in equity and not in the statement of profit or loss. 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.

Deferred tax

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

2. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

2.15 Income tax (Continued)

Deferred tax (Continued)

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

- When the deferred tax liability arises from the initial recognition of goodwill or 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 does not give rise to equal taxable and deductible temporary differences; and

- In respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint arrangements, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised 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:

- When 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 does not give rise to equal taxable and deductible temporary differences; and

- In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint arrangements, 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 each reporting date 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 re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

In assessing the recoverability of deferred tax assets, the Group relies on the same forecast assumptions used elsewhere in the financial statements and in other management reports.

2. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

2.15 Income tax (Continued)

Deferred tax (Continued)

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

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 OCI or directly in equity.

Tax benefits acquired as part of a business combination, but not satisfying the criteria for separate recognition at that date, are recognised subsequently if new information about facts and circumstances change. The adjustment is either treated as a reduction in goodwill (as long as it does not exceed goodwill) if it was incurred during the measurement period or recognised in profit or loss.

The Group offsets deferred tax assets and deferred tax liabilities if and only if it has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

Sales tax

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

- When 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

- When receivables and payables are stated with the amount of sales tax included. The net amount of sales tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position.

2. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

2.16 Government grants

Grants from the government are recognised as a receivable at their fair value when there is reasonable assurance that the grant will be received and the Group will comply with all the attached conditions.

Government grants receivable are recognised as income over the periods necessary to match them with the related costs which they are intended to compensate, on a systematic basis. Government grants relating to expenses are shown separately as other income.

Government grants relating to assets are deducted against the carrying amount of the assets.

2.17 Revenue recognition

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 third 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) Revenue from construction contracts

Revenue from earthworks and general construction works transferred over time is recognised progressively by reference to the proportion of contract costs incurred to date compared to expected total cost, which depict the transfer of control of the goods or services to the customer.

The Group recognises revenue over time only if it can reasonably measure its progress toward complete satisfaction of the performance obligation. However, if the Group cannot reasonably measure the outcome but expects to recover the costs incurred in satisfying the performance obligation, then it recognises revenue to the extent of the costs incurred.

2. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

2.17 Revenue recognition (Continued)

(a) Revenue from construction contracts (Continued)

Contract assets and liabilities

The Group presents a contract liability or a contract asset in its consolidated statement of financial position when either party to the contract has performed. The Group performs by transferring goods or services to the customer, and the customer performs by paying consideration to the Group.

A contract asset represents the Group's rights to consideration in exchange for goods and services that the Group has transferred to a customer that is not yet unconditional. In contrast, a receivable represents the Group's unconditional right to consideration, i.e. only the passage of time is required before payment of that consideration is due.

Contract asset is recognised when the Group completes the construction works under such services contracts but yet certified by architects, surveyors or other representatives appointed by customers.

Any amount previously recognised as a contract asset is reclassified to trade receivables at the point at which it is invoiced to the customer.

A contract liability represents the Group's obligations to transfer goods and services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer.

2. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

2.17 Revenue recognition (Continued)

(a) Revenue from construction contracts (Continued)

Contract costs

Incremental cost of obtaining a contract is capitalised if the Group expects to recover those costs, unless the amortisation period for such costs would be one year or less. Costs that will be incurred regardless of whether the contract is obtained are expensed as they are incurred.

The Group recognises an asset from the costs incurred to fulfil a contract when those costs meet all of the following criteria:

(a) the costs relate directly to a contract or to an anticipated contract that the entity can specifically identify;

(b) the costs generate or enhance resources of the entity that will be used in satisfying (or in continuing to satisfy) performance obligations in the future; and

(c) the costs are expected to be recovered.

The asset recognised is subsequently amortised to profit or loss on a systematic basis that is consistent with the transfer to the customer of the goods or services to which the costs relate. The asset is subject to impairment review.

2. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

2.17 Revenue recognition (Continued)

(b) Rental income

Rental income from investment property is recognised on a straight-line basis over the periods of the respective tenancy.

(c) Interest income

Interest income is recognised using the effective interest method, which is the rate that exactly discounts the estimated future cash receipts through the expected life of the financial instrument or a shorter period, where appropriate, to the net carrying amount of the financial asset.

(d) Dividend income

Dividend income from investments is recognised when the shareholders' rights to receive payment have been established.

2.18 Employee compensation

Employee benefits are recognised as an expense, unless the cost qualifies to be capitalised as an asset.

Defined contribution plans

Defined contribution plans are post-employment benefit plans under which the Group pays fixed contributions into separate entities such as the Central Provident Fund on a mandatory, contractual or voluntary basis. The Group has no further payment obligations once the contributions have been paid.

2.19 Share based payments

Where share options are awarded to employees and others providing similar services, the fair value of the options at the date of grant is recognised in profit or loss over the vesting period with a corresponding increase in the share option reserve within equity for equity-settled share based payments. Non-market vesting conditions are taken into account by adjusting the number of equity instruments expected to vest at the end of each reporting period so that, ultimately, the cumulative amount recognised over the vesting period is based on the number of options that eventually vest. Market vesting conditions are factored into the fair value of the options granted. As long as all other vesting conditions are satisfied, a charge is made irrespective of whether the market vesting conditions are satisfied. The cumulative expense is not adjusted for failure to achieve a market vesting condition.

Where the terms and conditions of options are modified before they vest, the increase in the fair value of the options, measured immediately before and after the modification, is also recognised in profit or loss over the remaining vesting period.

2. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

2.20 Currency translation

(a) Functional and presentation currency

Items included in the financial statements of the Group are measured using the currency of the primary economic environment in which the entity operates ("**functional currency**"). The financial statements are presented in SGD, which is the functional currency of the Company.

(b) Transactions and balances

Transactions in a currency other than the functional currency ("**foreign currency**") are translated into the functional currency using the exchange rates at the dates of the transactions. Currency exchange differences resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at the closing rates at the reporting date are recognised in profit or loss.

2.21 Cash and cash equivalents

For the purpose of presentation in the consolidated statement of cash flows, cash and cash equivalents include cash on hand and deposits with financial institutions which are subject to an insignificant risk of change in value.

2.22 Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issuance of new ordinary shares are deducted against the share capital amount.

2.23 Related parties

A related party is defined as follows:

(a) A person or a close member of that person's family is related to the Group and the Company if that person:

(i) Has control or joint control over the Company;

(ii) Has significant influence over the Company; or

(iii) Is a member of the key management personnel of the Group or the Company or of a parent of the Company.

2. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

2.23 Related parties (Continued)

(b) A person or a close member of that person's family is related to the Group and the Company if that person:

(i) The entity and the Company are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others);

(ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member);

(iii) Both entities are joint ventures of the same third party;

(iv) One entity is a joint venture of a third party and the other entity is an associate of the third party;

(v) The entity is a post-employment benefit plan for the benefit of employees of either the Company or an entity related to the Company. If the Company is itself such a plan, the sponsoring employers are also related to the Company;

(vi) The entity is controlled or jointly controlled by a person identified in (a); or

(vii) A person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

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

3.1 Judgements made in applying accounting policies

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

3.2 Key sources of estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of each reporting period are discussed below. The Group based its assumptions and estimates on parameters available when the consolidated 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.

(a) Revenue recognition from construction contracts

Revenue recognition on a project is dependent on management's estimation of the progress of the satisfaction of performance obligations of a construction contract over time, measuring using input method, with reference to the proportion that contract costs incurred for work performed to date to the estimated total costs for the contracts.

The Group reviews and revises the estimates of contract revenue, contract costs and variations for each construction contract as the contract progresses. Budgeted construction costs are prepared by the management on the basis of quotations from time to time provided by the major contractors, suppliers or vendors involved and the experience of the management. Such budgeted costs mainly comprise of materials and processing charges, project staff costs, costs of subcontracting, and an appropriation of variable and fixed construction overheads.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (CONTINUED)

3.2 Key sources of estimation uncertainty (Continued)

(a) Revenue recognition from construction contracts (Continued)

In estimating the total budgeted costs for construction contracts, management makes reference to information such as costs incurred up to date, current offers from sub-contractors and suppliers, recent offers agreed with sub-contractors and suppliers, and professional estimation on materials and processing charges on, project staff costs and other costs estimated by the Directors. In order to keep the budget accurate and up to date, the management conducts periodic reviews of the management budgets by comparing the budgeted amounts to the actual amounts incurred in particular in the case of costs over-run, and revises the estimated costs when necessary.

Significant judgement is required in estimating the budgeted contract costs which may have an impact in terms of percentage of completion and hence contract revenue recognised. In many cases the results reflect the expected outcome of long-term contractual obligations which span more than one reporting period. Contract costs and revenues are affected by a variety of uncertainties that depend on the outcome of future events and often need to be revised as events unfold and uncertainties are resolved. Notwithstanding that the management regularly reviews and revises contract budgets when those construction contracts progressed, the actual contract costs and gross profit margin achieved may be higher or lower than the estimates and that will affect the revenue and gross profit recognised in the consolidated financial statements. The Group's revenue, contract assets and contract liabilities are disclosed in Notes 5 and 17 respectively.

(b) Investments in property development projects

The Group has investments in debt instruments on property development projects which are classified as financial assets at FVTPL. The measurement of the fair value of the financial assets involves the use of the Group's estimates and assumptions which include amongst others, the estimates of the selling price and cost of construction of the underlying property, and appropriate discount rate. Changes in these assumptions and estimates could affect the fair value of the financial assets. The carrying amounts of investments in property development projects are disclosed in Note 16.

(c) Provision for ECLs on trade and other receivables

The provision for ECLs on trade and other receivables is based on estimation about credit default risk. The Group uses judgement in making assumptions and selecting the inputs to the impairment calculation, based on the number of days that an individual receivable is outstanding as well as the Group's historical experience and forward-looking information at the end of each reporting period. Changes in these assumptions and estimates could materially affect the result of the assessment and it may be necessary to make additional impairment charge to profit or loss. The carrying amounts of contract assets as well as trade and other receivables are disclosed in Notes 17, 18 and 19, respectively.

