



**SOLIS HOLDINGS LIMITED**  
**守益控股有限公司**

(incorporated in the Cayman Islands with limited liability)  
Stock Code: 2227

**2023**

**ANNUAL REPORT**



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# Corporate Information

## EXECUTIVE DIRECTORS

Mr. Tay Yong Hua (*Chairman*)  
Mr. Kenneth Teo Swee Cheng (Kenneth Zhang Ruiqing)

## INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Cheung Garnok  
Mr. Choong Pei Nung  
Mr. Kwong Choong Kuen (Huang Zhongquan)

## AUDIT COMMITTEE

Mr. Cheung Garnok (*Chairman*)  
Mr. Choong Pei Nung  
Mr. Kwong Choong Kuen (Huang Zhongquan)

## REMUNERATION COMMITTEE

Mr. Choong Pei Nung (*Chairman*)  
Mr. Tay Yong Hua  
Mr. Cheung Garnok

## NOMINATION COMMITTEE

Mr. Kwong Choong Kuen (Huang Zhongquan) (*Chairman*)  
Mr. Kenneth Teo Swee Cheng (Kenneth Zhang Ruiqing)  
Mr. Cheung Garnok

## CORPORATE GOVERNANCE COMMITTEE

Mr. Kenneth Teo Swee Cheng (Kenneth Zhang Ruiqing)  
(*Chairman*)  
Mr. Choong Pei Nung  
Mr. Kwong Choong Kuen (Huang Zhongquan)

## COMPANY SECRETARY

Ms. Chin Ying Ying

## AUTHORISED REPRESENTATIVES

Mr. Kenneth Teo Swee Cheng (Kenneth Zhang Ruiqing)  
Ms. Chin Ying Ying

## REGISTERED OFFICE

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

## HEADQUARTERS AND PRINCIPAL PLACE OF BUSINESS

85 Tagore Lane  
Singapore 787527

## PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Units 903A-5, 9/F.,  
8 Observatory Road, Tsim Sha Tsui,  
Kowloon, Hong Kong

## INDEPENDENT AUDITOR

Baker Tilly TFW LLP  
600 North Bridge Road  
#05-01 Parkview Square  
Singapore 188778

Partner-in-charge: Ms. Foong Chooi Chin (Date of appointment:  
Since financial year ended 31 December  
2023)

## Corporate Information *(continued)*

### PRINCIPAL BANKERS

Standard Chartered Bank (Singapore) Limited  
8 Marina Boulevard  
Marina Bay Financial Centre Tower 1  
Singapore 018981

United Overseas Bank Limited  
80 Raffles Place  
UOB Plaza  
Singapore 048624

### PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE IN THE CAYMAN ISLANDS

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

### STOCK CODE

2227

### COMPANY WEBSITE

[www.TheSolisGrp.com](http://www.TheSolisGrp.com)

# Chairman's Statement

Dear Shareholders,

On behalf of the board (the "Board") of directors (the "Directors") of Solis Holdings Limited (the "Company") and its subsidiaries (collectively, the "Group"), I would like to present to our shareholders the annual report of the Group for the year ended 31 December 2023.

Global economy continues to face headwinds in 2023, amidst a rising interest rates environment and higher inflationary pressures, coupled with global supply chain disruptions and the ongoing geopolitical conflict. The rise in interest rates implemented by the US Federal Reserve has increased the financing expenses. Furthermore, increased inflationary pressures and disruptions in the supply chain have led to higher material and labour costs.

Even though construction demand appears to be steady, there are many challenges that lie ahead, including the growing risk of recession in Singapore, supply chain pressures, climate change, labour shortages, and significantly higher material and manpower costs as compared to pre-pandemic levels.

Looking ahead, the construction sector will see strong construction demand, projected by the Building Construction Authority (the "BCA") of Singapore for this year, with public sector continuing to lead demand and private sector projects construction demand to remain steady over the medium term. We will continue to stay competitive and enhance productivity through skills upgrading and the adoption of innovation and technology to enhance our efficiency. We will continue to practise prudent balance sheet management, and managing working capital to ensure liquidity, while being mindful of operational expenditure.

The Board remains fully dedicated in navigating the Group through the prevailing macro uncertainties. I would like to take this opportunity to express my sincere gratitude to my fellow Directors, the management team and staff for their diligence, commitment and contributions throughout the years, and to the shareholders, business partners and suppliers for their trust and support.

**Tay Yong Hua**

*Executive Chairman and Executive Director*

Singapore, 28 March 2024



# Management Discussion and Analysis

## BUSINESS REVIEW AND OUTLOOK

The Group is a design and build mechanical and electrical (“M&E”) engineering contractor in Singapore and our scope of services comprises (i) designing of M&E systems, which involves the design for functionality and connectedness of various building systems; and (ii) building and installation of the M&E systems. The Group has been established for over 30 years and specialises in electrical engineering, and the projects are in relation to new building developments and major additions and alterations (“A&A”) works, which include private residential, mixed residential and commercial developments and institutional buildings.

In 2023, despite the stable outlook, Singapore’s construction market is still expected to face higher construction costs. Material and manpower costs have gone up by 30 to 40 per cent compared with pre-pandemic levels. Even though construction demand appears to be steady, there are many challenges that lie ahead, including the growing risk of recession in Singapore, supply chain pressures, climate change, shortage of labour, and significantly higher manpower and material costs as compared to pre-pandemic levels. Additionally, factors such as Goods and Services Tax (“GST”) and carbon tax hikes may also exert upward pressure on prices.

The Ministry of Trade and Industry of Singapore (the “MTI”) reported on 15 February 2024 that the Singapore economy improved by 1.1 per cent in 2023. MTI estimated that the GDP growth forecast for 2024 is “1.0 to 3.0 per cent”. Specifically, the construction sector grew by 5.2 per cent, improving from the 4.6 per cent growth in 2022, supported by expansions in both public and private sector construction works. The economic outlook for Singapore in 2024 appears cautiously optimistic. The global economic outlook continues to be mixed and uneven. Geopolitical uncertainties, and the potential for a global recession could adversely impact Singapore’s economic performance. The Building Construction Authority (the “BCA”) of Singapore anticipates a sustained growth in construction demand over the medium term, forecasting an annual range between S\$31 billion and S\$38 billion from 2025 to 2028.

The Group has also adopted a more prudent approach in tendering for new projects in view of the current intense bidding price competition. The Group believes that continued investments to enhance the Group’s workforce and adopt new building technologies to support improved productivity for construction projects will strengthen our competitive edge in the tender and delivery of new construction projects. The Group will continue to pay close attention to the macroeconomic environment and implement contingency plans in a timely manner, while it continues to ensure smooth progress of its projects and practice tight cost controls. The Group will be well-equipped to rise to new challenges that may appear and will remain dedicated to preserving its market leadership while creating greater value for its shareholders.

For the financial year ended 31 December 2023, the Group’s revenue increased by approximately 37.2% to approximately S\$18.8 million as compared to approximately S\$13.7 million recorded in the last financial year. The increase in revenue was mainly attributable to higher construction activities performed during the year as compared with the corresponding year. Our gross profit increased by approximately S\$1.0 million, from approximately S\$2.1 million for the financial year ended 31 December 2022 to approximately S\$3.1 million for the financial year ended 31 December 2023.

## Management Discussion and Analysis (continued)

### Ongoing projects

As at 31 December 2023, the Group had five ongoing projects (excluding the joint venture project) with an aggregate contract sum of approximately S\$56.8 million, of which approximately S\$31.9 million had been recognised as revenue as at 31 December 2023. The remaining balance will be recognised as our revenue in accordance with the stage of completion.

### FINANCIAL HIGHLIGHT AND REVIEW

	For the year ended 31 December		
	2023 S\$' million	2022 S\$' million	Change %
Revenue	18.8	13.7	37.2%
Gross profit	3.1	2.1	47.6%
Gross profit margin	16.5%	15.3%	1.2%
Net loss	–	(0.9)	-100.0%
Loss per share (S\$) cents	(0.00)	(0.10)	-100.0%

### Revenue

The Group derived revenue from our design and/or build and installation of M&E systems for both private sector and public sector projects.

	2023			2022		
	Number of projects with revenue contribution	S\$' million	% to total revenue	Number of projects with revenue contribution	S\$' million	% to total revenue
Private sector projects	1	1.8	9.6	2	5.5	40.1
Public sector projects	5	17.0	90.4	5	8.2	59.9
Total	6	18.8	100.0	7	13.7	100.0

Our revenue increased by approximately S\$5.1 million or 37.2%, from approximately S\$13.7 million for the financial year ended 31 December 2022 to approximately S\$18.8 million for the financial year ended 31 December 2023. Such increase was mainly due to higher construction activities performed during the year for the five ongoing public projects as compared to the corresponding year.

# Management Discussion and Analysis *(continued)*

## Cost of services

Our cost of services increased by approximately S\$4.2 million or 36.2% from approximately S\$11.6 million for the financial year ended 31 December 2022 to approximately S\$15.8 million for the financial year ended 31 December 2023. The increase was mainly driven by higher construction activities which is in line with the increase in revenue.

## Gross profit and gross profit margin

Our gross profit increased by approximately S\$1.0 million, from approximately S\$2.1 million for the financial year ended 31 December 2022 to approximately S\$3.1 million for the financial year ended 31 December 2023. Our gross profit margin increased from a gross profit margin of approximately 15.3% for the financial year ended 31 December 2022 to a gross profit margin of approximately 16.5% for the financial year ended 31 December 2023.

## Other income

Other income increased by approximately S\$1.6 million, from approximately S\$2.8 million for the financial year ended 31 December 2022 to approximately S\$4.4 million for the financial year ended 31 December 2023. Such increase was mainly attributable from the increase in interest income from banks, rental income and management fee income charged to a joint venture.

## Administrative expenses

The administrative expenses of the Group increased by approximately S\$1.7 million or 32.7%, from approximately S\$5.2 million for the financial year ended 31 December 2022 to approximately S\$6.9 million for the financial year ended 31 December 2023. Such increase was mainly due to the depreciation expense from property, plant and equipment and right-of-use assets, professional fees incurred and the increase in staff costs during the year.

## Finance costs

The finance costs of the Group increased by approximately S\$0.2 million or 200.0%, from approximately S\$0.1 million for the financial year ended 31 December 2022 to approximately S\$0.3 million for the financial year ended 31 December 2023. Such increase was mainly due to the interest expense on bank borrowing to finance the leasehold property as the 3-month Singapore Overnight Rate Average has been increasing over the financial year.

## Tax credit

The tax credit for the financial year ended 31 December 2023 was attributable to the reversal of deferred tax liabilities on revaluation upon depreciation. As the Group did not record any assessable profits for both years, there was no tax expense incurred.

## Loss for the year

Loss for the financial year ended 31 December 2023 decreased by approximately 99.2% to approximately S\$7,000 from approximately S\$0.9 million for the financial year ended 31 December 2022.

## Final dividend

The Board did not recommend the payment of a final dividend for the financial year ended 31 December 2023 (2022: Nil).

## Liquidity and financial resources

The Group practiced prudent financial management and maintained a strong and sound financial position during the financial year ended 31 December 2023. As at 31 December 2023, the Group had cash and bank balances of approximately S\$13.7 million (2022: approximately S\$24.0 million) and available unutilised banking facilities of approximately S\$1.6 million (2022: approximately of S\$3.5 million).



## Management Discussion and Analysis (continued)

As at 31 December 2023, the Group's indebtedness comprised bank borrowing and lease liabilities denominated in Singapore dollars of approximately S\$5.7 million (2022: S\$6.1 million).

As at 31 December 2023, the Group's current ratio was approximately 1.3 times (2022: approximately 2.0 times) and gearing ratio was approximately 11.6% (2022: 12.7%). The decrease in the gearing ratio was mainly due to the repayment of the bank borrowing to finance the leasehold property.

### Pledge of assets

As at 31 December 2023, the Group had pledged fixed deposits of approximately S\$1.7 million (2022: approximately S\$1.7 million) to secure the banking facilities granted to the Group. The Group's two owned properties with a fair value amounted to approximately S\$23.7 million (2022: S\$23.0 million) were pledged under a mortgage to secure the banking facilities with a bank.

### Exposure to foreign exchange rate risks

The Group transacts mainly in Singapore dollars, which is the functional currency of all the Group's operating subsidiaries. However, the Group retains some proceeds from the Listing in Hong Kong dollars amounting to approximately S\$0.3 million (2022: approximately S\$0.7 million) that are exposed to foreign exchange rate risks.

The Group will continue to monitor its foreign exchange exposure and will consider hedging significant foreign currency exposure should the need arise.

### Capital structure

As at 31 December 2023, there has been no change to the capital structure of the Company. The Company's capital comprises ordinary shares and capital reserves. The Group finances its working capital, capital expenditures and other liquidity requirements through a combination of its cash and cash equivalents, cash flows generated from operations and bank facilities.

### Contingent liabilities and capital commitments

As at 31 December 2023, the Group did not have any material contingent liabilities and capital commitments (2022: Nil) except for the claim arising from the civil action as disclosed in Note 17 to the consolidated financial statements.

### Material acquisitions and disposals of subsidiaries, associates and joint ventures

The Group did not have any other material acquisitions nor disposals of subsidiaries and affiliated companies during the year ended 31 December 2023.

### Significant investments held and principal properties

Save for those disclosed below and in relation to the financial assets at fair value through other comprehensive income, financial asset at fair value through profit or loss and properties held by the Group, as at 31 December 2023, the Group did not have any other investment in equity interest in any other company.