4. OPERATING SEGMENT INFORMATION

For the purpose of resources allocation and performance assessment, the Group determines its operating segments based on the reports reviewed by chief operating decision maker ("**CODM**") that are used to make strategic decisions. Consolidated financial statements reported to the CODM based on the following segments:

a) Provision of earthworks and related services, mainly include excavation, earth disposal, demolition and various earthwork ancillary services (collectively referred as "**Earthworks and ancillary services**"); and

b) Provision of general construction works, mainly include construction of new buildings, alternation and addition works (collectively referred as "**General construction works**").

Segment revenue and results

Segment revenue below represents revenue from external customers. There was no inter-segment revenue during the years ended 31 December 2023 and 31 December 2022. Operating revenue, direct costs, gain on disposals of property, plant and equipment (including plant and machinery and motor vehicles), interest expenses on leases liabilities and provision for ECL on trade receivables were allocated to different segments to assess corresponding performance.

The segment revenue and results, and the totals presented for the Group's operating segments reconcile to the Group's key financial figures as presented in the consolidated financial statements are as follows:

	Earthworks and ancillary services S$'000	General construction works S$'000	Total S$'000
2023			
Revenue from external customers	84,436	36,396	120,832
Reconciliation:			
Reportable segment results	4,192	4,702	8,894
Unallocated other income and gains			3,342
Corporate and other unallocated expenses			(6,990)
Interest on borrowings			(49)
Share of results of associates			(640)
Profit before income tax			4,557

4. OPERATING SEGMENT INFORMATION (CONTINUED)

Segment revenue and results (Continued)

The segment revenue and results, and the totals presented for the Group's operating segments reconcile to the Group's key financial figures as presented in the consolidated financial statements are as follows: (Continued)

	Earthworks and ancillary services S$'000	General construction works S$'000	Total S$'000
2022			
Revenue from external customers	80,179	8,426	88,605
Reconciliation:			
Reportable segment results	5,732	601	6,333
Unallocated other income and gains			2,010
Corporate and other unallocated expenses			(6,418)
Interest on borrowings			(74)
Share of results of associates			585
Profit before income tax			2,436

Corporate and other unallocated expenses mainly included Directors' emoluments, employee benefits expenses, depreciation of office equipment, provision for ECL on other receivables and other centralised administrative cost for the Group's headquarter.

Segment assets and liabilities

Reportable segment assets

The following is an analysis of the Group's segment assets by reportable and operating segment:

	2023 S$'000	2022 S$'000
Earthworks and ancillary services	**49,177**	51,775
General construction works	**10,789**	8,760
Total	**59,966**	60,535
Additions to non-current segment assets:		
Earthworks and ancillary services	**12,328**	3,259

4. OPERATING SEGMENT INFORMATION (CONTINUED)

Segment assets and liabilities (Continued)

Reportable segment assets (Continued)

The totals presented for the Group's operating segments reconcile to the Group's key financial figures as presented in the consolidated financial statements as follows:

	2023 S$'000	2022 S$'000
Reportable segment assets	**59,966**	60,535
Unallocated property, plant and equipment	**166**	254
Unallocated right-of-use assets	**91**	202
Financial assets at FVTPL	**8,499**	7,874
Financial assets at amortised cost	**250**	250
Financial assets at FVOCI	**557**	1,394
Investment property	**1,274**	1,286
Other assets	**366**	365
Deferred tax assets	**–**	228
Pledged deposits	**1,285**	1,281
Cash and cash equivalents	**30,105**	23,441
Investment in associates	**16,928**	9,924
Corporate and other unallocated assets	**2,198**	3,501
Group assets	**121,685**	110,535

Corporate and other unallocated assets mainly included deposits, prepayments, other receivables due from related parties and advance payment to suppliers.

4. OPERATING SEGMENT INFORMATION (CONTINUED)

Segment assets and liabilities (Continued)

Reportable segment liabilities

The following is an analysis of the Group's segment liabilities by reportable and operating segment:

	2023 S$'000	2022 S$'000
Earthworks and ancillary services	**16,046**	11,849
General construction works	**2,904**	1,210
Total	**18,950**	13,059

The totals presented for the Group's operating segments reconcile to the Group's key financial figures as presented in the consolidated financial statements as follows:

	2023 S$'000	2022 S$'000
Reportable segment liabilities	**18,950**	13,059
Borrowings	**1,817**	3,069
Corporate and other unallocated liabilities	**8,830**	5,624
Group liabilities	**29,597**	21,752

Corporate and other unallocated liabilities mainly included accruals for employee benefit expenses, and payables of office operating expenses and utilities.

4. OPERATING SEGMENT INFORMATION (CONTINUED)

Other segment information

	Earthworks and ancillary services S$'000	General construction works S$'000	Unallocated S$'000	Total S$'000
2023				
Gain on disposals of property, plant and equipment	587	–	–	587
Fair value gain on financial assets at FVTPL	–	–	876	876
Depreciation of property, plant and equipment	6,192	–	221	6,413
(Reversal of)/provision for ECL on contract assets	(83)	49	–	(34)
Provision for ECL on trade receivables	131	–	–	131
Finance costs	188	–	49	237
Interest income	–	–	193	193
Share of results of associates	–	–	(640)	(640)
2022				
Gain on disposals of property, plant and equipment	202	–	–	202
Write-off of lease liabilities	68	–	–	68
Fair value gain on financial assets at FVTPL	–	–	247	247
Depreciation of property, plant and equipment	7,066	–	276	7,342
Provision for ECL on contract assets	270	19	–	289
Reversal of ECL on trade receivables	(180)	(113)	–	(293)
Finance costs	139	–	74	213
Interest income	–	–	57	57
Share of results of associates	–	–	585	585

4. OPERATING SEGMENT INFORMATION (CONTINUED)

Geographical information

The Group's non-current assets are all based in Singapore. No geographical information is presented for the Group's business segment as the Group is principally engaged in projects within Singapore. Accordingly, the Group's revenue is all derived from customers located in Singapore.

Revenue from customers for the year over 10% of the Group's total revenue is as follows:

	2023 S$'000	2022 S$'000
Customer A – attributable to Earthworks and ancillary services	**30,438**	15,711

5. REVENUE, OTHER INCOME AND GAINS

a) Revenue, which is also the Group's turnover, represents revenue from Earthworks and ancillary services and General construction works. Revenue recognised from the principal activities during the year is as follows:

	Revenue from external customers	
	2023 **S$'000**	2022 S$'000
Revenue from contracts with customer and recognised over time:		
Earthworks and ancillary services	**84,436**	80,179
General construction works	**36,396**	8,426
	120,832	88,605

Earthworks and ancillary services included revenue of S$78,635,000 (2022: S$73,298,000) from earthworks and S$5,801,000 (2022: S$6,881,000) from earthworks ancillary services.

5. REVENUE, OTHER INCOME AND GAINS (CONTINUED)

b) Transaction price allocated to remaining performance obligations

As at 31 December 2023, the transaction price allocated to performance obligations that were unsatisfied (or partially unsatisfied) in relation to project works was S$335,000,000 (2022: S$230,473,000). The Directors expect that the unsatisfied performance obligations will be recognised as revenue from 1 to 5 years according to the contract period.

c) An analysis of the Group's other income and gains during the year is as follows:

	2023 S$'000	2022 S$'000
Other income		
Management service income	**501**	417
Interest income from financial assets at amortised cost	**193**	57
Reversal of provision for ECL	**47**	318
Rental income from investment property	**91**	111
Dividend income from financial assets at FVOCI	**59**	46
Sales of scrap materials and consumables	**535**	421
Government grants	**115**	597
Others	**39**	18
	1,580	1,985
Gains		
Gain on disposals of property, plant and equipment	**587**	202
Write-off of lease liabilities	**–**	68
Gain on settlement of financial assets at FVTPL	**934**	96
Fair value gain from financial assets at FVTPL	**876**	247
	2,397	613
Total	**3,977**	2,598

The Group received funding support from Singapore government. The entitlement of the government grants is under the discretion of the relevant government bureaus. Included within the government grants for the year ended 31 December 2023 was Nil (2022: S$505,000) of Foreign Worker Levy rebates.

6. FINANCE COSTS

	2023 S$'000	2022 S$'000
Interest expenses from financial liabilities at amortised cost:		
– Interest on lease liabilities	**188**	139
– Interest on borrowings wholly repayable within five years	**49**	74
	237	213

7. PROFIT BEFORE INCOME TAX

Profit before income tax is arrived at after charging/(crediting):

	Note	2023 S$'000	2022 S$'000
Auditor's remuneration		**192**	185
Depreciation of property, plant and equipment *(Note 12)*	*(i)*	**6,413**	7,342
Depreciation of investment property *(Note 13)*	*(ii)*	**12**	12
Direct operating expenses arising from investment property that generated rental income		**19**	17
Net foreign exchange loss		**127**	9
Employee benefit expenses (including Directors' remuneration *(Note 8)*):			
– Salaries, wages and bonuses		**21,504**	18,538
– Equity-settled share option expenses		**60**	83
– Defined contribution retirement plan		**772**	703
– Other short-term benefits		**3,091**	3,098
(Reversal of)/provision for ECL on contract assets *(Note 17)*		**(34)**	289
Provision for/(reversal of) ECL on trade receivables, net *(Note 18)*		**131**	(293)
(Reversal of)/impairment on other assets *(Note 15)*		**(1)**	4
Fair value gain from financial assets at FVTPL		**(876)**	(247)

Notes:

(i) Depreciation of property, plant and equipment amounting to S$6,198,000 (2022: S$7,070,000) has been included in direct costs and S$215,000 (2022: S$272,000) has been included in administrative and other operating expenses during the year.

(ii) Depreciation of investment property has been included in administrative and other operating expenses.

8. DIRECTORS' REMUNERATION AND FIVE HIGHEST PAID EMPLOYEES

Directors' remuneration for the year, disclosed pursuant to Rules Governing the Listing of Securities (the "**Listing Rules**") on The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**"), Section 383(1)(a), (b), (c) and (f) of the Hong Kong Companies Ordinance and Part 2 of the Companies (Disclosure of Information about Benefits of Directors) Regulations, is as follows:

a) Directors' remuneration

The remuneration paid or payable to the Directors is as follow:

	Fees S$'000	Salaries, allowances and benefits in kind S$'000	Discretionary bonuses S$'000	Equity-settled share option expenses S$'000	Defined contribution S$'000	Total S$'000
2023						
Executive Directors:						
Mr. Lim Kui Teng ("**Mr. Alan Lim**")	–	1,042	–	–	12	1,054
Mr. Bijay Joseph	–	253	–	–	12	265
	–	1,295	–	–	24	1,319
Independent non-executive Directors:						
Mr. Wee Hian Eng Cyrus ("**Mr. Cyrus Wee**")	21	–	–	–	–	21
Mr. Xu Fenglei ("**Mr. Xu**")	24	–	–	–	–	24
Mr. Wong Ka Bo Jimmy ("**Mr. Jimmy Wong**") *(Note (iv))*	31	–	–	–	–	31
	76	–	–	–	–	76
Non-executive Director:						
Mr. Phang Yew Kiat ("**Mr. Phang**")	–	–	–	60	–	60
Total	76	1,295	–	60	24	1,455

8. DIRECTORS' REMUNERATION AND FIVE HIGHEST PAID EMPLOYEES (CONTINUED)

a) Directors' remuneration (Continued)

The remuneration paid or payable to the Directors is as follow: (Continued)

	Fees S$'000	Salaries, allowances and benefits in kind S$'000	Discretionary bonuses S$'000	Equity-settled share option expenses S$'000	Defined contribution S$'000	Total S$'000
2022						
Executive Directors:						
Mr. Lim Kui Teng ("**Mr. Alan Lim**")	–	1,003	–	–	12	1,015
Mr. Lau Yan Hong ("**Mr. Dicky Lau**") *(Note (i))*	–	72	–	–	4	76
Mr. Quek Sze Whye ("**Mr. Albert Quek**") *(Note (ii))*	–	107	–	–	2	109
Mr. Bijay Joseph	–	222	–	–	12	234
	–	1,404	–	–	30	1,434
Independent non-executive Directors:						
Mr. Wee Hian Eng Cyrus ("**Mr. Cyrus Wee**")	21	–	–	–	–	21
Mr. Chan Po Siu ("**Mr. Chan**") *(Note (iii))*	13	–	–	–	–	13
Mr. Xu Fenglei ("**Mr. Xu**")	24	–	–	–	–	24
Mr. Wong Ka Bo Jimmy ("**Mr. Jimmy Wong**") *(Note (iv))*	19	–	–	–	–	19
	77	–	–	–	–	77
Non-executive Director:						
Mr. Phang Yew Kiat ("**Mr. Phang**")	–	–	–	83	–	83
Total	77	1,404	–	83	30	1,594

8. DIRECTORS' REMUNERATION AND FIVE HIGHEST PAID EMPLOYEES (CONTINUED)

a) Directors' remuneration (Continued)

Notes:

(i) Mr. Dicky Lau resigned as the executive director of the Company on 27 May 2022.

(ii) Mr. Albert Quek resigned as the executive director of the Company on 27 May 2022.

(iii) Mr. Chan resigned as an independent non-executive director of the Company on 27 May 2022.

(iv) Mr. Jimmy Wong was appointed as an independent non-executive director of the Company on 27 May 2022.

b) Five highest paid individuals

The five highest paid individuals of the Group included 2 (2022: 3) Directors for the year, whose emoluments are reflected in Note a).

The analysis of the emolument of the remaining 3 (2022: 2) highest paid individual for the year is set out below:

	2023 **S$'000**	2022 S$'000
Salaries, allowances and benefits in kind	**541**	357
Discretionary bonuses	**332**	53
	873	410

8. DIRECTORS' REMUNERATION AND FIVE HIGHEST PAID EMPLOYEES (CONTINUED)

b) Five highest paid individuals (Continued)

The remuneration of the remaining 3 individuals (2022: 2) fell within the following bands:

	Number of individuals 2023	2022
Nil – HK$1,000,000	**–**	–
HK$1,000,001 – HK$1,500,000	**2**	2
HK$1,500,001 – HK$2,000,000	**–**	–
HK$2,000,001 – HK$2,500,000	**1**	–
	3	2

c) During the year, no director or any of the highest paid individuals waived or agreed to waive any emoluments (2022: Nil). No emoluments were paid by the Group to the Directors or any of the highest paid individuals of the Group as an inducement to join or upon joining the Group or as compensation for loss of office.

9. INCOME TAX EXPENSE

(a) Income tax

	2023 S$'000	2022 S$'000
Current tax – Singapore income tax		
Charge for the year	**1,015**	491
Under provision in respect to prior year	**13**	39
	1,028	530
Deferred tax		
Charge for the year due to origination and reversal of temporary differences *(Note (b))*	**284**	183
Income tax expense	**1,312**	713

Singapore income tax has been provided at the rate of 17% on the estimated assessable profits.

9. INCOME TAX EXPENSE (CONTINUED)

(a) Income tax (Continued)

The income tax expense for the year can be reconciled to the profit before income tax per the consolidated statement of comprehensive income as follows:

	2023 S$'000	2022 S$'000
Profit before income tax	**4,557**	2,436
Add/(Less): Share of results of associates	**640**	(585)
	5,197	1,851
Tax at statutory tax rate of 17%	**884**	315
Enhanced tax allowances, exemptions and rebates	**(35)**	(35)
Non-deductible expenses	**228**	156
Income not subject to tax	**(3)**	(8)
Effect of tax due to different jurisdiction	**–**	–
Under provision in respect to prior year	**13**	39
Utilisation of previously unrecognised deferred income tax benefits	**–**	31
Tax loss disregarded	**292**	312
Effect of temporary differences	**(15)**	(72)
Others	**(52)**	(25)
Income tax expense	**1,312**	713

As at 31 December 2023, the Group had unutilised estimated tax losses of Nil (2022: S$672,000) available for offset against future profits. No deferred tax asset has been recognised in respect of the unutilised estimated tax losses due to the unpredictability of future profit stream. The unutilised estimated tax losses can be carried forward indefinitely.

9. INCOME TAX EXPENSE (CONTINUED)

(b) Deferred tax

The movements in deferred tax liabilities and assets during the year are as follow:

Deferred tax (liabilities)/assets

	Accelerated tax depreciation S$'000	Leases S$'000	Impairment loss S$'000	Unutilised leave S$'000	Unutilised losses S$'000	Total S$'000
At 1 January 2022	30	20	174	55	132	411
(Charge)/credit to profit or loss for the year *(Note (a))*	(66)	(10)	37	(14)	(130)	(183)
At 31 December 2022	(36)	10	211	41	2	228
(Charge)/credit to profit or loss for the year *(Note (a))*	(280)	(10)	18	(10)	(2)	(284)
At 31 December 2023	(316)	–	229	31	–	(56)

The following is an analysis of the deferred tax balances of the Group for financial reporting purposes:

	2023 S$'000	2022 S$'000
Deferred tax assets	**–**	228
Deferred tax liabilities	**56**	–

10. DIVIDENDS

No dividend was declared or paid by the Company during the year ended 31 December 2023 (2022: Nil).

11. EARNINGS PER SHARE

The calculation of basic earnings per share for the year ended 31 December 2023 is based on the profit for the year of S$3,245,000 (2022: S$1,723,000) and on the weighted average number of 1,036,456,000 (2022: 1,036,456,000) ordinary shares (the "**Shares**") of HK$0.01 each in the share capital of the Company in issue during the year ended 31 December 2023.

The calculation of diluted earnings per share for the year ended 31 December 2023 is based on the profit for the year of S$3,245,000 (2022: S$1,723,000) and on the weighted average number of Shares adjusted for the effects of dilution from the Group's share options of 1,136,408,000 (2022: 1,136,408,000).

12. PROPERTY, PLANT AND EQUIPMENT

	Properties leased for own use S$'000	Plant and machinery S$'000	Furniture, fixtures and office equipment S$'000	Motor vehicles S$'000	Total S$'000
Cost					
At 1 January 2022	1,927	24,223	2,824	38,744	67,718
Additions	–	1,451	162	1,790	3,403
Disposals	(514)	(1,111)	(143)	(1,270)	(3,038)
At 31 December 2022 and 1 January 2023	1,413	24,563	2,843	39,264	68,083
Additions	–	6,132	1,502	4,716	12,350
Disposals	(1,413)	(2,305)	–	(1,319)	(5,037)
At 31 December 2023	–	28,390	4,345	42,661	75,396
Accumulated depreciation					
At 1 January 2022	328	18,817	1,143	32,213	52,501
Depreciation charge *(Note 7)*	893	2,352	512	3,585	7,342
Disposals	(514)	(889)	(112)	(1,265)	(2,780)
At 31 December 2022 and 1 January 2023	707	20,280	1,543	34,533	57,063
Depreciation charge *(Note 7)*	706	2,336	651	2,720	6,413
Disposals	(1,413)	(2,305)	–	(1,182)	(4,900)
At 31 December 2023	–	20,311	2,194	36,071	58,576
Net book value					
At 31 December 2022	706	4,283	1,300	4,731	11,020
At 31 December 2023	**–**	**8,079**	**2,151**	**6,590**	**16,820**

13. INVESTMENT PROPERTY

	S$'000
Cost	
At 1 January 2022, 31 December 2022 and 31 December 2023	1,546
Accumulated depreciation	
At 1 January 2022	248
Depreciation charge *(Note 7)*	12
At 31 December 2022 and 1 January 2023	260
Depreciation charge *(Note 7)*	12
At 31 December 2023	272
Net book value	
At 31 December 2022	1,286
At 31 December 2023	1,274
Fair value	
At 31 December 2022	6,500
At 31 December 2023	6,500

The investment property of the Group consists of a four-storey industrial building used for rental income generation purpose. It is located at 1015 Upper Serangoon Road, Singapore 534753 on a freehold land. The estimated useful life of the investment property is 50 years. The remaining useful life of the investment property as at 31 December 2023 is 27 years (2022: 28 years).

13. INVESTMENT PROPERTY (CONTINUED)

The fair value of the investment property has been carried out by an independent valuer who holds a recognised and relevant professional qualification and has recent experience in the location and category of the investment property being valued. Fair value is determined by a market comparison method by taking into account the movement of the industrial property market index in Singapore. The fair value disclosed is categorised as Level 3 valuation. The key unobservable input used in valuing the investment property under the direct comparison approach was the prices per square meter. Significant increase/(decrease) in the unobservable input would result in a significant higher/(lower) fair value measurement. The highest and best use of the investment property of the Group does not differ from its current use.