## Management Discussion and Analysis (continued)

### *Significant investment held*

The Group has acquired 49% interest in D.D. Resident Co., Ltd, which is the owner and operator of a hotel property, Aiyaree Place Hotel in Pattaya, Thailand on 16 January 2020 at an agreed consideration of HKD58,000,000 (equivalent to S\$10,069,000) (the "Investment"). The Investment was recorded as financial asset at fair value through profit or loss according to IFRS 9 Financial Instruments. As at 31 December 2023, the fair value of the Investment was approximately S\$4,223,000 (2022: S\$4,237,000) and accounted for around 6.0% (2022: 6.1%) of the Group's total assets. During the financial year ended 31 December 2023, the Group has recognised a fair value loss of approximately S\$14,000 (2022: S\$89,000) from changes in the fair value of the Investment. At the time of acquisition of the Investment, the Company intended to broaden its asset diversity and offset the risks arising from regional operation under the sluggish market conditions in Singapore in recent years. The Company will closely monitor the developments and take appropriate actions to adjust its investment strategies and ensure continuous growth of the investment and profit of the Group.

### **Employees and remuneration policies**

As at 31 December 2023, the Group had a total of 145 employees (2022: 144 employees), including executive Directors. Total staff costs (including Directors' emoluments) were approximately S\$6.4 million for the year ended 31 December 2023 (approximately S\$6.1 million for the year ended 31 December 2022).

The Group's employees are remunerated according to their job scope, responsibilities, and performance. On top of basic salaries, employees are also entitled to discretionary bonuses depending on their respective performance and the profitability of the Group. The Group's foreign workers are typically employed on two-year basis depending on the period of their work permits, and subject to renewal based on their performance, and are remunerated according to their work skills.

The emoluments of Directors were reviewed by the remuneration committee of the Company (the "Remuneration Committee"), having regard to salaries paid by comparable companies, experience, responsibilities, and performance of the Group, and approved by the Board.

### **Future plans for material investment and capital assets**

For the newly purchased property during the financial year ended 31 December 2023, the Group plans to demolish the entire property and erect a proposed 4-storey building to serve as warehouse, office, dormitory and ancillary facilities which will commence in the next financial year. While approval has been obtained for the demolition of the existing building, quotations on the costs of the planned works are still in progress.

Save as disclosed above, the Group does not have any other plans for material investments and capital assets as at 31 December 2023.

# Biographical Details of the Directors of the Company and Senior Management

## EXECUTIVE DIRECTORS

**Mr. Tay Yong Hua**, aged 64, is the founder of the Group. He was appointed as a Director on 21 June 2017. He was re-designated as an executive Director and appointed as the executive chairman of the Company (the “Executive Chairman”) on 11 July 2017. He is also a member of the Remuneration Committee.

Mr. Tay Yong Hua founded the Group as a sole proprietor business in 1983 and has been our Group’s chairman and managing director since the incorporation of Sing Moh Electrical Engineering Pte Ltd (“Sing Moh”), a subsidiary of the Company. Apart from setting the vision and the mission for the Group and guiding the Group to achieve its long-term business and financial objectives, Mr. Tay Yong Hua is also responsible for key clients/vendors partnership development and new business development. Mr. Tay is also the director of SME International Holdings Limited, a subsidiary of the Company.

Mr. Tay Yong Hua is an entrepreneur with over three decades of start-up and operational experience with a wide range of mechanical and electrical projects. In 1983, Mr. Tay Yong Hua founded Sing Moh Electrical Engineering Company as a sole-proprietorship, and in 1988, the sole proprietor business became Sing Moh.

Mr. Tay Yong Hua is the brother of Mr. Tay Yong Meng (a director of Sing Moh) and the uncle of Mr. Kenneth Teo Swee Cheng (Kenneth Zhang Ruiqing) (an executive Director).

Please refer to the section headed “Report of the Directors – Directors’ and Chief Executives’ Interests and Short Positions in Shares, Underlying Shares and Debentures” in this report for Mr. Tay Yong Hua’s interest in the shares of the Company (the “Shares”) as at 31 December 2023 which fall to be disclosed to the Company under Divisions 7 and 8 of Part XV of the Securities and Future Ordinance (Chapter 571 of the laws of Hong Kong) (the “SFO”).

**Mr. Kenneth Teo Swee Cheng (Kenneth Zhang Ruiqing) (“Mr. Teo”)**, aged 51, was re-appointed as an executive Director and the chief executive officer of the Company (the “Chief Executive Officer”) on 23 June 2020. He is also the authorised representative, the chairman of the corporate governance committee of the Company (the “Corporate Governance Committee”) and a member of the nomination committee of the Company (the “Nomination Committee”). Mr. Teo is also the director of certain subsidiaries of the Company.

Mr. Teo joined the Group in May 2000 as a director and became a director of Sing Moh in April 2008. He currently oversees all aspects of the operations of our Group including strategic planning, procurement, tender, sales and marketing and business development. He is responsible for the project management for all mechanical and electrical engineering projects of our Group. During his tenure with the Group, Mr. Teo had secured one of the first pre-fabricated, pre-finished volumetric construction (PPVC) projects in Singapore, an initiative of the Singapore government to increase productivity and reduces demand for manpower.

Mr. Teo was instrumental in leading the Group to be awarded ISO 9001 certification in December 2000 as well as leading the Group’s upgrade of its BCA ME05 grading to L6 level in 2010. Under Mr. Teo’s leadership, the Group achieved the bizSAFE STAR status in November 2010. He was also responsible for guiding the Group to be awarded the OHSAS 180001 certification in December 2011. Prior to joining the Group, Mr. Teo worked at Sembcorp Construction Pte Ltd as an engineer between June 1997 and April 2000.



## Biographical Details of the Directors of the Company and Senior Management (continued)

Mr. Teo obtained a Bachelor's Degree (Honours) of Engineering from the Nanyang Technological University in July 1997 and obtained a Graduate Diploma in Business Administration from Singapore Institute of Management in October 2000.

Mr. Teo is the nephew of Mr. Tay Yong Hua (Executive Chairman and an executive Director) and nephew of Mr. Tay Yong Meng (a director of Sing Moh).

Please refer to the section headed "Report of the Directors – Directors' and Chief Executives' Interests and Short Positions in Shares, Underlying Shares and Debentures" in this report for Mr. Teo's interest in the Shares as at 31 December 2023 which fall to be disclosed to the Company under Divisions 7 and 8 of Part XV of the SFO.

### INDEPENDENT NON-EXECUTIVE DIRECTORS

**Mr. Cheung Garnok ("Mr. Cheung")**, aged 48, was appointed as an independent non-executive Director on 11 June 2019. He is also the chairman of the Audit Committee and a member of each of the Remuneration Committee and the Nomination Committee.

Mr. Cheung has over two decades of experience involving in the public accounting, auditing, corporate accounting and compliance areas. He also has extensive business exposure across industry sectors in financial services, real estates, hotel hospitality, ports, property development, FMCG (fast-moving consumer goods), fashion retailing, ecommerce, digital marketing, supply chain and logistics.

Mr. Cheung has been the Group Chief Financial Officer for Cargo Services Group, a leading Hong Kong and China based international freight forwarder and logistics provider since May 2021.

From September 2020 to April 2021, Mr. Cheung was the chief financial officer for AMTD Group Company Limited, a financial services conglomerate with core businesses in investment banking, asset management, digital finance solutions, and non-financial services areas including education and real estate investments. Since September 2020, Mr. Cheung is the advisor, and from June 2015 to September 2020, he was the chief financial officer for eCargo Holdings Limited ("eCargo"), an ecommerce enabling and technology company with operations in Hong Kong, China and Australia and listed on the Australian Securities Exchange (ASX: ECG). In addition to his responsibilities on finance and accounting matters, Mr. Cheung was also responsible for eCargo's strategic planning, daily operations, investor relations and business development. Between February 2006 and March 2013, Mr. Cheung was the assistant to managing director and subsequently between February 2013 and May 2015, the chief financial officer at ITC Corporation Limited ("ITC", renamed as PT International Development Corporation Limited), a company listed on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") (stock code: 0372) that invest in a diversified portfolio group of listed and unlisted ventures. He served as the director of a number of operating subsidiaries of ITC.

Mr. Cheung received his Bachelor's degree in Finance from the University of Hong Kong in July 1998. He is a certified public accountant recognised by the Washington State, U.S.A. since August 2005 and is a member of the American Institute of Certified Public Accountants since November 2012. He is also a Chartered Global Management Accountant since November 2012. He has completed the Blockchain Strategy Programme at the University of Oxford, England, United Kingdom in May 2018 (through long distance learning). He is an Associate Member of the Association of International Accountants since December 2020.

## Biographical Details of the Directors of the Company and Senior Management *(continued)*

**Mr. Choong Pei Nung (“Mr. Choong”)**, aged 59, was appointed as an independent non-executive Director on 21 October 2022. He is also the chairman of the Remuneration Committee and a member of each of the Audit Committee and the Corporate Governance Committee.

Mr. Choong has 35 years of experience in the mechanical engineering field. He has experience in building services and system design, planning, implementation, project management and supervision of projects including industrial, institutional, commercial, hotels, condominium, clubhouses and transport infrastructures. He is currently the director of Meinhardt (Singapore) Pte Ltd, an engineering firm since 2012. Mr. Choong has also been a technical officer (mechanical) with Public Works Departments of Ministry of National Development of Singapore from 1987 to 1994.

Mr. Choong graduated from the Nanyang Technological University, Singapore with a Bachelor of Engineering (Mechanical) in 1997. He is also a member of Professional Engineers Board of Singapore since 2012 and a member of Institute of Engineers of Singapore.

**Mr. Kwong Choong Kuen (Huang Zhongquan) (“Mr. Kwong”)**, aged 51, was appointed as an independent non-executive Director on 23 June 2021. He is also the chairman of the Nomination Committee and a member of each of the Audit Committee and the Corporate Governance Committee.

Mr. Kwong has over 20 years of experience in finance and accounting. He has been appointed as an independent non-executive director of C&N Holdings Limited (stock code: 8430), the issued shares of which are listed on GEM of the Stock Exchange from September 2017 to August 2021 and an independent non-executive director of BHCC Holding Limited (stock code: 1552), the issued shares of which are listed on the Main Board of the Stock Exchange since March 2020. He is also an independent non-executive director of Lincotrade & Associates Holdings Limited, a company listed on Singapore Stock Exchange (stock code: BFT) since January 2024.

Mr. Kwong graduated from the Nanyang Technological University with a Bachelor of Accountancy in June 1996. He is also a Chartered Accountant of Singapore and has been a member of the Institute of Certified Public Accountants of Singapore since September 1999 and a member of the Institute of Singapore Chartered Accountants since July 2013.

Please refer to the section headed “Report of the Directors – Directors’ and Chief Executives’ Interests and Short Positions in Shares, Underlying Shares and Debentures” in this report for Mr. Kwong’s interest in the Shares as at 31 December 2023 which fall to be disclosed to the Company under Divisions 7 and 8 of Part XV of the SFO.

## Biographical Details of the Directors of the Company and Senior Management (continued)

### SENIOR MANAGEMENT

**Mr. Tay Yong Meng**, aged 59, joined our Group in June 1990 and is a director of Sing Moh. Mr. Tay Yong Meng is responsible for leading the operational departments and providing guidance and management experience in project management, including approving contracts and liaising with customers and suppliers. In addition, he is responsible for quality assurance, environmental health and workplace safety. He also oversees our Group's human resources and manpower management.

Mr. Tay Yong Meng has close to three decades of experience in the engineering industry. Prior to joining our Group, Mr. Tay Yong Meng worked as an assistant engineer at Maxtor Singapore Limited between 1989 and 1992.

Mr. Tay Yong Meng obtained a Certificate of Performance in Quantity Surveying (Contract Administration) awarded by Ngee Ann Polytechnic in November 1997 and a certificate in Mechanical and Electrical Coordination awarded by the Construction Authority in November 1999. He also completed the course in Cable Installation for MATV System compatible for Cable-TV Operation conducted by Institute of Technical Education in November 1996. Mr. Tay Yong Meng attained a certificate for completion of the Safety Management Course awarded by the Ministry of Labour, Singapore in January 1996 and completed four modules of National Technical Certificate Grade Three Electrical Installation & Servicing course conducted by the Institute of Technical Education by January 1997. He is certified for completing training in Small Electrical Installation Inspection and Testing awarded by the Singapore Power Training Institute in March 1998. Mr. Tay Yong Meng attained a Building Construction Safety Supervisors course certificate awarded by the Singapore Contractors Association Ltd in September 1999. He was admitted as an associate of the Singapore Institute of Engineering Technologists in February 1996 and is a qualified licensed electrician issued by the Energy Market Authority since December 2015. He was trained by Singapore Telecommunication Academy in 1999 and passed the Singtel's cable locating course and further trained by Starhub on their T.C. D.W course in April 2000. Mr. Tay Yong Meng has been a qualified installer for Info-Communications Development Authority of Singapore since 19 August 2002.

Mr. Tay Yong Meng obtained a Diploma in Mechanical Engineering from Ngee Ann Polytechnic Singapore in August 1986 and a Certificate in Industrial Management from Ngee Ann Polytechnic Singapore in August 1993.

Mr. Tay Yong Meng is the brother of Mr. Tay Yong Hua (Executive Chairman and an executive Director) and the uncle of Mr. Teo (an executive Director).

**Ms. Chan Huishan ("Ms. Chan")**, aged 37, joined the Group in January 2017 as the chief financial officer of the Company (the "Chief Financial Officer"). She is responsible for financial planning, accounting operations & reporting, taxation and internal control systems of our Group. Ms. Chan has extensive experience in accounting and auditing. Prior to joining our Group, Ms. Chan worked at Deloitte & Touche LLP in the audit department between December 2010 and December 2016 where she led various audit teams in providing audit and assurance services. The last position that Ms. Chan held in Deloitte & Touche LLP was audit manager. Prior to that, she worked at Crowe Horwath LLP, Singapore as a staff accountant and later as an audit senior between July 2008 and November 2010 where she carried out audit for both private and public companies (including companies listed in Singapore).

Ms. Chan obtained a Bachelor's Degree in accounting and finance from the Singapore Institute of Management in August 2008, an external programme of the University of London, United Kingdom.



# Report of the Directors

The Board have pleasure in presenting their annual report together with the audited consolidated financial statements of the Group for the financial year ended 31 December 2023.

## PRINCIPAL ACTIVITIES

The Company is an investment holding company, and the principal activities of its principal subsidiaries are set out in note 12 to the consolidated financial statements of the Group.

## RESULTS AND BUSINESS REVIEW

The results of the Group for the financial year ended 31 December 2023 are set out in the section headed “Consolidated Statement of Profit or Loss and Other Comprehensive Income” on page 83 in this report. The business review of the Group for the financial year ended 31 December 2023 is set out in the section headed “Management Discussion and Analysis” on pages 5 to 9 in this report. This discussion forms part of the report of the Directors.

## ENVIRONMENT POLICIES AND PERFORMANCE

Discussion on the environmental policies and performance is set out in the section headed “Environmental, Social and Governance Report” on pages 41 to 76 in this report. This discussion forms part of the report of the Directors.

## COMPLIANCE WITH LAWS AND REGULATIONS

Sufficient resources and training have been allocated and provided to ensure the on-going compliance with applicable laws and regulations. During the year ended 31 December 2023, the Board is not aware of any incidence of non-compliance with the relevant laws and regulations that have a significant impact on the Group’s business where the Group is operating. In particular, we did not record any non-compliance with applicable environmental regulations.

## RELATIONSHIP WITH KEY PARTIES

The Group’s success depends on, amongst other matters, the support from key parties which comprise customers, suppliers, employees and shareholders.

### Customers

We have provided a variety of M&E services for main contractors for building development projects over 35 years, including M&E services for private residential, mixed residential and commercial developments, institutional and industrial buildings. Recognition from our sound track records and project portfolio in the market, the Group has secured new projects from public and private sectors from time to time. Our reputation and high standard of quality work enable the Group and the customers to achieve their profitability and sustainable growth.

### Suppliers and subcontractors

We maintain an approved suppliers list for suppliers who have passed our assessment criteria and any supplier who receives a scoring less than the minimum score will be removed from the approved suppliers list upon assessment based on various performance indicators. We have good relationship with several of our five largest suppliers and we have received good support from them in terms of pricing and delivery of their supplies.

We engage subcontractors mainly for the design and/or installation of air-conditioning and mechanical ventilation systems, and fire protection systems and to provide on-site support to meet project timing when we do not have adequate internal resources to fulfill the project’s requirements. We have established good relationships with our subcontractors.

# Report of the Directors *(continued)*

## Employees

The Group regards its employees as one of its most important and valuable assets. We strive to reward and recognize employees who demonstrate outstanding performance by providing a competitive remuneration package, appropriate incentives, and to promote career development and progression by appropriate training and providing opportunities within the Group for career advancement.

We also place great importance in establishing a safe and healthy work environment for our employees. We have established a set of occupational health and safety procedures, quality plan and procedures. In particular, the Group has secured two projects where we performed off-site on prefabrication and prefinished volumetric construction (PPVC) modules, helping to reduce the time of working onsite and working-at-height of employees, further improving the safety of employees.

## Shareholders

The principal goal of the Group is to maximise the return to the shareholders of the Company (the “Shareholders”). The Group focus on our core business for achieving sustainable profit growth and rewarding the Shareholders with dividend payouts taking into account the business development needs and the financial health of the Group.

## SHARE CAPITAL

Details of movements in the share capital of the Company during the financial year ended 31 December 2023 are set out in note 29 to the consolidated financial statements of the Group.

## RESERVES AND DISTRIBUTABLE RESERVES

Details of movements in the reserves of the Group and the Company during the financial year ended 31 December 2023 are set out in the consolidated statement of changes in equity on page 86 and note 37 to the consolidated financial statements of the Group.

The Company did not have distributable reserves as at 31 December 2023, calculated under the Companies Law, Cap 22 (Law 3 of 2961, as consolidated and revised) of the Cayman Islands, as it has accumulated losses. However, the Company’s share premium amount may be distributed as dividends provided that immediately following the date of which the dividend is proposed to be paid, the Company is able to pay its debts as they fall due in the ordinary course of business.

## DIVIDEND

The Board has resolved not to recommend the declaration of any final dividend for the financial year ended 31 December 2023 (2022: Nil).

## PROPERTY, PLANT AND EQUIPMENT

Details of movements in property, plant and equipment of the Group during the financial year ended 31 December 2023 are set out in note 13 to the consolidated financial statements.

## CHARITABLE DONATIONS

During the financial year ended 31 December 2023, charitable and other donations made by the Group amounted to S\$60,940 (2022: S\$11,160).

## PRE-EMPTIVE RIGHTS

There is no provision for the pre-emptive rights under the Articles of Association of the Company (the “Articles of Association”), or the laws of the Cayman Islands, which would oblige the Company to offer new shares of the Company on a pro-rata basis to existing Shareholders.

# Report of the Directors *(continued)*

## DIRECTORS AND DIRECTORS' SERVICE CONTRACTS

The Directors who held office during the year ended 31 December 2023 and up to the date of this report are:

### Executive Directors:

Mr. Tay Yong Hua (*Executive Chairman*)

Mr. Kenneth Teo Swee Cheng (Kenneth Zhang Ruiqing) (*Chief Executive Officer*)

### Independent Non-executive Directors:

Mr. Cheung Garnok

Mr. Choong Pei Nung

Mr. Kwong Choong Kuen (Huang Zhongquan)

In accordance with the Article 84(1) of the Articles of Association, at each annual general meeting one-third of the Directors for the time being shall retire from office by rotation. Mr. Cheung Garnok and Mr. Kwong Choong Kuen (Huang Zhongquan) will retire from office and, being eligible, offer themselves for re-election as Directors, at the forthcoming annual general meeting of the Company (the "AGM").

Each of the independent non-executive Directors has made an annual confirmation of independence pursuant to Rule 3.13 of the Rules (the "Listing Rules") Governing the Listing of Securities on the Stock Exchange. The Company is of the view that all independent non-executive Directors meet the independence guidelines set out in Rule 3.13 of the Listing Rules and are independent.

Our two executive Directors, Mr. Tay Yong Hua and Mr. Kenneth Teo Swee Cheng (Kenneth Zhang Ruiqing) have entered into a service contract with the Company for a term of three years commencing on 11 December 2017 and 23 June 2020 respectively, which are in force continuously until otherwise terminated pursuant to the terms and conditions as stated in the service contract or a prior notice in writing of no less than three months served by either party to the other.

At the date of this report, each of our three independent non-executive Directors, namely Mr. Cheung Garnok, Mr. Kwong Choong Kuen (Huang Zhongquan) and Mr. Choong Pei Nung has entered into a letter of appointment with the Company for a term of one year commencing on 11 June 2019, 23 June 2021 and 21 October 2022 respectively, which is in force continuously until otherwise terminated pursuant to the terms and conditions as stated in the letter of appointment or a prior notice in writing of no less than three months served by either party to the other.

All Directors are subject to retirement by rotation and re-election at the AGM and other related provisions as stipulated in the Articles of Association.

Apart from the foregoing, no Director proposed for re-election at the AGM has a service contract/letter of appointment which is not determinable by the Company or any of its subsidiaries within one year without payment of compensation, other than statutory compensation.



## Report of the Directors *(continued)*

### **BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT**

The biographical details of Directors and senior management of the Group are disclosed in the section headed “Biographical Details of the Directors of the Company and Senior Management” on pages 10 to 13 in this report.

### **DIRECTORS’ MATERIAL INTERESTS IN TRANSACTIONS, ARRANGEMENTS AND CONTRACTS THAT ARE SIGNIFICANT IN RELATION TO THE COMPANY’S BUSINESS**

Save for the service contract/letter of appointment with the Directors, no other transactions, arrangements or contracts that are significant in relation to the Group’s business to which the Company or any of its subsidiaries was a party and in which a Director or an entity connected with a Director had, directly or indirectly, a material interest subsisted at the end of the year ended 31 December 2023 or at any time during the year ended 31 December 2023.

### **CONTRACTS OF SIGNIFICANCE WITH CONTROLLING SHAREHOLDERS**

No contracts of significance in relation to the Group’s business between the Company or any of its subsidiaries and the Controlling Shareholders or any of its subsidiaries, nor contract of significance in relation to the Group’s business for provision of services to the Company or any of its subsidiaries by the Controlling Shareholder or any of its subsidiaries, subsisted during or at the end of the year ended 31 December 2023.

### **NON-COMPETITION UNDERTAKING**

The controlling shareholders (as defined in the Listing Rules) of the Company (the “Controlling Shareholders”) have entered into the deed of non-competition dated 20 November 2017 in favour of our Group, pursuant to which each of them had irrevocably undertaken with the Company on joint and several basis (for itself and for the benefit of each of our subsidiaries) that he/it would not, and would procure that any of his/its associates (except any members of the Group) would not, during the period from 11 December 2017, the listing date, to the date when the Controlling Shareholders or their associates cease to hold equity interest in our Company and they are not considered as substantial Shareholders, directly or indirectly, either on his own account or in conjunction with or on behalf of any person, firm or company, among other things, carry on, participate or be interested or engaged in or acquire or hold (in each case whether as a shareholder, partner, principal, agent, director, employee or otherwise) any business which is or may be in competition with the business of any member of our Group from time to time.

The Company has received the confirmation from the Controlling Shareholders in respect of their compliance with the terms of non-competition undertaking for the year ended 31 December 2023. The independent non-executive Directors had reviewed and confirmed that the Controlling Shareholders have complied with the non-competition undertaking and the non-competition undertaking has been enforced by the Company in accordance with its terms for the year ended 31 December 2023.

Saved as disclosed above, during the year ended 31 December 2023, none of the Directors, the substantial Shareholders or any of their respective close associates has engaged in any business that competes or may compete, either directly or indirectly, with the business of the Group or has any other conflict of interests with the Group.

# Report of the Directors *(continued)*

## **FIVE YEARS FINANCIAL SUMMARY**

A summary of the published results, assets and liabilities of the Group for the last five financial years is set out on page 146. This summary does not form part of the consolidated financial statements of the Group.

## **PRINCIPAL RISKS AND UNCERTAINTIES**

The business operations and results of the Group may be affected by various factors, some of which are external causes and some are inherent to the business. The Board is aware that the Group is exposed to various risks and the principal risks and uncertainties are summarised below:

1. Inability to achieve continuity of our order book, given the non-recurring nature of our projects, could materially affect our financial performance.

Our contracts are on a non-recurring and project basis. As our projects are not recurring in nature, we cannot guarantee that we will continue to secure new projects from our customers after the completion of the existing projects. Although we are invited by our customers to tender for their projects, our Group nonetheless has to go through a competitive tendering process to secure new projects. If we fail to secure new projects of similar or higher value or similar number of projects on a continual basis, our financial performance will be adversely affected.

In addition, so far as our executive Directors are aware, most of our customers will evaluate their contractors based on their past performance, financial capability, pricing and certifications. If a contractor receives a poor safety performance review or has regulatory non-compliance incidents, it may lead to a poor evaluation and therefore affect future tender success rate. There is no assurance that we will be evaluated favourably by our customers or that we will be invited to tender. If we fail to secure new projects of similar or higher value or similar number of projects on a continual basis, our financial performance will be adversely affected.

The Group will continue to leverage on its various registrations and licenses and extensive experience to solidify and expand its market share in the M&E industry in Singapore.

## Report of the Directors (continued)

2. We may experience delays or defaults in collecting our trade receivables, and failure to receive payment on time and in full, or delay in the release of retention monies or if retention monies are not fully released to us after expiry of the defect liability period, may affect our liquidity position.

The Group normally make monthly progress claims to our customers in respect of the value of the work we have performed, thereafter, subject to our customer's approval of our progress claims, we will proceed to issue the invoices with a credit term in accordance with the provision of the contract. A portion of the contract value, normally 5% is withheld by our customers as retention monies, of which half will be released upon substantial completion and the remaining will be released upon final completion (which is after the defect liability period, usually 12 months from date of substantial completion). If a customer delays payment, or fails to release our retention monies as scheduled, our cash flow and working capital may be materially and adversely affected.

In order to minimise the credit risk, the Group has policies in place for determination of credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. Before accepting any new customer, the Group carries out research on the credit risk of the new customer and assesses the potential customer's credit quality and defines credit limits by customer. Limits attributed to customers are reviewed when necessary. In addition, our accounts department follows a set of monitoring procedures to ensure that follow-up steps are taken for collection of receivables.

3. Majority of our workforce is made up of foreign labour and inability to recruit and/or retain foreign labour could materially affect our operations and financial performance.