14. INVESTMENT IN ASSOCIATES

	2023 **S$'000**	2022 S$'000
Advances to an associate	**16,868**	9,224
Share of net assets, including cost	**60**	700
	16,928	9,924

The advances to an associate are unsecured, interest-free and repayable on demand. In the opinion of the Directors, these advances are unlikely to be repaid in the foreseeable future and are considered as part of the Group's net investments in the associate. There was no recent history of default and past due amounts for advances to associate. As at 31 December 2023, the loss allowance was assessed to be minimal.

The material associate held by the Group is listed below:

Name of entity	**Principal place of business and incorporation**	**Principal activities**	**% of interest held by the Company** **2023** **%**	 2022 %
Chuan Investments Pte. Ltd. [i]	Singapore	Real estate developer	**33.3**	33.3

[i] Audited by Ernst & Young LLP.

14. INVESTMENT IN ASSOCIATES (CONTINUED)

The Group accounts for its interest in associates by applying the equity method of accounting in the consolidated financial statements.

The following table illustrates the summarised financial information in respect of Chuan Investments Pte. Ltd. adjusted for any differences in accounting policies and reconciled to the carrying amount in the consolidated financial statements:

Summarised statement of financial position

	Chuan Investments Pte. Ltd.	
	2023	2022
	S$'000	S$'000
Current assets	**35**	219
Non-current assets	**54,589**	29,619
Total assets	**54,624**	29,838
Current liabilities	**308**	87
Non-current liabilities	**54,150**	27,666
Total liabilities	**54,458**	27,753
Net assets	**166**	2,085
Proportion of the Group's ownership	**33.3%**	33.3%
Group's share of net assets and carrying amount of the investment	**55**	695

14. INVESTMENT IN ASSOCIATES (CONTINUED)

Summarised statement of comprehensive income

	Chuan Investments Pte. Ltd.	
	2023	2022
	S$'000	S$'000
Other income	**1,916**	599
(Loss)/profit for the year, net of taxation, representing total comprehensive (loss)/income for the year	**(1,920)**	1,756
Proportion of the Group's ownership	**33.3%**	33.3%
Group's share of results	**(640)**	585

The following table illustrates the aggregate financial information of the Group's associate which is not individually material:

	2023	2022
	S$'000	S$'000
Share of the associates' profit for the year, representing total comprehensive income for the year	**–**	–
Aggregate carrying amount of the Group's investment in associate	**5**	5

There are no contingent liabilities relating to the Group's interest in the associates.

15. OTHER ASSETS

The Group's other assets represented golf club memberships. The golf club memberships are tested for impairment annually.

As at the reporting date, the Directors have performed impairment review and reversal of S$1,000 (2022: review and impairment of S$4,000) was recognised.

16. FINANCIAL ASSETS – FAIR VALUE THROUGH PROFIT OR LOSS, FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME AND AMORTISED COST

	Note	2023 S$'000	2022 S$'000
Financial assets at FVTPL			
– Investment in life insurance policy at fair value	*(a)*	**1,475**	1,425
– Investment in property development projects		**7,024**	6,449
		8,499	7,874
Financial assets at FVOCI			
– Quoted equity securities at fair value		**240**	1,078
– Unquoted equity security at fair value		**317**	316
	(b)	**557**	1,394
Financial assets at amortised cost			
– Investment in corporate bond		**250**	250

Notes:

(a) The Group entered into contract with an insurance company which contains life insurance policy to insure against incapacity of a key management personnel of the Group, with insured sum of US$5,000,000 (equivalent to S$6,593,000). Under these contracts, the beneficiary and policy holder is Chuan Lim Construction Pte. Ltd., a wholly-owned subsidiary of the Company.

(b) The equity investments were irrevocably designated at FVOCI as the Group considers these investments to be strategic in nature.

Below are the amounts denominated in currencies other than the functional currency:

	2023 S$'000	2022 S$'000
United States dollar ("**US$**")	**1,475**	1,425

17. CONTRACT ASSETS AND CONTRACT LIABILITIES

	2023 S$'000	2022 S$'000
Contract assets	27,783	28,533
Less: Provision for ECL on contract assets	(479)	(513)
	27,304	28,020
Contract liabilities	(4,101)	(2,295)
	23,203	25,725

The timing of revenue recognition, progress billings to customers and payments received from customers would affect the amount of trade receivables, contract assets and contract liabilities recognised as at the reporting date on the consolidated statement of the financial position.

The Group's contract assets represent the Group's rights to consideration for work completed but not yet billed to customers as at the reporting date. The contract assets are transferred to trade receivables when the rights become unconditional, that is, when the Group issued progress billing/invoices to customers based on certified amount agreed with customer.

The contract assets are expected to be recovered or settled within 3 years upon completion of services and acceptance by the customers.

17. CONTRACT ASSETS AND CONTRACT LIABILITIES (CONTINUED)

During the year, S$34,000 (2022: S$289,000 was recognised as a provision for ECL) was recognised as a reversal of ECL on contract assets. Further details on the Group's credit policy and credit risk arising from contract assets are set out in Note 33.

Movement in the provision for ECL on contract assets:

	2023	2022
	S$'000	S$'000
Balance at beginning of the year	**513**	224
(Reversal of)/provision for ECL	**(34)**	289
Balance at end of the year	**479**	513

The Group's contract liabilities represent advanced payment received from customers while revenue is recognised based on measure of progress.

(i) Significant changes in the contract assets during the year are as follows:

	2023	2022
	S$'000	S$'000
Changes in measurement of progress	**90,091**	58,551
Transfers from the contract assets recognised at the beginning of year to trade receivables	**21,003**	18,488

(ii) Significant changes in the contract liabilities during the year are as follows:

	2023	2022
	S$'000	S$'000
Revenue recognised that was included in the contract liabilities balances at the beginning of year	**2,087**	2,816

Included in the Group's contract assets of S$3,087,000 (2022: S$3,087,000) is a balance with a related party who is the spouse of Mr. Alan Lim ("**Mrs. Lim**"), a shareholder and director of the Company. The amount with the related party included in the above balance is unsecured and interest-free.

18. TRADE RECEIVABLES

	Note	2023 S$'000	2022 S$'000
Trade receivables		**16,865**	22,642
Retention receivables		**379**	254
	(a)	**17,244**	22,896
Less: Provision for ECL on trade receivables and retention receivables		**(1,175)**	(1,044)
	(b)	**16,069**	21,852
Total trade receivables, net			
– Non-related parties		**16,062**	21,807
– Related parties	*(c)*	**7**	45
		16,069	21,852

Notes:

(a) During the year, credit period granted to the Group's customers was generally within 30 (2022: 30) days from invoice date of the relevant contract revenue. Some construction contracts stipulate that the customers withhold a portion of total contract sum (usually 5%) until a specified period (usually 1 year) after completion of the contract. The amount withheld is classified as retention receivables. Retention receivables are unsecured and interest-free.

(b) Based on invoice date, ageing analysis of the Group's trade receivables is as follows:

	2023 S$'000	2022 S$'000
0 to 30 days	**7,936**	7,062
31 to 90 days	**6,006**	7,592
91 to 180 days	**1,479**	4,312
181 to 365 days	**647**	2,293
Over 365 days	**1**	593
	16,069	21,852
Retention receivables	**–**	–
	16,069	21,852

18. TRADE RECEIVABLES (CONTINUED)

Notes: (Continued)

(b) (Continued)

Ageing analysis of the Group's trade receivables that are not impaired is as follows:

	2023 S$'000	2022 S$'000
Neither past due nor impaired	**7,931**	7,058
1 to 30 days past due	**4,792**	3,898
31 to 90 days past due	**1,911**	5,957
91 to 180 days past due	**908**	2,582
181 to 365 days past due	**526**	1,864
Over 365 days past due	**1**	493
	16,069	21,852
Retention receivables	**–**	–
	16,069	21,852

The Group's trade receivables as at the reporting date that were neither past due nor impaired relates to customers who had no recent history of default. The Group's management considers that trade receivables that were past due but not impaired under review are of good credit quality. The Group does not hold any collateral in respect of trade receivables past due but not impaired.

Movement in the provision for ECL on trade receivables and retention receivables is as follows:

	2023 S$'000	2022 S$'000
Balance at beginning of the year	**1,044**	1,337
Provision for/(reversal of) for ECL, net	**131**	(293)
Balance at end of the year	**1,175**	1,044

Further details on the Group's credit policy and credit risk arising from trade receivables are set out in Note 33.

(c) The receivables from these related parties are unsecured, interest-free and repayable on demand and are to be settled in cash. The trading transactions with these related parties and corresponding relationship with the Group are detailed in Note 27.

	2023 S$'000	2022 S$'000
Trade receivables	**7**	45
Less: Provision for ECL	**–**	–
	7	45

19. DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES

	Note	2023 S$'000	2022 S$'000
Other receivables		**428**	5,354
Less: Provision for ECL on other receivables	*(b)*	**–**	(5,199)
		428	155
Deposits		**590**	2,718
Prepayments		**1,210**	727
	(a)	**2,228**	3,600
Classified as:			
Non-current assets		**520**	140
Current assets		**1,708**	3,460
		2,228	3,600

Notes:

(a) Total deposits, prepayments and other receivables are analysed as follows:

	2023 S$'000	2022 S$'000
Non-related parties	**1,920**	3,367
Related parties	**308**	233
	2,228	3,600

The deposits, prepayments and other receivables from these related parties are unsecured, interest-free and repayable on demand and are to be settled in cash. The transactions with these related parties and corresponding relationship with the Group are detailed in Note 27.

19. DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES (CONTINUED)

Notes: (Continued)

(b) The movements in the provision for ECL on other receivables are as follows:

	12 months ECL S$'000	Lifetime ECL, non-credit impaired S$'000	Lifetime ECL, credit-impaired S$'000	Total S$'000
At 1 January 2022 and 31 December 2022	–	–	5,199	5,199
Written off	–	–	(5,199)	(5,199)
At 31 December 2023	–	–	–	–

The Group considers that other receivables that were neither past due nor impaired under review are of good credit quality. The Group does not hold any collateral over these balances.