Our business is highly dependent on foreign workers as the local construction labour force is of limited supply and more costly. Majority of our workforce made up of foreign employees (including site workers and other employees). Any shortage in the supply of foreign workers, increase in foreign worker levy for foreign workers, or restriction on the number of foreign workers that we can employ will adversely affect our operations and financial performance.

Our human resources department assesses our available human resources on a regular basis, and together with our executive Directors, determines whether additional employees are required to cope with our business operations and expansion. We will also assess the sufficiency of our foreign workforce and ensure that we have an adequate workforce to meet our projects' needs.

### EMOLUMENT POLICY

A Remuneration Committee was set up by the Board to develop the Group's emolument policy and structure for remuneration of the Directors and senior management of the Group, having regard to the Group's operating results, individual performance of the Directors and senior management and comparable market practices.

### DIRECTORS' EMOLUMENTS

The Directors' emoluments are subject to the Shareholders' approval at the AGM. Other emoluments are determined by the Board with reference to the recommendations by the Remuneration Committee, Directors' duties, responsibilities and performance and the results of the Group.

Details of the Directors' emoluments are set out in note 8 to the consolidated financial statements of the Group.



## Report of the Directors (continued)

### PERMITTED INDEMNITY PROVISIONS

Pursuant to the Articles of Association, every Director or other officers of the Company shall be entitled to be indemnified and secured harmless out of the assets and profits of the Company against any liability, action, proceeding, claim, demand, costs, damages or expenses, including legal expenses as a result of any act or failure to act in carrying out his/her functions.

Such provision was in force during the year ended 31 December 2023. In addition, the Company has also maintained Directors' and officers' liability insurance during the year ended 31 December 2023, which provides appropriate cover for the directors and officers of the Group.

### PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

During the year ended 31 December 2023, neither the Company nor any of its subsidiaries have purchased, sold or redeemed any of the Company's listed securities.

### DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES

As at 31 December 2023, the interests or short positions of the Directors and the chief executives of the Company in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO) which were notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they are taken or deemed to have under such provisions of the SFO) or which were required, pursuant to section 352 of the SFO, to be recorded in the register referred to therein or which were required to be notified to the Company and the Stock Exchange pursuant to standards of dealing by Directors contained in the Listing Rules, were as follows:

#### Long Position in the Ordinary Shares and Underlying Shares of the Company

##### (i) Interests in the Company

Name of Directors	Personal interests/ Beneficial owner	Corporate Interests/Interest in a controlled corporation	Number of Shares	Approximate % of interest in the Company
Mr. Tay Yong Hua <sup>Note 1</sup>	20,000,000	529,792,000	549,792,000	60.05%
Kenneth Teo Swee Cheng (Kenneth Zhang Ruiqing) <sup>Note 2</sup>	–	529,792,000	529,792,000	57.86%
Mr. Kwong Choong Kuen (Huang Zhongquan)	2,144,000	–	2,144,000	0.23%

Notes:

1. Mr. Tay Yong Hua holds 90% shares in HMK Investment Holdings Limited ("HMK") and he is therefore deemed to be interested in the 529,792,000 shares held by HMK under the SFO.
2. Mr. Kenneth Teo Swee Cheng (Kenneth Zhang Ruiqing) holds 4% shares in HMK and he is deemed to be interested in the 529,792,000 shares held by HMK under the SFO.

## Report of the Directors (continued)

### (ii) Interests in the associated corporation

Name of Directors	Name of associated corporation	Capacity/nature of interests	Number of Shares	% of the issued voting shares of associate corporation
Mr. Tay Yong Hua	HMK	Beneficial owner	90	90%
Mr. Kenneth Teo Swee Cheng (Kenneth Zhang Ruiqing)	HMK	Beneficial owner	4	4%

Save as disclosed above, as at 31 December 2023, none of the Directors and chief executive of the Company had any interests and short positions in the shares, underlying shares and debentures of the Company and its 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 standards of dealing by Directors contained in the Listing Rules.

### SUBSTANTIAL SHAREHOLDERS' INTERESTS AND/OR SHORT POSITION IN SHARES AND UNDERLYING SHARES OF THE COMPANY

As at 31 December 2023, the following persons/entities (not being Directors or chief executive of our Company) have an interest or a short position in the shares or the underlying shares which were disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register of the Company required to be kept under section 336 of the SFO, were as follows:

#### Long position in the ordinary shares and underlying shares of the Company

Name of Shareholders	Capacity/nature of interests	Number of Shares	Approximate % of interest in the Company
HMK <sup>Note 1</sup>	Beneficial owner	529,792,000	57.86%
Mr. Tay Yong Meng <sup>Note 2</sup>	Interest of controlled corporation	529,792,000	57.86%
Ms. Lim Sim Swee <sup>Note 3</sup> ("Ms. Lim")	Deem interest by virtue of interest held by spouse	549,792,000	60.05%
Mr. Zheng Ming Qiang <sup>Note 4</sup> ("Mr. Zheng")	Beneficial owner	67,073,714	7.33%

#### Notes:

- The 529,792,000 shares are beneficially held by HMK which is owned as to 90% by Mr. Tay Yong Hua, 6% by Mr. Tay Yong Meng and 4% by Mr. Kenneth Teo Swee Cheng (Kenneth Zhang Ruiqing), and they are deemed to be interested in 529,792,000 shares held by HMK by virtue of the SFO.
- Mr. Tay Yong Meng holds 6% shares in HMK and he is therefore deemed to be interested in the 529,792,000 shares held by HMK under the SFO.
- Ms. Lim, the spouse of Mr. Tay Yong Hua, is deemed to be interested in the interests held by Mr. Tay Yong Hua under the SFO.
- According to the individual substantial shareholder notice filed on 8 April 2020 by Mr. Zheng, 67,073,714 shares are beneficially held by him.

## Report of the Directors (continued)

Save as disclosed above, as at 31 December 2023, the Company had not been notified by any persons (other than the Directors or chief executive of the Company) who had interests or short positions in the shares or underlying shares of the Company which would fall under the provisions of Divisions 2 and 3 of Part XV of the SFO to be disclosed to the Company, or which were recorded in the register required to be kept by the Company under Section 336 of the SFO.

### EQUITY-LINKED AGREEMENTS

Other than the share option scheme of the Company (the “Share Option Scheme”), no equity-linked agreements that will or may result in the Company issuing shares or that require the Company to enter into any agreements that will or may result in the Company issuing shares were entered into by the Company during the year ended 31 December 2023 or subsisted at the end of the year ended 31 December 2023.

### SHARE OPTION SCHEME

The Company has conditionally adopted the Share Option Scheme, which was approved by written resolutions passed by its sole Shareholder on 14 November 2017 and became unconditional on 11 December 2017. The terms of the Share Option Scheme are in compliance with the provisions of Chapter 17 of the Listing Rules.

The purpose of the Share Option Scheme is to give the eligible persons an opportunity to have a personal stake in the Company and help motivate them to optimise their future contributions to the Group and/or to reward them for their past contributions, to attract and retain or otherwise maintain on-going relationships with such eligible persons who are significant to and/or whose contributions are or will be beneficial to the performance, growth or success of the Group, and additionally in the case of executives (including executive director of, manager of, or other employee holding an executive, managerial, supervisory or similar position in any member of the Group), to enable the Group to attract and retain individuals with experience and ability and/or to reward them for their past contributions with a payment of HK\$1.00 upon each grant of options offered.

The exercise price of the share option will be not less than the highest of:

- (a) the nominal value of a Share;
- (b) the closing price of the Share as stated in the Stock Exchange’s daily quotations sheet on the offer date; and
- (c) the average closing price of the Share as stated in the Stock Exchange’s daily quotations sheets for the 5 Business Days (as defined in the Listing Rules) immediately preceding the offer date.

The Share Option Scheme shall be valid and effective for period of ten years from 14 November 2017 to 13 November 2027, after which no further options will be granted or offered.

The maximum number of shares in respect of which options may be granted shall not exceed 10% of the number of Shares in issue from time to time. Unless further Shareholders’ approval has been obtained pursuant to the conditions set out in the Share Option Scheme and the provisions of Chapter 17 of the Listing Rules, no person shall be granted an option which, if all the options granted to the person (including both exercised and outstanding options) in any 12 months period up to the date of grant are exercised in full, would result in such person’s maximum entitlement exceeding 1% of the number of issued Shares.

As at 31 December 2023 and up to the date of this report, there was no option outstanding, granted, cancelled, exercised or lapsed.



## Report of the Directors (continued)

At the time of grant of the share options, the Company may specify any minimum period(s) for which an option must be held before it can be exercised and no performance target which need to be achieved by the grantee before an option can be exercised.

Details of the principal terms of the Share Option Scheme are set out in paragraph headed “Share Option Scheme” in section headed “Statutory and General Information” in Appendix V to the prospectus of the Company dated 28 November 2017.

Apart from the aforesaid Share Option Scheme, at no time during the year ended 31 December 2023 was the Company or any associated corporation a party to any arrangement to enable the Directors to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate, and none of the Directors, or their spouses or children under the age 18, had any right to subscribe for the shares in, or debentures of, the Company, or had exercise any such rights.

### MAJOR CUSTOMERS AND SUPPLIERS

The Group’s top five customers accounted for approximately 100.0% (2022: 98.8%) of the total revenue. The top five suppliers accounted for approximately 42.2% (2022: 39.5%) of the total purchases for the financial year ended 31 December 2023. In addition, the Group’s largest customer accounted for approximately 67.7% (2022: 35.7%) of the total revenue and the Group’s largest supplier accounted for approximately 20.6% (2022: 17.1%) of the total purchases for the financial year ended 31 December 2023.

During the financial year ended 31 December 2023, none of the Directors, their respective close associates or any Shareholders (which to the knowledge of the Directors own more than 5% of the Company’s share capital) had any interest in these major customers and suppliers.

### RELATED PARTIES TRANSACTIONS

During the financial year ended 31 December 2023, details of the significant related party transactions undertaken in the normal course of business are set out in the note 32 to the consolidated financial statements of the Group, and none of which constitutes a disclosable connected transaction as defined under the Listing Rules.

### CONNECTED TRANSACTIONS

During the year ended 31 December 2023, the Company has no connected transaction which is subject to the reporting, annual review, announcement and independent shareholders’ approval under Chapter 14A of the Listing Rules.

### SUFFICIENCY OF PUBLIC FLOAT

Based on information that is publicly available to the Company and within the knowledge of the Directors, the Company has maintained the prescribed public float under the Listing Rules of at least 25% of the total number of issued Shares which was held by the public.

### ANNUAL GENERAL MEETING

The forthcoming AGM will be held on 5 June 2024 (Wednesday) and the notice convening such meeting will be published and dispatched to the Shareholders in due course.

## Report of the Directors *(continued)*

### CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from 31 May 2024 (Friday) to 5 June 2024 (Wednesday) (both days inclusive), during which period no transfers of shares will be registered. To determine the entitlement to attend and vote at the AGM, all transfer document, accompanied by the relevant share certificates, must be lodged with the Company's branch share registrar in Hong Kong, Tricor Investor Services Limited at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong for registration not later than 4:30 p.m. on 30 May 2024 (Thursday).

### RETIREMENT SCHEME

The Group participates in the Central Provident Fund in Singapore which is a defined contribution retirement plan, when employees have rendered service entitling them to the contributions. Save as the aforesaid, the Group did not participate in any other pension schemes during the year ended 31 December 2023. No forfeited contributions were used to reduce the level of contributions for the year ended 31 December 2023 and no forfeited contribution was available at 31 December 2023 to reduce future years' contributions.

### AUDITORS

The consolidated financial statements for the financial year ended 31 December 2023 have been audited by Baker Tilly TFW LLP, who will retire and, being eligible, offer itself for re-appointment at the forthcoming AGM.

By Order of the Board  
**Solis Holdings Limited**

**Tay Yong Hua**  
*Executive Chairman and Executive Director*

Singapore, 28 March 2024

# Corporate Governance Report

## CORPORATE GOVERNANCE PRINCIPLES AND PRACTICES

The Group is committed to maintaining high corporate governance standards to safeguard the interest of the Shareholders and to enhance corporate value and accountability. The Company's corporate governance practices are based on the principles and code provisions as set out in the corporate governance codes (the "CG Code") as contained in Appendix 14 to the Listing Rules.

The Board considers that the Company has fully complied with all the applicable principles and the code provisions as set out in the CG Code for the year ended 31 December 2023.

## CORPORATE CULTURE

The Company is committed to cultivating a corporate culture of honesty, transparency, and accountability, which is underpinned by its purpose and values that enable employees at all levels of the Group to thrive and develop their full potentials that allows the Company to deliver sustainable long-term performance and operate in a way that benefits society and the environment.

The management is responsible for setting the tone and shaping the corporate culture of the Company, as well as defining the purpose, values and strategic direction of the Group, which are under review by the Board.

## CODE OF CONDUCT FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted a code of conduct regarding securities transactions by directors (the "Model Code") on terms no less exacting than the required standard of dealings as set out in Appendix 10 to the Listing Rules. Having made specific enquiry of all Directors, all Directors confirmed that they had complied with the required standard of dealings and the code of conduct regarding securities transactions by directors adopted by the Company during the year ended 31 December 2023.

The Board has also adopted the Model Code to regulate all dealings by relevant employees who are likely to be in possession of unpublished inside information of the Company in respect of securities in the Company as referred to in code provision C.1.3 of the CG Code. No incident of non-compliance with the Model Code by the Company's relevant employees has been noted during the year ended 31 December 2023 after making reasonable enquiry.

## THE BOARD OF DIRECTORS

### Responsibilities

The Board assumes responsibility for leadership and control of the Company; and is collectively responsible for directing and supervising the Company's affairs. The management are delegated the authority and responsibilities by the Board for the day-to-day management and operation of the Company. The delegated functions and work tasks are reviewed by the Board periodically.



# Corporate Governance Report *(continued)*

## Composition

During the year ended 31 December 2023 and as of the date of this annual report, the composition of the Board is as follows:

### Executive Directors:

Mr. Tay Yong Hua (*Executive Chairman*)

Mr. Kenneth Teo Swee Cheng (Kenneth Zhang Ruiqing) (*Chief Executive Officer*)

### Independent Non-executive Directors:

Mr. Cheung Garnok

Mr. Choong Pei Nung

Mr. Kwong Choong Kuen (Huang Zhongquan)

The relationship among members of the Board and the biographical details and responsibilities of the Directors as well as the senior management are set out in the section “Biographical Details of the Directors of the Company and Senior Management” in this report.

Save as disclosed in the section headed “Biographical Details of the Directors of the Company and Senior Management” in this report, there is no other financial, business, family or other material/relevant relationships between the Board members.

## Chairman and Chief Executive Officer

Under code provision C.2.1 of the CG Code, the roles of chairman and chief executive should be separate and should not be performed by the same individual. The roles of the chairman and the chief executive officer are separated. Mr. Tay Yong Hua is the executive chairman of the Board, who provides an effective leadership and ensure the continuing effectiveness of the management team of the Company. Mr. Kenneth Teo Swee Cheng (Kenneth Zhang Ruiqing) is the Chief Executive Officer, who focuses on daily operations of the Group. Their respective responsibilities are clearly defined in writing.

## Confirmation of Independence

Each of the independent non-executive Directors has made an annual confirmation of independence pursuant to Rule 3.13 of the Listing Rules to the Company in respect of his independence for the year ended 31 December 2023. The Company is of the view that all independent non-executive Directors meet the independence guidelines set out in Rule 3.13 of the Listing Rules and are independent in accordance with the terms of the guidelines throughout the year ended 31 December 2023.

## Corporate Governance Report (continued)

### Appointment and Re-election of Directors

In accordance with the Articles of Association, at each AGM, one-third of the Directors for the time being shall retire from office by rotation provided that every Director shall be subject to retirement at an AGM at least once every three years. Such retiring Directors shall be eligible for re-election at that meeting.

Any Director appointed by the Board to fill a casual vacancy shall hold office until the first AGM after his/her appointment and be subject to re-election at such meeting and any Director appointed by the Board as an addition to the existing Board shall hold office only until the next following AGM and shall then be eligible for re-election.

Each of the independent non-executive Directors has entered into a letter of appointment with the Company for a specific term subject to retirement by rotation and re-election in accordance with the Articles of Association. The term of appointment of the independent non-executive Directors are set out in the section headed "Report of the Directors – Directors and Directors' Service Contracts" in this report.

### Responsibilities, Accountabilities and Contributions of the Board and Management

The Board is responsible for leadership and control of the Company and oversees the Group's businesses, strategic decisions and performance and is collectively responsible for promoting the success of the Company by directing and supervising its affairs. Directors take decisions objectively in the interests of the Company.

All Directors have full and timely access to all the information of the Company as well as the services and advices from the company secretary of the Company (the "Company Secretary") and senior management. The Directors may, upon request, seek independent professional advice in appropriate circumstances at the Company's expenses for discharging their duties to the Company.

The Board reserves its decisions for all major matters relating to policy matters, strategies and budgets, internal control and risk management, material transactions (in particular those that may involve conflict of interests), financial information, appointment of directors and other significant operational matters of the Company. The Board has delegated the responsibility of implementing the strategies and the daily operations to the management of the Group under the leadership of the executive Directors. The Chief Financial Officer and/or the Company Secretary attend all regular Board meetings and committee meetings to advise on accounting and financial, corporate governance and statutory compliance matters. Senior management has formal or informal contact with the Board members as and when necessary.

### Board Meetings

The Board has scheduled to meet regularly at least four times a year at approximately quarterly intervals in compliance with code provision C.5.1 of the CG Code, to discuss the overall strategy as well as the operational and financial performance of the Company. Other Board meetings will be held when necessary and all Board meetings involve the active participation, either in person or through other electronic means of communication, of a majority of the Directors.

During the year ended 31 December 2023, the Company held four Board meetings, three Audit Committee meetings, one Nomination Committee meeting, one Remuneration Committee meeting and one Corporate Governance Committee meeting. In addition, the Executive Chairman met with all independent non-executive Directors without the presence of the executive Directors.

## Corporate Governance Report (continued)

### Directors' Attendance at Board/Board Committee/and General Meetings

Here below are details of all Directors' attendance at the board meetings, board committee meetings and general meeting held during the year ended 31 December 2023:

	Board meetings attended/eligible to attend	Audit Committee meetings attended/eligible to attend	Remuneration Committee meeting attended/eligible to attend	Nomination Committee meeting attended/eligible to attend	Corporate Governance Committee meeting attended/eligible to attend	General meeting attended/eligible to attend
<b>Executive Directors</b>						
Mr. Tay Yong Hua	4/4	N/A	1/1	N/A	N/A	1/1
Mr. Kenneth Teo Swee Cheng (Kenneth Zhang Ruiqing)	4/4	N/A	N/A	1/1	1/1	1/1
<b>Independent non-executive Director</b>						
Mr. Cheung Garnok	4/4	3/3	1/1	1/1	N/A	1/1
Mr. Choong Pei Nung	3/4	3/3	0/1	N/A	0/1	1/1
Mr. Kwong Choong Kuen (Huang Zhongquan)	4/4	3/3	N/A	1/1	1/1	1/1

### Induction and Continuous Professional Trainings of Directors

Arrangements have been made to provide each new director a comprehensive, formal and tailored induction on the first occasion of his appointment and continuing briefing and professional development when necessary.

Each newly appointed Director has received formal, comprehensive and tailored induction on the first occasion of his/her appointment to ensure appropriate understanding of the business and operations of the Company and full awareness of director's responsibilities and obligations under the Listing Rules and relevant statutory requirements.

The Directors have also been informed of the requirement under code provision C.1.4 of the CG Code regarding continuous professional development and they may join institutes and attend relevant training seminars or informative talk from time to time to enable them to better discharge their duties. The Company encourages the Directors to attend courses in areas of directors' duties and responsibilities, corporate governance, changes in financial reporting standards, insider trading and any industry-related matters, to develop themselves professionally, at the Company's expense.

The Company shall from time to time, if necessary, arrange for relevant and appropriate continuous professional training to all Directors to develop and refresh their knowledge and skills to enable them to be better discharge their duties as Director.



## Corporate Governance Report (continued)

As of 31 December 2023, all the existing Directors, namely Mr. Tay Yong Hua, Mr. Kenneth Teo Swee Cheng (Kenneth Zhang Ruiqing), Mr. Cheung Garnok, Mr. Choong Pei Nung and Mr. Kwong Choong Kuen (Huang Zhongquan) had participated in continuous professional development training such as external seminars, trainings, workshops, informative talk and/or reading materials relevant to the director's duties and responsibilities or the Group's business, to develop and refresh their knowledge and skills to ensure that their contribution to the Board remains informed and relevant. All Directors also understand the importance of continuous professional trainings and are committed to participating in any suitable trainings to develop and refresh their knowledge and skills.

### BOARD COMMITTEES

The Board has established four board committees, namely audit committee, remuneration committee, nomination committee and corporate governance committee for overseeing specific aspects of the Company's affairs. All board committees of the Company are established with defined written terms of reference. Certain terms of reference of the board committees of the Company are posted on the respective websites of the Company and the Stock Exchange in compliance with the CG Code.

#### Audit Committee

The Company established an audit committee (the "Audit Committee") on 14 November 2017 with written terms of reference in compliance with Rule 3.21 of the Listing Rules and the CG Code. The Company has updated the written terms of reference of the Audit Committee on 16 November 2018 in compliance with the new CG Code with effect from 1 January 2019. The revised terms of reference of the Audit Committee are available on the respective websites of the Company and the Stock Exchange.

The responsibility of the Audit Committee is to assist the Board in fulfilling its audit duties through the review and supervision of the Company's financial reporting, risk management and internal control principles and procedures, and to provide advice and comments to the Board. The members meet regularly with the external auditors and/or the Company's senior management for the review, supervision and discussion of the Company's financial reporting, risk management and internal control procedures and ensure that the Board and the management of the Company have discharged their duties to have an effective risk management and internal control systems.

As at the date of this report, the Audit Committee comprises three members as follows:

Mr. Cheung Garnok (*Chairman*)  
Mr. Choong Pei Nung  
Mr. Kwong Choong Kuen (Huang Zhongquan)

All members of the Audit Committee are independent non-executive Directors. None of them is a former partner of the Company's existing auditing firm within 2 years immediately prior to their respective date of appointment. All of them do not have material interest in any principal business activity of nor is or was involved in any material business dealings with the Group or with any core connected persons (as defined in the Listing Rules) of the Group within one year immediately prior to their respective date of appointment.

Mr. Cheung Garnok, who has appropriate professional qualifications and experience in accounting matters, was appointed as the chairman of the Audit Committee.

## Corporate Governance Report (continued)

During the year ended 31 December 2023, the Audit Committee held three meetings. Details of the attendance of the members of the Audit Committee are set out under the sub-heading “Directors’ Attendance at Board/Board Committee/and General Meetings” above.

The summary of work of the Audit Committee meeting held during the year ended 31 December 2023 is as follows:

- To meet with the external auditors, review and make recommendation to the Board for approving the annual financial statement of the Group;
- To review the unaudited interim results of the Group;
- To review the terms of engagement and make recommendation to the Board for the re-appointment of the Company’s auditors, subject to the Shareholders’ approval at the AGM;
- To review the non-competition undertaking by the Controlling Shareholders; and
- To review the Company’s risk management and internal control systems.

### Remuneration Committee

The Company established the remuneration committee on 14 November 2017 with written terms of reference in compliance with Rule 3.25 of the Listing Rules and the CG Code. The written terms of reference of the Remuneration Committee are available on the respective websites of the Company and the Stock Exchange.

The Remuneration Committee is responsible for formulating and making recommendations to the Board on the Company’s emolument policy and on the establishment of a formal and transparent procedure for developing such policy. The Board expects the Remuneration Committee to exercise independent judgment and ensures that the executive Directors do not participate in the determination of their own remuneration.

As at the date of this report, the Remuneration Committee comprises three members as follows:

Mr. Choong Pei Nung (*Chairman*)

Mr. Tay Yong Hua

Mr. Cheung Garnok

The Remuneration Committee is chaired by an independent non-executive Director and majority members of the Remuneration Committee are also the independent non-executive Directors. During the year ended 31 December 2023, the Remuneration Committee held one meeting to review the remuneration policy and structure and to make recommendations to the Board on determining the annual remuneration packages of the Directors and the senior management of the Group and other related matters.

Details of the attendance of the members of the Remuneration Committee are set out under the sub-heading “Directors’ Attendance at Board/Board Committee/and General Meetings” above.

## Corporate Governance Report (continued)

The summary of work of the Remuneration Committee meeting held during the year ended 31 December 2023 is as follows:

- To review and recommend to the Board on the Group’s remuneration policy and strategy;
- To review and recommend to the Board on the remuneration packages of the executive Directors and the senior management of the Group; and
- To review and recommend to the Board on the Directors’ fees of the independent non-executive Directors.

Details of the emoluments paid to the Directors and the highest paid individuals for the financial year ended 31 December 2023 are set out in note 8 to the consolidated financial statements of the Group.

### Nomination Committee

The Company established the nomination committee on 14 November 2017 with written terms of reference in compliance with the CG Code. The written terms of reference of the Nomination Committee are available on the respective websites of the Company and the Stock Exchange.

The primary duties of the Nomination Committee include reviewing the structure, size and composition of the Board, identifying individuals suitably qualified to become Directors, assessing the independence of the independent non-executive Directors and making recommendations to the Board on appointment and re-appointment of Directors.

As at the date of this report, the Nomination Committee comprises three members as follows:

Mr. Kwong Choong Kuen (Huang Zhongquan) (*Chairman*)  
Mr. Kenneth Teo Swee Cheng (Kenneth Zhang Ruiqing)  
Mr. Cheung Garnok

The Nomination Committee is chaired by an independent non-executive Director and majority members of the Nomination Committee are also the independent non-executive Directors. During the year ended 31 December 2023, the Nomination Committee held one meeting to review the composition of the Board, review the nomination policy, assess the independence of the independent non-executive Directors and make recommendations to the Board on the re-election of the Directors.

Details of the attendance of the members of the Nomination Committee are set out under the sub-heading “Directors’ Attendance at Board/Board Committee/and General Meetings” above.

The summary of work of the Nomination Committee meeting held during the year ended 31 December 2023 is as follows:

- To review the existing Board’s structure, size and composition;
- To review the board diversity policy;
- To review the nomination policy;
- To review and assess the independence of the independent non-executive Directors; and
- To make recommendations to the Board on the retiring Directors.



# Corporate Governance Report *(continued)*

## Board Nomination Policy

The Company adopted a nomination policy on 16 November 2018 in compliance with the CG Code with effect from 1 January 2019, which establishes written guidelines to the Nomination Committee to identify individuals suitably qualified to become Board members and make recommendations to the Board on the selection of individuals nominated for directorships with reference to the formulated criteria. The Board is ultimately responsible for the selection and the appointment of new Directors.