20. CASH AND CASH EQUIVALENTS

	2023 S$'000	2022 S$'000
Cash and bank balances	**24,705**	21,722
Time deposits with an original maturity of less than three months	**6,685**	3,000
	31,390	24,722
Less: Pledged deposits	**(1,285)**	(1,281)
Cash and cash equivalents	**30,105**	23,441

The bank balances bear interest at floating rates based on daily bank deposits rates. Short term deposits are made for varying periods depending on the immediate cash requirements of the Group, and earn interest at the respective short term time deposit rates.

20. CASH AND CASH EQUIVALENTS (CONTINUED)

As at 31 December 2023 and 31 December 2022, pledged deposits are restricted bank balances to secure:

(i) the guarantee arrangement and the issuance of performance bonds (Note 28);

(ii) the banking facilities including letter of credit, overdraft and bank guarantee amounting to S$13,063,000 and S$17,500,000 respectively;

(iii) the term loan amounting to S$13,500,000 and S$13,500,000 respectively; and

(iv) the hire purchase of property, plant and equipment amounting to S$29,729,000 and S$14,632,000 respectively.

Included in cash and cash equivalents are the following amounts denominated in currencies other than the functional currency:

	2023 **S$'000**	2022 S$'000
HK$	**5,468**	7,533
US$	**243**	2,299

21. TRADE PAYABLES

	Note	**2023** **S$'000**	2022 S$'000
Trade payables	*(a)*	**7,045**	6,532
Retention payables		**997**	361
		8,042	6,893
Total trade payables			
– Non-related parties		**7,998**	6,467
– Related parties	*(b)*	**44**	426
		8,042	6,893

Notes:

(a) The Group's trade payables are non-interest bearing and generally have payment terms of 30 days.

(b) The trading transactions with these related parties and corresponding relationship with the Group are detailed in Note 27.

21. TRADE PAYABLES (CONTINUED)

Ageing analysis of trade payables, based on invoice date, is as follows:

	2023 S$'000	2022 S$'000
0 to 30 days	**4,799**	4,671
31 to 90 days	**1,905**	1,759
91 to 180 days	**223**	57
Over 180 days	**1,115**	406
	8,042	6,893

22. OTHER PAYABLES, ACCRUALS AND DEPOSITS RECEIVED

	2023 S$'000	2022 S$'000
Current liabilities:		
Other payables	**3,150**	647
Accruals		
– Wages and bonuses	**1,811**	1,458
– Others	**2,650**	2,760
Deposits received	**7**	13
	7,618	4,878
Non-current liabilities:		
Deposits received	**11**	6

23. BORROWINGS

	Note	2023 S$'000	2022 S$'000
Current liabilities:			
Amounts payable within one year			
– Term loan	(a)	**1,277**	1,252
Non-current liabilities:			
Amounts payable in second to five years			
– Term loan	(a)	**540**	1,817
Total borrowings		**1,817**	3,069

Notes:

(a) The Group has obtained loan to finance the Group's working capital during the year.

	2023 %	2022 %
Fixed interest rate of the secured term loans per annum	**2%**	2%

(b) Based on the schedule repayment dates set out in the loan agreement as mention in (a), the borrowings and repayable are as follows:

	2023 S$'000	2022 S$'000
Within one year	**1,277**	1,252
In the second year	**540**	1,277
In the third to fifth year	**–**	540
	1,817	3,069

23. BORROWINGS (CONTINUED)

Notes: (Continued)

(c) The Group's aggregate banking facilities amounted to S$56,292,000 (2022: S$45,632,000) of which S$24,527,000 (2022: S$18,597,000) had been utilised as at 31 December 2023. The banking facilities of the Group were pledged by bank deposits as set out in Note 20. The summary of banking facilities is as follows:

	2023 S$'000	2022 S$'000
Banking facilities for:		
– Term loan	13,500	13,500
– Letter of credit, bank overdraft and bank guarantee	13,063	17,500
– Hire purchase	29,729	14,632
	56,292	45,632

As at 31 December 2023, the Group had unutilised banking facilities of S$31,765,000 (2022: S$27,035,000).

24. LEASES

(a) As lessor

Future minimum lease rental receivables under non-cancellable operating leases of the Group as at the reporting dates are as follows:

	2023 S$'000	2022 S$'000
Within one year	71	75
Within second to fifth year	40	13
	111	88

The Group leases its investment property under operating lease. The leases run for an initial period of 1 to 2 years. None of these leases includes any contingent rentals.

24. LEASES (CONTINUED)

(b) As lessee

Right-of-use assets classified within property, plant and equipment

	Properties leased for own use S$'000	Plant and machinery S$'000	Office equipment S$'000	Motor vehicles S$'000	Total S$'000
Cost					
At 1 January 2022	1,927	9,027	143	12,704	23,801
Additions	–	1,324	121	711	2,156
Disposals	(514)	–	(143)	–	(657)
Transfer to PPE	–	(5,571)	–	(6,270)	(11,841)
At 31 December 2022 and 1 January 2023	1,413	4,780	121	7,145	13,459
Additions	–	5,330	–	3,675	9,005
Disposals	(1,413)	–	–	–	(1,413)
Transfer to PPE	–	(2,398)	–	(3,363)	(5,761)
At 31 December 2023	–	7,712	121	7,457	15,290
Accumulated depreciation					
At 1 January 2022	328	5,758	90	7,550	13,726
Depreciation charge	893	861	28	1,390	3,172
Disposals	(514)	–	(112)	–	(626)
Transfer to PPE	–	(4,293)	–	(4,427)	(8,720)
At 31 December 2022 and 1 January 2023	707	2,326	6	4,513	7,552
Depreciation charge	706	1,443	24	1,569	3,742
Disposals	(1,413)	–	–	–	(1,413)
Transfer to PPE	–	(2,171)	–	(3,195)	(5,366)
At 31 December 2023	–	1,598	30	2,887	4,515
Net book value					
At 31 December 2022	706	2,454	115	2,632	5,907
At 31 December 2023	–	6,114	91	4,570	10,775

24. LEASES (CONTINUED)

(b) As lessee (Continued)

Lease liabilities

	2023 S$'000	2022 S$'000
Current	**4,006**	2,820
Non-current	**2,915**	1,262
	6,921	4,082

Movements of lease liabilities for the financial year are as follows:

	2023 S$'000	2022 S$'000
Beginning of financial year	**4,082**	7,129
Additions	**5,991**	1,497
Write-off of lease liabilities	**–**	(68)
Accretion of interest	**188**	139
Principal payment of lease liabilities	**(3,152)**	(4,476)
Interest paid	**(188)**	(139)
End of financial year	**6,921**	4,082

24. LEASES (CONTINUED)

(b) As lessee (Continued)

The following table shows the remaining contractual maturities of the Group's lease liabilities at the end of the current and previous reporting periods:

	2023		2022	
	Minimum lease payments	Present values of minimum lease payments	Minimum lease payments	Present values of minimum lease payments
	S$'000	S$'000	S$'000	S$'000
Within one year	**4,382**	**4,006**	2,903	2,820
In the second to fifth years, inclusive	**3,091**	**2,915**	1,300	1,262
	7,473	**6,921**	4,203	4,082
Less: future interest expenses	**(552)**		(121)	
Present value of lease liabilities	**6,921**		4,082	
Analysed into:				
Current portion		**4,006**		2,820
Non-current portion		**2,915**		1,262
		6,921		4,082

Note:

During the year ended, the Group leased plant and machinery, office equipment and motor vehicles under finance leases. The lease term is ranging from 4 to 7 years, with effective interest rate ranging from 2.2% to 5.4% (2022: 2.5% to 5.2%) per annum. All the leases are on a fixed repayment basis and no arrangements have been entered into for contingent rental payments. In addition, the Group has certain leases with variable lease payments which are determined based on the actual usage of the floor space by the Group.

The Group also has certain leases of office equipment with low value. The Group applies the "lease of low-value assets" recognition exemptions for these leases.

24. LEASES (CONTINUED)

(b) As lessee (Continued)

The following are the amounts that are related to right-of-use assets and recognised in profit or loss:

	2023 S$'000	2022 S$'000
Depreciation expense of right-of-use assets	3,742	3,172
Interest expense on lease liabilities	188	139
Low value lease expense	19	16
Variable lease payments not included in the measurement of lease liabilities (included in cost of sales)	1,644	1,625
	5,593	4,952

Total cash outflow for all the leases was S$3,340,000 (2022: S$4,615,000).

The weighted average lessee's incremental borrowing rate applied to lease liabilities in relation to properties leased for own use recognised in the consolidated statement of financial position as at 31 December 2023 is 1.18% (2022: 1.18%).

25. SHARE CAPITAL AND RESERVES

	Number of shares	Amounts S$'000
Authorised:		
Ordinary share HK$0.01 each		
At 1 January 2022, 31 December 2022 and 31 December 2023	10,000,000,000	17,430
Issued and fully paid:		
At 1 January 2022, 31 December 2022 and 31 December 2023	1,036,456,000	1,767

25. SHARE CAPITAL AND RESERVES (CONTINUED)

Share premium

Share premium account of the Group represents the excess of the proceeds received over the nominal value of the Shares issued.

Share option reserve

Cumulative expenses recognised on the granting of share options to the Directors and employees over the vesting period. The amount will either be transferred to share capital when the share options are exercised, or be transferred to retained profits should the share options expire or be forfeited.

Merger reserve

Merger reserve of the Group represents the difference between the nominal value of the Shares issued pursuant to the Group's re-organisation prior to the listing of the Shares and the nominal value of the aggregate share capital and the share premium of subsidiaries.

26. COMMITMENTS

The Group had the following commitments as at the reporting dates in respect of:

	2023	2022
	S$'000	S$'000
Contracted but not provided for, in respect of acquisition of		
- Property, plant and equipment	**1,830**	1,419

27. RELATED PARTY TRANSACTIONS

Related parties are those parties that have the ability to control, jointly control or exert significant influence over the other party in holding power over the investee; exposure, or rights, to variable returns from its involvement with the investee; and the ability to use its power over the investee to affect the amount of the investor's returns. Parties are also considered to be related if they are subject to common control or joint control. Related parties may be individuals or other entities.