The Board, through the delegation of its authority to the Nomination Committee, has used its best efforts to ensure that the Directors appointed to the Board possess the relevant background, experience and knowledge in business, finance and management skills critical to the Group's business to enable the Board to make sound and well considered decisions. Collectively, they have competencies in areas which are relevant and valuable to the Group.

To enhance the gender diversity, the Nomination Committee recommended and the Board approved a target of having at least one female director on the Board on or before 31 December 2024. The Nomination Committee will continue reviewing the composition of the Board to maintain diversity.

## Nomination Process

The Nomination Committee shall assess whether any vacancy on the Board has been created or is expected on a regular basis or as required.

The Nomination Committee utilises various methods for identifying director candidates, including recommendations from Board members, management, and professional search firms. All director candidates, including incumbents and candidates nominated by the Shareholders are evaluated by the Nomination Committee based upon the director qualifications. While director candidates will be evaluated on the same criteria through review of resume, personal interview and performance of background checks. The Nomination Committee retains the discretion to establish the relative weighting of such criteria, which may vary based on the composition, skill sets, age, gender and experiences of the collective Board rather than on the individual candidate for the purpose of diversity perspectives appropriate to the requirement of the Company's business.

## Selection Criteria

The Nomination Committee will take into account whether a candidate has the qualifications, skills, experience and gender diversity that add to and complement the range of skills, experience and background of the existing Directors by considering the highest personal and professional ethics and integrity of the director candidates, proven achievement and competence in the nominee's field and the ability to exercise sound business judgment, skills that are complementary to those of the existing Board, the ability to assist and support management and make significant contributions to the Company's success and such other factors as it may deem are in the best interests of the Company and the Shareholders.

The Company shall review and reassess the nomination policy and its effectiveness on a regular basis or as required.

## Board Diversity Policy

The composition of the Board is reviewed on an annual basis by the Nomination Committee to ensure that the Board has the appropriate mix of expertise and experience, and collectively possesses the necessary core competence for informed decision-making and effective functioning. The Company adopted its own board diversity policy and recognises the benefits of having diversity in the composition of the Board.

## Corporate Governance Report (continued)

The Company noted that that people from different backgrounds and with different professional and life experience are likely to approach problems in different ways and accordingly, members of the Board with diverse backgrounds will bring different concerns and questions to the table and allow the Board to consider a wider range of options and solutions when deciding on corporate issues and formulating policies for the Group. In determining the Board's composition and selection of candidates to the Board, the Nomination Committee will consider factors including but not limited to gender, age, cultural and educational background, ethnicity, professional experience, skills, industry knowledge and length of service.

All Board appointments will be based on meritocracy, and candidates will be considered against the above selection criteria, having regard for the benefits of diversity on the Board, the business model and specific needs of the Group. The ultimate decision will be based on merit and the contribution that the selected candidates will bring to the Board.

### Composition of the Diversified Board

As at the date of this report, the Board comprises five Directors. The following diagram and/or table further illustrate the composition and diversity of the Board as of the date of this annual report:

Name of director	40 to 49	50 to 59	Over 60	Nationality	
				Singaporean	Chinese
Mr. Tay Yong Hua			✓	✓	
Mr. Kenneth Teo Swee Cheng (Kenneth Zhang Ruiqing)		✓		✓	
Mr. Cheung Garnok	✓				✓
Mr. Choong Pei Nung		✓		✓	
Mr. Kwong Choong Kuen (Huang Zhongquan)		✓		✓	

Name of director	Educational background			Professional experience	
	Accountancy	Engineering	Other	Construction	Accounting, audit and corporate finance consultancy
Mr. Tay Yong Hua			✓	✓	
Mr. Kenneth Teo Swee Cheng (Kenneth Zhang Ruiqing)		✓		✓	
Mr. Cheung Garnok	✓				✓
Mr. Choong Pei Nung		✓		✓	
Mr. Kwong Choong Kuen (Huang Zhongquan)	✓				✓

The Nomination Committee considers that the existing size and composition of the Board are adequate and diversified for effective decision-making, taking into account the nature and scope of the Group's operations. The Nomination Committee has also monitored the implementation of the board diversity policy since its adoption, and also reviewed it to ensure its effectiveness and concluded that no revision to the policy is required at the last nomination committee meeting held.

# Corporate Governance Report *(continued)*

## Corporate Governance Committee

The Company established the corporate governance committee on 14 November 2017 with written terms of reference in compliance with the CG Code. The written terms of reference of the Corporate Governance Committee are available on the respective websites of the Company and the Stock Exchange.

The primary functions of the Corporate Governance Committee are to keep the effectiveness of the corporate governance and system of internal controls of the Group. The Corporate Governance Committee shall introduce and propose relevant principles concerning corporate governance and to review and determine the corporate governance policy, so as to enhance and to ensure a high standard of corporate governance practices in the Group.

As at the date of this report, the Corporate Governance Committee comprises three members as follows:

Mr. Kenneth Teo Swee Cheng (Kenneth Zhang Ruiqing) (*Chairman*)  
Mr. Choong Pei Nung  
Mr. Kwong Choong Kuen (Huang Zhongquan)

The Corporate Governance Committee is chaired by an executive Director and the majority members of the Corporate Governance Committee are independent non-executive Directors. During the year ended 31 December 2023, the Corporate Governance Committee held one meeting to review and monitor the training and continuous professional development of the Directors and senior management of the Group, review the Company's policies and practices on compliance with legal and regulatory requirements, review the Company's policies and practices on corporate governance issues and review the Company's compliance with the CG Code and the disclosure in the corporate governance report.

## ACCOUNTABILITY AND AUDIT

### Financial Reporting

The Board is responsible for presenting a balanced, clear and understandable assessment of financial reports, price-sensitive announcements and other disclosures required under the Listing Rules and other regulatory requirements.

The Board acknowledges its responsibility for the preparation of the consolidated financial statements for the financial year ended 31 December 2023 which give a true and fair view of the state of affairs of the Group in accordance with the statutory requirements and accounting standards and other financial disclosure requirement under the Listing Rules. The financial results of the Group are announced in a timely manner in accordance with statutory and/or regulatory requirements.

The Directors are not aware of any material uncertainties relating to events or conditions that may cast significant doubt upon the Company's ability to continue as a going concern.

The statement of the auditors about their reporting responsibilities is set out in the "Independent Auditor's Report" on pages 77 to 82 of the consolidated financial statements.



## Corporate Governance Report (continued)

### VIEWS OF THE BOARD AND AUDIT COMMITTEE ON QUALIFIED OPINION

Except for the possible effects of the matter described in the Basis for Qualified Opinion section of the Independent Auditor's Report, the consolidated financial statements of the Group are properly drawn up in accordance with International Financial Reporting Standards ("IFRSs") approved by the International Accounting Standards Board (the "IASB") and the disclosure requirements of the Hong Kong Companies Ordinance so as to 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, consolidated changes in equity and consolidated cash flows of the Group for the financial year ended on that date.

The management of the Company has given careful consideration to the Qualified Opinion and the basis of the qualification and has had ongoing discussion with the auditor when preparing the Group's consolidated financial statements for the year ended 31 December 2023.

In the previous financial year, the management has used its best effort to negotiate and discuss with the vendors and investee, and conducted a site visit at Aiyaree Place Hotel in Pattaya, together with its independent consultant and legal adviser, on 4 and 5 July 2022. However, the management was only able to meet the general manager of the investee and obtained the operational information of the hotel. During the site visit, the management had also requested the financial records of the investee, but there was no response from them.

During the financial year ended 31 December 2023, the Group commenced legal proceedings against the vendors and Investee. The legal proceedings are ongoing as at the date of this annual report. Refer to the Company's announcement dated 15 December 2023 for more details and note 17 to the consolidated financial statements.

Based on the current assessment and as of the date of this annual report, the ongoing legal proceedings has no material adverse impact on the business or daily operation of the Group as a whole. The Group will take appropriate measures to minimise possible disruptions to the operation of the Group, if any.

Without significant influence over the management of the investee and in the absence of updated financial information from them, the management believes that it is appropriate for the investment to continue to be valued as financial asset at fair value through profit or loss ("FVTPL"). However, the auditor was unable to obtain sufficient appropriate audit evidence to satisfy themselves on management's assessment on the classification of aforesaid investment and management's ability to exercise significant influence over the Investee in accordance with IAS 28 Investments in Associates and Joint Ventures, and its relevant impact to the Group's consolidated financial statements if the Group equity accounted for the share of profit or loss in this Investee. Furthermore, in the absence of relevant financial information of the Investee, they were unable to obtain sufficient appropriate audit evidence to satisfy themselves on whether the investment in unquoted equity shares is appropriately measured at fair value in accordance with IFRS 9 Financial Instruments.

With respect to the Qualified Opinion, the management of the Company acknowledged and agreed with the auditor based on their professional and independent assessment.

## Corporate Governance Report (continued)

The Audit Committee had critically reviewed the audit qualification after discussion with the auditor and it held the same view as the auditor as to the basis of the Qualified Opinion; also concurred with management's view that it was factual that the Company does not have significant influence on the investee and hence the classification of the investment as financial asset at fair value through profit or loss being appropriate. The Audit Committee of the Company will from time to time closely communicate with the Board and the auditor on the progress of the Qualified Opinion.

### THE COMPANY'S ACTION TO ADDRESS THE QUALIFIED OPINION AND REMOVAL OF THE QUALIFIED OPINION IN 2024 FINANCIAL STATEMENTS

If the Company is able to resolve the existing issues with the vendors, matters raised in the Audit Qualification, and the auditor is able to satisfy themselves on the audit assertions and appropriate accounting treatments to the investment in the Investee, the Qualified Opinion would then be removed. While it is expected that the Company will rigorously defend the litigation and make a counterclaim for the full amount of consideration paid under the Sales and Purchase Agreement for the investment together with damages, as the litigation is still at an early stage, it is difficult to predict the period of time to be involved in getting the court decision, hence the auditor and Audit Committee are not able to commit on the removal of the Qualified Opinion. However, the Thailand legal advisors representing the Company has indicated that they have full confidence in getting the positive result for the Company.

### RISK MANAGEMENT AND INTERNAL CONTROL SYSTEMS

The Board is accountable for overseeing the Group's risk management and internal control systems and reviewing its effectiveness annually, while the management are responsible for implementing and maintaining the internal controls systems that covers governance, compliance, risk management, financial and operational controls to safeguard the Group's assets and stakeholders' interests. However, such 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. Procedures are in place to identify major business risks and evaluate potential financial implications.

The Group has code of ethics and whistleblowing policy established to outline its zero-tolerance stance against bribery and corruption. Please refer to the section headed "Environmental, Social and Governance Report – Anti-Corruption" in this report for more details.

The internal control system is reviewed on an ongoing basis by the Board and the Audit Committee through engaging independent consultant. During the year ended 31 December 2023, the Audit Committee, through the engagement of Crowe Horwath First Trust Risk Advisory Pte Ltd. ("Crowe Horwath"), reviewed the adequacy and effectiveness of the risk management and internal control systems of the Group established by the Group for the year ended 31 December 2023, including the following:–

- Review of general control environment;
- Procurement;
- Account payable and payment; and
- Treasury management

## Corporate Governance Report *(continued)*

Crowe Horwath reported to the Audit Committee that they have identified and evaluated the above risk management and internal control systems of the Group and concluded that no significant deficiencies were identified. In addition, the management of the Group was generally in agreement with the issues identified and has undertaken to take proactive actions to remediate the issues and continue to monitor internal controls system within the Group to ensure that all control systems can function effectively.

Based on the review for the year ended 31 December 2023 on the risk management and internal control systems of the Group provided by Crowe Horwath, the Audit Committee reported such findings to the Board. In addition, the Board had received confirmation from the management for the year ended 31 December 2023 that:

- The financial records have been properly maintained and the financial statements give a true and fair view of the operations and finances of the Group; and
- The risk management and internal control systems of the Group are effective.

The Audit Committee and the Board have also reviewed and assessed the causes of Qualified Opinion and no internal control deficiencies has been identified in this regard.

Based on the above, the Board, with the concurrence of the Audit Committee, considered that such systems including financial, operational and compliance were effective, adequate and in compliance with the requirements of the code provision D.2.1 of the CG Code for the year ended 31 December 2023. The Company will perform the ongoing assessment to update all material risk factors on a regular basis and conduct review on its risk management and internal control system annually.

### Internal Audit

The Audit Committee relies on reports from the management, external and internal auditors on any material non-compliance and internal control weaknesses. Thereafter, the Audit Committee oversees and monitors the implementations thereto.

During the year ended 31 December 2023, the Group has outsourced its internal audit function and engage an independent internal control consultant to assess our overall internal control systems and give recommendations to make enhancement. The internal audit has an administrative reporting function to management where planning, coordinating, managing and implementing internal audit work cycle are concerned, and will report their findings and recommendations directly to the Audit Committee. The internal audit can access to all the Group's documents, records and properties for performing its duties.

It was reported that there were no material deficiencies in relation to the Group's internal controls. The Board is of the view that the internal control measures of the Group are adequately and effectively monitor our business operations for the year ended 31 December 2023.



# Corporate Governance Report *(continued)*

## Inside Information

The Group has adopted and implemented its own disclosure policy aiming to provide a general guide to the Directors and senior management of the Group in handling of confidential information and/or monitoring of information disclosure pursuant to applicable laws and regulations in compliance with the Listing Rules and the SFO.

The disclosure policy provides the procedures and internal controls for the handling and dissemination of inside information by publication of the announcement to the respective websites of the Company and the Stock Exchange on a timely basis to enable the public, namely shareholders, institutional investors, potential investors and other stakeholders of the Company to access the latest information of the Group, unless such information falls within the safe harbours with the SFO. The management has notified all employees to comply with the disclosure policy. Briefing and training on the implementation of the policy have been provided to the Directors, officers and senior management of the Group. The Board emphasizes that only the authorised representatives registered in the Stock Exchange are authorised to speak on behalf of the Company.

## External Auditors' Remuneration

During the financial year ended 31 December 2023, the Company engaged Baker Tilly TFW LLP as the external auditors. Their fees in respect of the audit services and non-audit services provided for the financial year ended 31 December 2023 amounted to S\$128,000 (2022: S\$112,000) and S\$18,300 (2022: S\$9,800) respectively.

## COMPANY SECRETARY

The Company appointed Ms. Chin Ying Ying ("Ms. Chin"), an external service provider, as the Company Secretary. Ms. Chan Huishan, the Chief Financial Officer, is the primary contact person to Ms. Chin at the Company in respect of any compliance and company secretarial matters of the Company. During the year ended 31 December 2023, Ms. Chin, has undertaken over 15 hours' professional training to update her skill and knowledge in compliance with Rule 3.29 of the Listing Rules.

# Corporate Governance Report *(continued)*

## SHAREHOLDERS' RIGHTS

### **The Way by Which Shareholders Can Convene Extraordinary General Meeting**

According to Article 58 of the Articles of Association, any one or more members holding at the date of deposit of the requisition not less than one-tenth of the paid up capital of the Company carrying the right of voting at general meetings of the Company shall at all times have the right, by written requisition to the Board or the Company Secretary, to require an extraordinary general meeting to be called by the Board for the transaction of any business specified in such requisition; and such meeting shall be held within two (2) months after the deposit of such requisition. If within twenty-one (21) days of such deposit the Board fails to proceed to convene such meeting the requisitionist(s) himself (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.

### **The Procedures for Putting Forward Proposals at Shareholders' Meetings**

Article 85 of the Articles of Association provides that no person other than a Director retiring at the meeting shall, unless recommended by the Directors for election, be eligible for election as a Director at any general meeting unless a notice signed by a member (other than the person to be proposed) duly qualified to attend and vote at the meeting for which such notice is given of his intention to propose such person for election and also a notice signed by the person to be proposed of his willingness to be elected shall have been lodged at the head office or at the registration office provided that the minimum length of the period, during which such notice(s) are given, shall be at least seven (7) days and that (if the notices are submitted after the despatch of the notice of the general meeting appointed for such election) the period for lodgment of such notice(s) shall commence on the day after the despatch of the notice of the general meeting appointed for such election and end no later than seven (7) days prior to the date of such general meeting.

Accordingly, if a member of the Company wishes to propose a person other than the Director for election as a Director at the Company's general meeting (the "Proposal"), he/she should lodge a written notice setting out the Proposal and his/her contact details to the head office and principal place of business of the Company.

The relevant procedures are set out in the circular to the Shareholders which is sent together with this annual report and the Company's website at [www.TheSolisGrp.com](http://www.TheSolisGrp.com).

### **The Procedures for Sending Enquiries to the Board**

Shareholders may at any time send their enquiries and concerns in writing to the Board by addressing them to the Company at our headquarters in Singapore or principal place of business in Hong Kong or by email to [Enquiries@TheSolisGrp.com](mailto:Enquiries@TheSolisGrp.com).

# Corporate Governance Report *(continued)*

## INVESTOR RELATIONS

### Communication with Shareholders and Investors

The Company endeavors to maintain effective communications with the Shareholders and the potential investors of the Company.

Save as mentioned under the sub-heading “The Procedures for Sending Enquiries to the Board” above, in order to provide more relevant information to the Shareholders, the Company has published all corporate information about the Group on its website at [www.TheSolisGrp.com](http://www.TheSolisGrp.com). It is a channel of the Company to communicate with the Shareholders and the potential investors with our latest corporate development. All our corporate communications, such as statutory announcement, circular and financial reports are available on the website for easy access by the Shareholders and the potential investors. In addition, the Company meets the Shareholders at the AGM so as to promote the development of the Company through mutual and efficient communications.

The forthcoming AGM is scheduled to be held on 5 June 2024. At the AGM, the chairman of the Board as well as chairman of each of the Nomination Committee, the Remuneration Committee and the Audit Committee or, in their absence, other members of the respective committees shall attend to answer questions from the Shareholders at the AGM. The representatives of the external auditors shall also present and available to answer questions at the meeting.

The notice of AGM and the necessary information on issues to be considered in the AGM will be set out in the circular to be dispatched to the Shareholders in due course.

### Constitutional Documents

On 13 June 2023, the proposed amendments on the memorandum and articles of association of the Company to (i) bring it in line with amendments made to the applicable laws of the Cayman Islands and Listing Rules; (ii) allow the Company to hold hybrid general meetings and electronic general meetings; and (iii) incorporate certain housekeeping amendments were approved by way of special resolution at the 2023 AGM. For details, please refer to the announcement and circular of the Company dated 21 April 2023 and 27 April 2023 respectively.

### POLICY ON PAYMENT OF DIVIDENDS

The Company adopted a policy on payment of dividends (the “Dividend Policy”) on 16 November 2018 in compliance with F.1.1 of the CG Code with effect from 1 January 2019, which establishes an appropriate procedure on declaring and recommending the dividend payment of the Company.

The Company will declare and/or recommend the payment of dividends to the Shareholders after considering the Company’s ability to pay dividends, which will depend upon, among other things, its actual and expected financial results, cash flow, general business conditions and strategies, current and future operations, statutory, contractual and regulatory restrictions and so on. The Board has complete discretion on whether to pay a dividend, subject to the Shareholders’ approval, where applicable. Even if the Board decides to recommend and pay dividends, the form, frequency and amount will depend upon the operations and earnings, capital requirements and surplus, general financial condition, contractual restrictions and other factors of and affecting the Group. The Board may also consider declaring special dividends from time to time, in addition to the interim and/or final dividends.

The Company shall review and reassess the Dividend Policy and its effectiveness on a regular basis or as required.

Singapore, 28 March 2024



# Environmental, Social and Governance Report

## HIGHLIGHTS

### Message from the Board of Directors (“Board”)

We are honored to present Solis Holdings Limited’s (the “Company”) Environmental, Social, and Governance (“ESG”) Report (the “ESG Report”) for the financial year ended 31 December 2023 (“FY2023”). The Company and its subsidiaries (collectively, the “Group”, or “we”) are committed to providing the highest quality electrical and mechanical solutions to its customers.

As a responsible corporate entity, we recognize that our performance extends beyond financial outcomes, and we have implemented a range of initiatives that reflect our commitment to social and environmental stewardship. These initiatives include a focus on workplace safety, the promotion of responsible Environmental, Health and Safety practices, and efforts to positively impact the communities in which we operate.

We invite you to explore the ESG Report in detail to learn more about our sustainability performance and initiatives. We are proud to confirm that the Board has integrated sustainability issues into our strategic formulation, and we have identified the material ESG factors that underpin our operations. We are committed to overseeing the management and monitoring of these factors, and we remain steadfast in our commitment to operating in a responsible and sustainable manner.

At the Group, we believe that our commitment to excellence and sustainability sets us apart in the industry. We look forward to continuing to provide superior quality electrical and mechanical solutions while making a positive impact on society and the environment.

### About this ESG Report

The Group is committed to achieving a balance between profitability and sustainability. Our ESG Report provides stakeholders with a summary of our environmental and social related impacts arising from our business operation as well as the initiatives we have implemented to achieve a balance between profitability and sustainability.

### Reporting Framework

This ESG Report has been prepared in accordance with the Environmental, Social and Governance Reporting Guide (the “ESG Reporting Guide”) set out in Appendix C2 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”). For the Group’s corporate governance structure and other relevant information, please refer to the Corporate Governance Report in this annual report.

For the preparation of this ESG Report, the Group has adopted the following reporting principles set out in the ESG Reporting Guide:

*Materiality:* The Group conducted a materiality assessment to identify material ESG matters during FY2023, and focused on these identified material ESG matters when preparing this ESG Report. The materiality of the ESG matters was reviewed and confirmed by the Board. Please refer to the sections headed “Stakeholder Engagement” and “Materiality Assessment” for further details.

*Quantitative:* The standards and methods used to calculate the key performance indicators (“KPI(s)”) data in this ESG Report, as well as the applicable assumptions, are provided in the notes.

## Environmental, Social and Governance Report *(continued)*

*Consistency:* Unless otherwise stated, the preparation approach of this ESG Report is consistent with the financial year ended 31 December 2022 (“FY2022”) for comparison. Where there is any change in the scope of disclosure and calculation methods, which may affect the comparison with previous reports, explanations will be provided for the relevant data.

*Balance:* The ESG Report presents the Group’s ESG performance in an impartial manner.

### Reporting Boundary

This ESG Report covers our business in the design, build, and installation of mechanical and electrical systems for general building construction in Singapore for FY2023. The business operation in Singapore represents the Group’s major sources of revenue, contributes to the Group’s principal activities and has a significant influence on the Group’s ESG performance, and is under the Group’s direct operational control.

### Contact Us

We welcome feedback on our sustainability practices and reporting through two channels:

- General enquiries at [Enquiries@TheSolisGrp.com](mailto:Enquiries@TheSolisGrp.com)
- Company’s website at <http://www.TheSolisGrp.com>

### Other Information

Please also refer to the following:

- Appendix A: Sustainability Scorecard
- Appendix B: ESG Reporting Guide Content Index

We have relied on internal data monitoring and verification to ensure accuracy.

### Approach to ESG Strategy and Reporting

The Group is dedicated to addressing concerns related to ESG matters. Our management team is dedicated to ensuring that ESG risks are considered in all decision-making processes and that our strategies are aligned with our sustainability objectives. We strive to achieve our annual ESG goals and continuously improve our performance in this area.

We provide accurate and reliable information in our ESG Report to enable our stakeholders to understand our progress and achievements during FY2023. We are proud to present an honest and transparent report that reflects our commitment to responsible business practices.

The Board is responsible for ensuring the integrity of our ESG Report. The Board has reviewed and approved the ESG Report. To the best of its knowledge, this ESG Report adequately addresses the material issues and fairly presents the environmental and social performances of the Group. The material topics can be divided into four focus areas: environmental, employment and labour practices, operating practices and social contribution.

# Environmental, Social and Governance Report *(continued)*

## ESG Governance Structure

The Group understands the importance of sustainability in its business operations. As such, sustainability is an integral part of the Group's business strategy and decision-making processes. We recognize the value of input and feedback from all our stakeholders, and we strive to ensure that their opinions are considered in our sustainability initiatives.

To ensure that sustainability issues are given the highest level of attention, the Group designed the following ESG governance structure. This structure is designed to govern our sustainability performance and ensure that we are held accountable for our actions. The Board is responsible for the supervision of the Group's ESG performance, with topics including the development of ESG guidelines, policies, and strategies and reviews the progress of the significant ESG issues identified at least once a year. The Board is also responsible for ensuring the effectiveness of the Group's risk management and internal controls. The Chief Financial Officer works closely with the relevant heads of various departments, including but not limited to operation, procurement, and finance departments, to coordinate and implement ESG initiatives, and also reports the progress to the Board at least once annually.

## Stakeholder Engagement

The Group engages both internal and external stakeholders on a regular basis with the goal to strengthen its sustainability approach and performance of the Group. An overview of our approach and key feedback is set out in the table below:

Stakeholder	How we engage	How frequently do we engage	Key feedback
<b>Employees</b>	<ul style="list-style-type: none"> <li>• Performance appraisal</li> <li>• Employee training and development</li> <li>• Feedback to supervisor</li> <li>• Site meeting and discussion</li> </ul>	<ul style="list-style-type: none"> <li>• Annual</li> <li>• Ad-hoc</li> <li>• Ad-hoc</li> <li>• Monthly</li> </ul>	<ul style="list-style-type: none"> <li>• Employee safety and health</li> <li>• Training and development opportunities</li> <li>• Remunerations and welfares</li> <li>• Fair and competitive employment practices</li> </ul>
<b>Customers</b>	<ul style="list-style-type: none"> <li>• Quality management system</li> <li>• Project progress monitoring</li> <li>• Customer feedback channels</li> </ul>	<ul style="list-style-type: none"> <li>• Perpetual</li> <li>• Monthly</li> <li>• Ad-hoc</li> </ul>	<ul style="list-style-type: none"> <li>• High quality and reliability of our services</li> <li>• Timely response to customer complaints</li> <li>• Data privacy and confidentiality</li> </ul>
<b>Suppliers</b>	<ul style="list-style-type: none"> <li>• Supplier meetings</li> </ul>	<ul style="list-style-type: none"> <li>• Ad-hoc</li> </ul>	<ul style="list-style-type: none"> <li>• Fair and robust procurement system</li> <li>• Prompt payment cycles</li> </ul>
<b>Investor</b>	<ul style="list-style-type: none"> <li>• Annual/Extraordinary general meeting</li> <li>• Financial result announcement</li> <li>• HKEX announcement</li> <li>• Annual report</li> <li>• Interim report</li> </ul>	<ul style="list-style-type: none"> <li>• Annual</li> <li>• Bi-annual</li> <li>• Ad-hoc</li> <li>• Annual</li> <li>• Bi-annual</li> </ul>	<ul style="list-style-type: none"> <li>• Return on investment</li> <li>• Business growth</li> <li>• Compliance with listing requirement</li> <li>• Timely and transparent reporting</li> </ul>
<b>Government and regulatory authorities</b>	<ul style="list-style-type: none"> <li>• Meetings, briefings and regular reporting</li> <li>• Correspondences through emails and letters</li> </ul>	<ul style="list-style-type: none"> <li>• Ad-hoc</li> <li>• Ad-hoc</li> </ul>	<ul style="list-style-type: none"> <li>• Compliance with laws and regulations</li> <li>• Safe working environment</li> <li>• Environmentally sustainable business practices</li> </ul>
<b>The community</b>	<ul style="list-style-type: none"> <li>• Donations to the local communities</li> <li>• ESG reporting</li> </ul>	<ul style="list-style-type: none"> <li>• Annual</li> <li>• Annual</li> </ul>	<ul style="list-style-type: none"> <li>• Contribution to the local community</li> <li>• Sustainable use of resources</li> <li>• Reduction of air and waste pollution</li> </ul>



# Environmental, Social and Governance Report *(continued)*

## Materiality Assessment

In FY2023, the management of the Group has dedicated time and resources to identify and address the key ESG issues that are critical to the success of the business. We have actively engaged with our stakeholders to understand their concerns and expectations regarding sustainability, and we have carefully considered the feedbacks in our decision-making processes.