(a) The Directors are of the view that the following individual and companies are related parties that had transactions or balances with the Group during the year:

Name of the related party	Relationship with the Group
Mrs. Lim	Mr. Alan Lim's spouse
Cheng Yap Construction Pte. Ltd. ("**Cheng Yap**")	A related company wholly owned by Mr. Alan Lim's brother
Golden Empire Civil Engineering Pte. Ltd. ("**Golden Empire**")	A related company partially owned by Mr. Alan Lim
Golden Empire-Huationg Pte. Ltd. ("**Golden Empire-Huationg**")	A related company partially owned by Mr. Alan Lim
Hulett Construction (S) Pte. Ltd. ("**Hulett Construction**")	A related company wholly owned by Mr. Alan Lim and his spouse

27. RELATED PARTY TRANSACTIONS (CONTINUED)

(b) Save as disclosed elsewhere in the consolidated financial statements, the Group had the following material related party transactions during the year:

	2023 **S$'000**	2022 S$'000
Construction contract work and earthwork ancillary services income received from related parties		
– Cheng Yap	**–**	2
– Golden Empire#	**–**	219
– Golden Empire-Huationg#	**8**	219
– Chuan Lim – United E & P Joint Venture	**267**	183
	275	623
Construction costs and related supporting service fees charged by related parties		
– Cheng Yap#	**55**	44
– Golden Empire#	**–**	2,903
– Hulett Construction# *(Note)*	**2,333**	2,325
	2,388	5,272
Rental expenses charged by a related party		
– Hulett Construction#	**96**	96

The transactions with the related parties constitute one-off and continuing connected transactions as defined in Chapter 14A of the Listing Rules and have complied with all applicable requirements thereunder.

All the transactions with the related parties were negotiated and carried in the ordinary course of business and at terms agreed between the parties.

Note:

The total amount of the other charges that constitute continuing connected transactions during the year was S$1,651,000.

27. RELATED PARTY TRANSACTIONS (CONTINUED)

(c) Compensation of key management personnel

The remuneration of Directors and other members of key management during the year were as follows:

	2023 S$'000	2022 S$'000
Short-term employee benefits	**2,368**	2,092

(d) Details of amounts due from/(to) related parties are as follows:

	31 December 2023 S$'000	Maximum amount outstanding during the year S$'000	31 December 2022 S$'000	Maximum amount outstanding during the prior year S$'000	1 January 2022 S$'000
Mrs. Lim	**3,087**	3,087	3,087	3,087	3,087
Cheng Yap	**(11)**	(28)	(53)	(53)	(4)
Golden Empire	–	(837)	(325)	(1,979)	72
Golden Empire-Huationg	–	14	29	136	37
Hulett Construction	**(43)**	(260)	(31)	963	881
Chuan Lim – United E & P Joint Venture	**102**	102	27	29	25

The amounts due from/(to) related parties are unsecured, interest-free and repayable on demand.

28. CONTINGENT LIABILITIES

Performance bonds provided for in the ordinary course of business.

As at 31 December 2023, the Group had contingent liabilities in respect of performance bonds of construction contracts in its ordinary course of business of S$7,194,000 (2022: S$4,001,000). The guarantees in respect of performance bonds issued by banks were secured by pledged deposits (Note 20).

29. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS

Reconciliation of liabilities arising from financing activities:

	Borrowings	Lease liabilities	Total
	S$'000	S$'000	S$'000
At 1 January 2022	4,296	7,129	11,425
New lease	–	1,497	1,497
Write-off of lease liabilities	–	(68)	(68)
Financing cash outflows	–	(4,476)	(4,476)
Interest element on lease liabilities	–	(139)	(139)
Repayment of borrowings	(1,227)	–	(1,227)
Interest on borrowings	(74)	–	(74)
Interest expense	74	139	213
At 31 December 2022 and 1 January 2023	3,069	4,082	7,151
New lease	–	5,991	5,991
Write-off of lease liabilities	–	–	–
Financing cash outflows	–	(3,152)	(3,152)
Interest element on lease liabilities	–	(188)	(188)
Repayment of borrowings	(1,252)	–	(1,252)
Interest on borrowings	(49)	–	(49)
Interest expense	49	188	237
At 31 December 2023	1,817	6,921	8,738

Major non-cash transactions

During the year ended 31 December 2023, the Group purchased certain property, plant and equipment with a total capital value of S$7,584,000 (2022: S$1,745,000) under lease arrangements. Of these amounts, S$1,593,000 (2022: S$248,000) was paid as deposits and down payments and the remaining balances of S$5,991,000 (2022: S$1,497,000) was financed by entering into lease arrangements during the year ended 31 December 2023.

30. STATEMENT OF FINANCIAL POSITION OF THE COMPANY

	2023 S$'000	2022 S$'000
ASSETS AND LIABILITIES		
Non-current assets		
Investment in subsidiaries	**44,791**	44,791
Amount due from subsidiaries	**18,153**	10,503
	62,944	55,294
Current assets		
Deposits, prepayments and other receivables	**99**	66
Amount due from subsidiaries	**–**	5,612
Cash and cash equivalents	**1,265**	1,857
	1,364	7,535
Total assets	**64,308**	62,829
Current liabilities		
Other payables and accruals	**138**	130
Amount due to subsidiaries	**3,134**	–
	3,272	130
Net current (liabilities)/assets	**(1,908)**	7,405
Net assets	**61,036**	62,699
EQUITY		
Equity attributable to owners of the Company		
Share capital	**1,767**	1,767
Reserves	**59,269**	60,932
Total equity	**61,036**	62,699

30. STATEMENT OF FINANCIAL POSITION OF THE COMPANY (CONTINUED)

Reserves

	Share premium S$'000	Contributed surplus* S$'000	Share option reserve S$'000	Accumulated losses S$'000	Total S$'000
At 1 January 2022	27,250	44,791	521	(9,880)	62,682
Loss for the year, representing total comprehensive loss for the year	–	–	–	(1,833)	(1,833)
Equity-settled share option arrangements	–	–	83	–	83
At 31 December 2022 and 1 January 2023	27,250	44,791	604	(11,713)	60,932
Loss for the year, representing total comprehensive loss for the year				(1,723)	(1,723)
Equity-settled share option arrangements	–	–	60	–	60
At 31 December 2023	27,250	44,791	664	(13,436)	59,269

* The contributed surplus of the Company represents the difference between the net asset value of the subsidiary acquired and the nominal value of the share capital of the Company issued in exchange thereof pursuant to the Group's re-organisation prior to the listing of the Shares.

31. PARTICULARS OF SUBSIDIARIES

The following list contains the particulars of subsidiaries, of which the Company has direct or indirect interests, in and all of which are private companies with limited liability:

Company name	Place of incorporation	Principal place of operations	Particulars of issued and fully paid-up share capital	Effective interest held by the Company	Principal activities
Interest held directly					
Longlands Holdings Limited [(a)]	British Virgin Islands	Singapore	US$100	100%	Investment holding
Advance Data Global Limited [(a)]	British Virgin Islands	British Virgin Islands	US$1	100%	Investment holding
Interest held indirectly					
Chuan Lim Construction Pte. Ltd. [(b)]	Singapore	Singapore	S$6,500,000	100%	General contractors and builders
CLC Machinery Pte. Ltd. [(b)]	Singapore	Singapore	S$1,000,000	100%	Renting of construction and civil engineering machinery and equipment

(a) No audited financial statements have been prepared as it is not subject to any statutory audit requirements under the relevant rules and regulations in the jurisdiction of its incorporation. They are also not material for the purposes of the Group audit.

(b) The statutory financial statements for the year ended 31 December 2023 prepared under Singapore Financial Reporting Standards are audited by Ernst & Young LLP.

32. SHARE OPTION SCHEME

A share option scheme (the "**Share Option Scheme**") was adopted pursuant to written resolutions of the shareholders (the "**Shareholders**") of the Company passed on 10 May 2016 for the purpose of providing incentives or rewards to employees and other eligible participants, and will expire on 9 May 2026. Under the Share Option Scheme, the board of Directors (the "**Board**") may grant options to employees and eligible participants, including suppliers and customers, to subscribe for Shares. Nil (2022: 10,364,000) shares options under Share Option Scheme was granted during the year.

32. SHARE OPTION SCHEME (CONTINUED)

(i) Purpose

The purpose of the Share Option Scheme is to enable the Board to grant options to eligible participants as incentives or rewards for their contribution or potential contribution to the Group and to recruit and retain high calibre eligible participants and attract human resources that are valuable to the Group.

(ii) Eligible participants

Eligible participants include any employees or proposed employees (whether full time or part time, including any directors) of any members of the Group or invested entity, any suppliers of goods or services, any customers, any persons or entities that provides research, development or other technological support, any shareholders or other participants who contributes to the development and growth of the Group or any invested entities.

(iii) Total number of shares available for issue

The total number of Shares available for issue under the Share Option Scheme is 100,000,000 shares, representing 8.0% of the total number of issued Shares.

(iv) Maximum entitlement of each eligible participant

No options shall be granted to any eligible participants if any further grant of options would result in the Shares issued and to be issued upon exercise of all options granted and to be granted to such person (including exercised, cancelled and outstanding options) in the 12-months period up to and including such further grant would exceed 1% of the total number of Shares in issue from time to time (the "**Participant Limit**"), unless:

(i) such grant has been duly approved, in the manner prescribed by the relevant provisions of Chapter 17 of the Listing Rules, by resolution of the Shareholders in general meeting, at which the eligible participant and his close associates shall abstain from voting;

(ii) a circular regarding the grant has been despatched to the Shareholders in a manner complying with, and containing the information specified in, the relevant provisions of Chapter 17 of the Listing Rules (including the identity of the eligible participant, the number and terms of the options to be granted and the options previously granted to such eligible participant); and

(iii) the number and terms (including the exercise price) of such options are fixed before the Shareholders' approval is sought.

32. SHARE OPTION SCHEME (CONTINUED)

(v) Option period and payment on acceptance of an option

An offer of grant of an option may be accepted by an eligible participant within 21 days from the date of grant upon payment of HK$1.00. Option may be exercised in whole or in part by the grantee at any time before the expiry of the period to be determined and notified by the Board to the grantee which, in any event, shall not be longer than 10 years commencing from the date of the offer letter and expiring on the last day of such ten-year period.

There are no general requirements on the performance targets that must be achieved before a share option may be exercised under the Share Option Scheme. However, the Board may, on the case by case basis, make an offer subject to the conditions in relation to performance targets to be achieved and the relevant clawback mechanism for the Company to recover the share options granted as the Board may determine in its absolute discretion.

(vi) Vesting period of options granted

No vesting period shall be provided for the options granted under the Share Option Scheme unless otherwise determined by the Board at the time of grant.

(vii) Exercise price of options granted

The exercise price of an option granted under the Share Option Scheme shall be such price as determined by the Board, and shall be at least the highest of:

(i) the closing price of the Shares as stated in the Stock Exchange's daily quotations sheet on the date of grant (the "**Offer Date**"), which must be a trading day;

(ii) the average closing price of the Shares as stated in the Stock Exchange's daily quotation sheets for the five trading days immediately preceding the Offer Date; and

(iii) the nominal value of a Share on the Offer Date.

The Company has granted a total of 99,952,000 share options to subscribe for an aggregate of 99,952,000 Shares, comprising:

(i) 39,092,000 share options to two Directors; and

(ii) 60,860,000 share options to certain qualified participants, being employees of the Group.

32. SHARE OPTION SCHEME (CONTINUED)

(vii) Exercise price of options granted (Continued)

(a) The terms and conditions of the grants are as follows:

Date of grant		Number of options granted	Vesting conditions	Exercise period
Options granted to Directors:				
28 October 2020	Tranche 1	8,000,000	195 days from the date of grant	10 May 2021 to 9 May 2026 (both days inclusive)
28 October 2020	Tranche 2	10,364,000	354 days from the date of grant	16 October 2021 to 9 May 2026 (both days inclusive)
29 October 2021	Tranche 4	10,364,000	354 days from the date of grant	16 October 2022 to 9 May 2026 (both days inclusive)
1 November 2022	Tranche 5	10,364,000	350 days from the date of grant	16 October 2023 to 9 May 2026 (both days inclusive)
Options granted to employees:				
28 October 2020	Tranche 1 [i]	16,000,000	195 days from the date of grant	10 May 2021 to 9 May 2026 (both days inclusive)
28 October 2020	Tranche 3	44,860,000	195 days from the date of grant	10 May 2021 to 9 May 2026 (both days inclusive)
		99,952,000		

[i] The share options granted to Mr. Lau and Mr. Quek were transferred from the category of "Directors" to the category of "Employee of the Group" as each of them retired as an executive Director with effect from the conclusion of the annual general meeting of the Company held on 27 May 2022 but continued to act as an employee of the Group.

32. SHARE OPTION SCHEME (CONTINUED)

(vii) Exercise price of options granted (Continued)

(b) The number and weighted average exercise prices of share options are as follows:

	2023		2022	
	Weighted average exercise price HK$	**Number**	Weighted average exercise price HK$	Number
At beginning of the year	**0.11**	**99,952,000**	0.11	89,588,000
Granted during the year	**–**	**–**	0.103	10,364,000
Outstanding at end of the year	**0.11**	**99,952,000**	0.11	99,952,000
Exercisable at end of the year	**–**	**–**	–	–

None of the above share options were exercised during the year.

The weighted average exercise price of options outstanding at the end of the year was HK$0.11 and their weighted average remaining contractual life was 2.4 years.

(c) Fair value of share options and assumptions

The fair value of services received in return for share options granted is measured by reference to the fair value of share options granted. The estimation of the fair value of the share options granted is measured based on a binomial option pricing model. The values of share options calculated using the binomial model are subject to certain fundamental limitations, due to the subjective nature of and uncertainty relating to a number of assumptions of the expected future performance input to the model, and certain inherent limitations of the model itself. The value of an option varies with different variables of certain subjective assumptions. Any change to the variables used may materially affect the estimation of the fair value of an option. The contractual life of the share option is used as an input into this model. Expectations of early exercise are incorporated into the binomial option pricing model.

32. SHARE OPTION SCHEME (CONTINUED)

(vii) Exercise price of options granted (Continued)

(c) Fair value of share options and assumptions (Continued)

	Tranche 1	Tranche 2	Tranche 3	Tranche 4	Tranche 5
Share price (HK$)	0.086	0.086	0.086	0.086	0.086
Exercise price (HK$)	0.090	0.090	0.090	0.220	0.103
Expected volatility	60%	60%	60%	60%	60%
Expected option life	5.5 years	5.5 years	5.5 years	4.4 years	3.4 years
Expected dividend	0%	0%	0%	0%	0%
Risk-free rate	0.26%	0.26%	0.26%	0.26%	0.26%

The expected volatility is based on the historic volatility (calculated based on the expected remaining life of the share options), adjusted for any expected changes to future volatility base on publicly available information. Expected dividends are based on historical dividends. Changes in the subjective input assumptions could materially affect the fair value estimate.

Share options were granted under a service condition. This condition has not been taken into account in the grant date fair value measurement of the services received. There were no market conditions associated with the grants of the share options.

33. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Board meets periodically to analyse and formulate measures to manage and monitor the Group exposure to market risk including principally changes in interest rate and currency exchange rates, credit and liquidity risk. There has been no change to the Group's exposures to these financial risks or the manner in which it manages and measures the risks.

Generally, the Group employs a conservative strategy regarding its risk management. As the Group's exposures to market risks is kept at a minimum level, the Group has not used any derivatives or other instruments for hedging purposes. The Group does not hold or issue derivative financial instruments for trading purposes. The Directors review and agree policies for managing each of these risks and they are summarised below:

33. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

Equity price risk

The Group is exposed to equity price risk through its investments in quoted equity securities. The management manages this exposure by maintaining a portfolio of investments with different risk profiles and the Group has a team to monitor the price risk and will consider hedging the risk exposure should the need arise. The Group's equity price risk is concentrated on equity securities listed in Hong Kong and Singapore, and these investments are diversified into several different industries.

The sensitivity analyses below have been determined based on the exposure to equity price risk at the end of each reporting date. If the prices of the quoted equity securities classified as financial assets at FVOCI had been 10% higher/lower, the fair value reserve for the year would increase/decrease by S$24,000 (2022: S$108,000) as a result of the changes in fair value of the investments.

Foreign currency risk

The Group's transactions are mainly denominated in S$ which is the functional currency of the Group. As at 31 December 2023, the Group's assets and liabilities denominated in other currencies other than S$ are disclosed in Notes 16 and 20. The Group currently does not have a foreign currency hedging policy. However, management monitors foreign currency exposure and will consider hedging significant foreign currency exposure should the need arise.

The Group is mainly exposed to the foreign currency risk of HK$ and US$. The following table details the sensitivity of the Group's results before tax for the year in regard to a 5% appreciation in S$ against the relevant foreign currencies. 5% is the sensitivity rate used which represents management's best assessment of the reasonably possible change in foreign exchange rates. A 5% depreciation in S$ against the relevant foreign currencies would have the same magnitude on the Group's results before tax for the year.

	2023 S$'000	2022 S$'000
HK$ to S$	**273**	377
US$ to S$	**86**	186

Exposures to foreign exchange rates vary during the year depending on the volume of transactions. Nevertheless, the analysis above is considered to be representative of the Group's exposure to foreign currency risk.

33. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

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 exposure to credit risk arises primarily from trade and other receivables, contract assets and the contingent liabilities. For other financial assets, the Group minimise credit risk by dealing exclusively with high credit rating counterparties. The Group has a credit policy in place and exposures to these credit risks are monitored on an ongoing basis.

The Group applied simplified approach to providing for ECLs prescribed by IFRS 9, which permits the use of the lifetime expected loss provision for all trade receivables and contract assets. To measure the ECLs, trade receivables have been grouped based on shared credit risk characteristics and the days past due. The ECLs below also incorporate forward-looking information.

Trade receivables

The Group recognised lifetime ECL for its trade receivables based on individually significant customer, including individual and related companies, or the ageing of customers collectively that are not individually significant as follow:

2023	Weighted average lifetime	Gross carrying amount S$'000	Loss allowance S$'000
Neither past due nor impaired	0%	7,930	-
1 to 30 days past due	2.5%	4,806	16
31 to 90 days past due	2.5%	1,919	12
91 to 180 days past due	2.5%	914	6
181 to 365 days past due	11.0%	552	25
Over 365 days past due	98.6%	1	1
		16,122	60
Individual assessment			
– Non-related parties	100%	736	736
– Related parties	2.5%	7	–
– Retention receivables	5%	379	379
		1,122	1,115
Total		17,244	1,175

33. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

Credit risk (Continued)

Trade receivables (Continued)

2022	Weighted average lifetime	Gross carrying amount S$'000	Loss allowance S$'000
Neither past due nor impaired	2%	7,089	60
1 to 30 days past due	2%	3,920	32
31 to 90 days past due	2%	5,998	49
91 to 180 days past due	2%	2,603	21
181 to 365 days past due	13.2%	1,880	15
Over 365 days past due	96.5%	498	4
		21,988	181
Individual assessment			
– Non-related parties	100%	609	609
– Related parties	3%	45	–
– Retention receivables	5%	254	254
		908	863
Total		22,896	1,044

Expected loss rates are based on actual loss experience of the Group in the past. These rates are adjusted to reflect differences between economic conditions during the period over which the historic data has been collected, current conditions and the Group's view of economic conditions over the expected lives of the receivables.

Contract assets

An assessment is performed at each reporting date using a provision matrix to measure ECLs. The provision rates for the measurement of the ECLs of the contract assets are based on those of the trade receivables as the contract assets and the trade receivables are from the same customer bases. The provision rates of contract assets are based on days past due of trade receivables for groupings of various customer segments with similar loss patterns. The calculation reflects the probability-weighed outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions.

33. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

Credit risk (Continued)

Contract assets (Continued)

Set out below is the information about the credit risk exposure on the Group's contract assets using a provision matrix:

2023

	Non credit-impaired S$'000	Credit-impaired S$'000	Total S$'000
Gross carrying amount	**27,783**	**–**	**27,783**
ECLs	**(479)**	**–**	**(479)**
ECL rate	**2.5%**	**N/A**	

2022

	Non credit-impaired S$'000	Credit-impaired S$'000	Total S$'000
Gross carrying amount	28,533	–	28,533
ECLs	(513)	–	(513)
ECL rate	3.0%	N/A	

33. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

Credit risk (Continued)

Other receivables

Impairment on other receivables is measured as either 12-months ECLs or lifetime ECLs, depending on whether there has been a significant increase in credit risk since initial recognition. To assess whether there is a significant increase in credit risk, the Group compares the risk of default occurring on the asset as at the reporting date with the risk of default as at the date of initial recognition by considering available, reasonable and supportive forward-looking information.

During the year, the following ECLs were recognised in profit or loss in relation to other receivables:

	2023 S$'000	2022 S$'000
Provision for ECL recognised in profit or loss for the year	–	–

Cash is deposited with financial institutions with sound credit ratings and the Group has exposure limit to any single financial institution. Given their high credit ratings, management does not expect any of these financial institutions and counterparties will fail to meet their obligations.

The Group enters into trading transaction only with the recognised and reputable non-related parties. Before accepting any new contract, evaluations are considered on the customer's past history of making payments when due and current ability to pay, and information specific to the customer as well as pertaining to the economic environment in which the customer operates are taken into account. Normally, the Group does not obtain collateral from customers.

At the end of the reporting period, the Group has significant concentration of credit risk from various customers. In view of their good payment record and long established relationships with the Group, management does not consider the Group's credit risk to be significant. At 31 December 2023, 0% (2022: 17%) of the total trade debtors was due from the Group's largest customer and 34% (2022: 49%) of the total trade debtors was due from the Group's five largest customers.

33. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

Fair value measurements recognised in the consolidated statement of financial position

The following table presents financial assets and liabilities measured at fair value in the consolidated statement of financial position in accordance with the fair value hierarchy. The hierarchy groups financial asset and liabilities into three levels based on the relative reliability of significant inputs used in measuring the fair value of these financial assets and liabilities. The fair value hierarchy has the following levels:

– Level 1: quoted prices (unadjusted) in active markets for identical assets and liabilities;

– Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and

– Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Some of the Group's financial assets are measured at fair value at the reporting dates. The following table gives information about how the fair values of these financial assets are determined.

Financial assets

	2023 S$'000	2022 S$'000	**Fair value hierarchy**
Financial assets at FVTPL			
Investment in life insurance policy at fair value	**1,475**	1,425	Level 3
Investment in property development projects	**7,024**	6,449	Level 3
Financial assets at FVOCI			
Quoted equity securities at fair value	**240**	1,078	Level 1
Unquoted equity security at fair value	**317**	316	Level 3

33. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

Fair value measurements recognised in the consolidated statement of financial position (Continued)

Financial assets (Continued)

Notes:

(a) The fair value of investment in life insurance policy purchased for a key management personnel of the Group is determined based on the cash surrender value in accordance with the keyman insurance contract which is not an observable input. Management estimates the fair value based on the latest policy statement of the keyman insurance contract provided by the insurance company. An increase/(decrease) in the cash surrender value will increase/(decrease) the fair value.

(b) The fair value of the investment in property development projects is determined based on the projected return from the projects which is not an observable input. An increase/(decrease) in the projected return will increase/(decrease) the fair value.

(c) The fair value of the quoted equity securities has been determined directly with reference to published price quotation in active market.

(d) The fair value of the equity security relates to funds which invest primarily in unquoted assets has been determined based on the investor statements issued by the fund managers. An increase/(decrease) in the projected cash flows will increase/(decrease) the fair value.

There were no transfers between different levels during the year.

The following table presents the change in Level 3 instruments:

	2023	2022
	S$'000	S$'000
Financial assets at FVTPL		
At 1 January	**7,874**	7,104
Additions	**1,215**	1,337
Disposal	**(2,400)**	(814)
Fair value gains recognised in profit or loss	**1,810**	247
At 31 December	**8,499**	7,874
Financial assets at FVOCI		
At 1 January	**316**	300
Additions	**1**	–
Fair value gains recognised in other comprehensive income	**–**	16
At 31 December	**317**	316

33. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

Fair value measurements recognised in the consolidated statement of financial position (Continued)

Financial assets (Continued)

Valuation policies and procedures

The management oversees the Group's financial reporting valuation process and is responsible for setting and documenting the Group's valuation policies and procedures.

The management regularly reviews significant unobservable inputs and valuation adjustments. If third party information such as insurance statements and fund manager statements are used to measure fair values, then the management assesses and documents the evidence obtained from the third party to support the conclusion that these valuations meet the requirements of IFRS, including the level in the fair value hierarchy in which the valuations should be classified.

At each reporting date, the management analyses the movements in the values of assets and liabilities which are required to be re-measured or re-assessed as per the Group's accounting policies. The management also compares the change in the fair value of each asset and liability with relevant external sources to determine whether the change is reasonable.

Liquidity risk

The Group monitors and maintains a level of cash and cash equivalents assessed as adequate by the management to finance the Group's operations and mitigate the effects of fluctuations in cash flows. The Group relies on internally generated funding and borrowings as significant sources of liquidity. The Group also monitors the utilisation of borrowings and ensures compliance with loan covenants.

33. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

Liquidity risk (Continued)

The maturity profile of the Group's financial liabilities as at the reporting dates, based on the contractual undiscounted payments, are as follows:

	Carrying amount S$'000	Total contractual undiscounted cash flow S$'000	On demand S$'000	Within 1 year S$'000	More than 1 year but less than 2 years S$'000	More than 2 years but less than 5 years S$'000	After 5 years S$'000
2023							
Trade payables	**8,042**	**8,042**	**8,042**	**–**	**–**	**–**	**–**
Other payables and accruals	**7,618**	**7,618**	**7,618**	**–**	**–**	**–**	**–**
Borrowings	**1,817**	**1,844**	**–**	**1,302**	**542**	**–**	**–**
Lease liabilities	**6,921**	**7,473**	**2,712**	**1,670**	**1,316**	**1,775**	**–**
	24,398	**24,977**	**18,372**	**2,972**	**1,858**	**1,775**	**–**
2022							
Trade payables	6,893	6,893	6,893	–	–	–	–
Other payables and accruals	4,865	4,865	4,865	–	–	–	–
Borrowings	3,069	3,146	–	1,302	1,844	–	–
Lease liabilities	4,082	4,203	272	2,631	811	489	–
	18,909	19,107	12,030	3,933	2,655	489	–

34. FINANCIAL INSTRUMENTS BY CATEGORY

The carrying amounts of each category of financial instruments as at the reporting dates are as follows:

Financial assets

	2023 S$'000	2022 S$'000
Financial assets at FVTPL:		
– Investment in life insurance policy at fair value	**1,475**	1,425
– Investment in property development projects	**7,024**	6,449
	8,499	7,874
Financial assets at amortised cost:		
– Investment in corporate bond	**250**	250
– Trade receivables	**16,069**	21,852
– Other receivables	**428**	155
– Pledged deposits	**1,285**	1,281
– Cash and cash equivalents	**30,105**	23,441
	48,137	46,979
Financial assets at FVOCI:		
– Quoted equity securities at fair value	**240**	1,078
– Unquoted equity security at fair value	**317**	316
	557	1,394
Total	**57,193**	56,247

34. FINANCIAL INSTRUMENTS BY CATEGORY (CONTINUED)

Financial liabilities

	2023 S$'000	2022 S$'000
At amortised cost:		
– Trade payables	**8,042**	6,893
– Other payables and accruals	**7,618**	4,865
– Borrowings	**1,817**	3,069
– Lease liabilities	**6,921**	4,082
Total	**24,398**	18,909

35. CAPITAL MANAGEMENT

The Group's capital management objectives include:

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

(ii) to support the Group's stability and growth; and

(iii) to provide capital for the purpose of strengthening the Group's risk management capability.

The Group actively and regularly reviews and manages its capital structure to ensure optimal capital structure and shareholder's returns, taking into consideration the future capital requirements of the Group and capital efficiency, prevailing and projected profitability, projected operating cash flows, projected capital expenditures and projected strategic investment opportunities.

Management regards total equity as capital. The amount of capital as at 31 December 2023 amounted to S$92,047,000 (2022: S$88,783,000), which the management considers as optimal having considered the projected capital expenditures and the projected strategic investment opportunities. There is no externally imposed capital requirements on the Group.

36. EVENTS AFTER REPORTING PERIOD

On 17 November 2023, the Company and Mr. Phang Yew Kiat, the chairman of the Board and the non-executive Director at that point of time, had entered into a subscription agreement. Mr. Phang had conditionally agreed to subscribe for 207,291,200 new Shares at a subscription price of HK$0.074 per subscription share for a total consideration of HK$15,339,549 in cash. The proposed resolution for the above subscription agreement had been passed by the Shareholders through polling during the extraordinary general meeting held on 4 January 2024. All the conditions precedent set out in the subscription agreement were fulfilled and the completion took place on 23 January 2024.

On 14 February 2024, Chuan Lim Construction Pte. Ltd. ("**Chuan Lim**"), a wholly-owned subsidiary of the Company, Mr. Lim, Mrs. Lim and Hulett Construction (S) Pte. Ltd. ("**Hulett**"), a related party of the Company, had entered into an agreement, where Chuan Lim had conditionally agreed to acquire the entire equity interest in Hulett together with the sale loans from Mr. Lim and Mrs. Lim, for a total consideration of S$46,700,000. Upon the completion of the acquisition, Hulett will become an indirect wholly-owned subsidiary of the Company.

On the respective dates of 3 January 2024 and 12 March 2024, the Company through its wholly-owned subsidiary Longlands Holdings Limited, had entered into a first further shareholder's loan agreement and a second further shareholder's loan agreement, in which it had agreed to additionally provide a total further amount of S$3,000,000 to its associate, Chuan Investments Pte. Ltd. The additional loan extended will be unsecured, interest-free and repayable on demand.

37. AUTHORISATION OF FINANCIAL STATEMENTS

The financial statements for the financial year ended 31 December 2023 were authorised for issue in accordance with a resolution of the Directors on 28 March 2024.