With reference to the Group’s business development strategy and industry practices, the Group identified and determined a list of 15 ESG material issues. The Group prepared a questionnaire based on the list and rated the potential material topics based on their importance to its stakeholders as well as their potential impact on the business. The results of the survey were analysed and a materiality matrix was developed. The materiality matrix and identified material topics were reviewed and confirmed by the Board and the management. The relevant and required disclosures are presented in the following sections.

During FY2023, our materiality matrix was as follows:



## Our Performance

Our sustainability strategy is embedded into the appropriate parts of our business, with dedicated teams for each focus area, and coordination by our relevant departmental managers.

Progress will be tracked in two keyways: measuring performance against metrics, and evaluating how well the programmes have advanced through a series of ‘commitments’.

## Metrics and Targets

We have established KPIs for each of the four focus areas outlined in our sustainability strategy. Periodically, we plan to introduce new metrics and update targets to ensure alignment with our strategy.

# Environmental, Social and Governance Report (continued)

## Commitments

To ensure that we have a robust sustainability programme in place, we have included the key commitments for each area of our sustainability strategy. We track and review our sustainability programme with the Board at least once a year.

## Symbols used to indicate progress against commitments

---

 New commitment     Not started     In progress     Complete     Ongoing commitment

---

## Supporting United Nations Sustainable Development Goals (“UN SDGs”)

In order to ensure that our sustainability efforts are comprehensive and effective, we have incorporated the core commitments for each of the key areas within our sustainability strategy. Our approach has been guided by the UN SDGs, which have provided a framework for us to align our objectives with broader global sustainability targets.

By integrating these commitments throughout our sustainability program, we aim to build a robust and impactful strategy that addresses the environmental, social, and economic challenges facing our organization and our stakeholders.

### Goals

### How we support



The health and well-being of our workforce is top priority. To this end, we have implemented a comprehensive set of policies and procedures and Quality, Health, Safety and Environment in one Management System (“QHSEMS”) that cover all aspects of workplace safety, from identifying hazards and assessing risks to preventing injuries and responding to emergencies. These policies and procedures are regularly reviewed and updated to ensure that they align with the latest industry standards and best practices.

For our commitment, please refer to “**Aspect B2: Health and Safety**”.



We are deeply committed to promoting decent work and economic growth, and this is reflected in our ongoing efforts to make a positive impact on the communities and economies in which we operate. Our approach includes fostering fair employment practices, investing in the development of our employees, and engaging with local stakeholders to support and facilitate local economic development.

For our commitment, please refer to “**Aspect B1: Employment**” and “**Aspect B5: Supply Chain Management**”.

# Environmental, Social and Governance Report *(continued)*

## Goals



## How we support

We are committed to sustainable development and to creating thriving cities and communities that prioritize sustainability and well-being of both people and the planet. We have taken significant steps towards achieving this goal by increasing the adoption of the Design for Manufacturing and Assembly (“DfMA”) concept through the implementation of Cross Laminated Timber (“CLT”)/Glued Laminated Timber (“GluLam”) and Prefabricated Prefinished Volumetric Construction (“PPVC”) technologies in our projects.

Through the use of these technologies in our projects, we are reducing the negative environmental impact of our construction projects, such as noise and dust pollution, we are contributing to the creation of thriving cities and communities that prioritize sustainability and well-being.

For our commitment, please refer to “**Aspect A3: Environment and Natural Resources**”.



We recognize the urgent need for climate action and are committed to reducing our GHG emissions through a range of measures, including energy-efficient building design and sustainable operations practices. We regularly assess our GHG emissions and strive to continuously improve our environmental performance. Our efforts to reduce our carbon footprint reflect our commitment to addressing climate change and creating a more sustainable future for our business, our stakeholders, and the planet.

For our commitment, please refer to “**Aspect A1: Emissions**” and “**Aspect A4: Climate Change**”.

We are proud to support a range of UN SDGs through our business operations and community initiatives. From promoting sustainable cities and communities to reducing inequalities and climate action, we are committed to making a positive impact on the environment and society.

## ENVIRONMENTAL

The Group’s core business activities involved the design, build and installation of electrical and mechanical systems for construction projects in Singapore. The nature of the work performed by the Group generally results in minimal negative impact on the environment, such as emissions of air pollutants and GHG, discharges to water and land, and the generation of hazardous and non-hazardous waste.

The Group recognizes the importance of environmental conservation in achieving sustainable development, and we are committed to continually improving our project management strategies to ensure that our business activities remain aligned with our environmental objectives.



# Environmental, Social and Governance Report *(continued)*

## Aspect A1: Emissions

### Legal Compliance

The Group has complied with all relevant environmental laws, including but not limited to the Environmental Protection and Management Act 1999 and the Environmental Public Health Act 1987 in Singapore, where the Group operates. In FY2023, the Group was not in violation of any relevant laws and regulations relating to waste gas or GHG emissions, water or land discharging, and hazardous or non-hazardous wastes.

### Air Pollutions and GHG Emissions

The Group adheres to good environmental management and strives to protect the environment to fulfil its corporate social responsibility. The Group has established environmental policies and integrated the concept of sustainable development into its operation. The Group has implemented the Quality, Health, Safety & Environment Manual and Environmental Aspect and Impact Assessment for a comprehensive environmental management system. The Group's environmental management system has been certified by the ISO 14001:2015.

Recognizing climate change presents considerable and authentic hazards that demand immediate and decisive action, we are committed to taking positive action to address the urgent challenge of climate change, and we are firmly dedicated to reducing the risks it poses to society. We have implemented measures to reduce our GHG emissions, focusing on the most efficient methods to achieve this goal.

Currently, our carbon footprint includes the following:

- All fuels utilized by our vehicles and excavator machines (Scope 1 emissions).
- All purchased electricity consumed in our offices and worker dormitories (Scope 2 emissions).

Scope 3 emissions from our suppliers and other third parties are currently being determined and are not included in the ESG Report. However, we recognize the importance of these emissions and are actively working to identify and assess them. We will include them in future reports once we have the necessary data and insights to accurately measure and evaluate them.

In FY2023, our GHG emissions intensity has increased by about 12% from approximately 2.51 tonnes of carbon dioxide emission ("tCO<sub>2</sub>e") per thousand manhours ("/'000mhrs") to approximately 2.82 tCO<sub>2</sub>e/'000mhrs. The Group's total GHG emissions amounted to approximately 169.18 tCO<sub>2</sub>e in FY2023. The increased emissions can be attributed to the operations of the dormitory that was newly set up at 7 Woodlands, which provides accommodation for foreign workers. These contribute to an increase in the Scope 2 GHG emissions.

## Environmental, Social and Governance Report *(continued)*

In FY2022, we set the target of reducing 3% our carbon footprint in FY2023 as compared to FY2022, however, the Group did not achieve the target due to the increased emissions resulting from the operations of the dormitory at 7 Woodlands. We remain steadfast in our commitment to sustainability and reducing our environmental footprint. We target to reduce 3% our carbon footprint for the financial year ended 31 December 2024 ("FY2024") as compared to FY2023. In order to achieve the target, we implemented the following best practices for our fleet vehicles:

- Increase the adoption of electric vehicles by replacing our diesel vehicles with EVs.
- Regular maintenance to ensure optimal engine condition and diesel usage efficiency.
- Promote sustainable practices among the employees such as encourage them to recycle and use environmentally friendly products.

### **Hazardous and Non-hazardous Waste Management**

The Group does not generate any hazardous waste during the course of its business operations. As a result, the laws and regulations such as the Hazardous Waste (Control of Export, Import and Transit) Act 1997 in Singapore pertaining to hazardous waste do not significantly affect our business operations.

As a sub-contractor providing electrical and mechanical works, the main non-hazardous waste generated from our business activities consists of unutilized electrical wires made from recyclable materials, such as Polyvinyl Chloride (PVC). We have established standard procedures to manage this waste, whereby all unutilized wires are returned to the warehouse and sold to third-party vendors, who strip them down to their raw components for resale or recycling purposes.

In addition to managing our non-hazardous waste, we have implemented standard procedures to reduce waste generated from our project sites, such as bentonite slurries, contaminated mud, and waste oil. We collect and recondition these materials for reuse whenever feasible. In situations where waste cannot be reused or recycled, we dispose of them in compliance with Singapore's statutory requirements, such as the Sewerage and Drainage Act 2015.

In FY2022, we set the target of limiting the amount of waste generated to 5% for all projects undertaken in FY2023. In FY2023, the operations of the dormitory at 7 Woodlands resulted in an increase in the amount of non-hazardous waste generated. However, taking into account the amount of waste generated from the various projects undertaken by the Group, the Group achieved the target. We target to limit the amount of waste generated to 5% for all projects undertaken in FY2024. We have implemented best practices to reduce the generation of non-hazardous waste.

- Place strong emphasis during the planning stage of each project to ensure that the budgeted purchase amounts are aligned with the project requirement.
- Collect and recondition materials (e.g. bentonite slurries, contaminated mud, and waste oil) for reuse whenever feasible.

# Environmental, Social and Governance Report *(continued)*

## Commitments: Environmental

### Acquired renewable source of energy in our operation

#### Achievement

- We have utilized electric vehicles as part of our ongoing efforts to reduce GHG emissions.

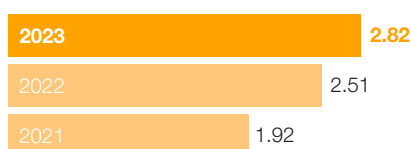
#### FY2023 progress

- We are committed to continuing to invest more in renewable source of energy in our operation.



### Continue to monitor carbon footprint intensity

#### Carbon footprint intensity (tCO<sub>2</sub>e/'000mhrs)



#### FY2023 progress

- The rise in carbon footprint was due to the operations of the dormitory that was newly set up at 7 Woodlands.
- We will continue to monitor our carbon footprint intensity to achieve our target in FY2024.



## Aspect A2: Use of Resources

The Group acknowledges the vital role that efficient resource management plays in safeguarding the environment, particularly with regard to energy and water usage. As described in Aspect A1, the Group has developed policies and procedures related to environmental management to manage the use of resources. As an organization that values sustainability, we encourage our employees to adopt eco-friendly habits such as reducing electricity and water consumption in both the office and dormitories. The Group also constantly monitors the fuel consumption of the vehicles.

We have observed an increase of about 11% in overall energy consumption from approximately 431,681 kilowatts hour ("kWh") to approximately 479,546 kWh and an increase of about 11% in energy consumption intensity from approximately 7,206 kWh/'000mhr to approximately 7,992 kWh/'000mhr. Due to the operations of the dormitory that was newly set up at 7 Woodlands, which provides accommodation for foreign workers, these contribute to an increase in electricity consumption.

Despite the increase in overall consumption, the Group remains committed to reducing its impact to the environment and will continue to explore ways to improve its energy efficiency and sustainability efforts.

### Legal Compliance

The Group has complied with the relevant laws and regulations, such as the Energy Conservation Act 2012 in Singapore in relation to the Group's use of resources FY2023. In FY2023, resources consumed by the Group include but are not limited to purchased electricity, diesel, water, and paper.



# Environmental, Social and Governance Report *(continued)*

## Energy Consumption

### *Direct energy consumption*

In FY2023, we have observed a decrease of about 2% in fuel consumption from approximately 190,902 kWh to approximately 186,557 kWh and a decrease of about 2% in fuel consumption intensity from 3,187 kWh/'000mhr to 3,109 kWh/'000mhr.

Our diesel vehicles travel mileage has significantly increased 12% as compared to the previous year, from 106,836 km to 120,181 km in FY2023, with the diesel usage for excavators of 466 litres in FY2023.

To continue making progress towards our environmental targets by reducing 3% of fuel consumption as compared to the previous year, we have adopted the following practices:

- Commit to ongoing efforts to upgrade our vehicles and ensure they are in optimal condition.
- Send our vehicles undergo regular maintenance and inspections, with an average of at least three maintenance sessions per year in FY2023.
- Invest in renewable sources of energy, such as electric vehicles, to further reduce our environmental impact.

### *Purchased electricity*

In FY2023, we have observed an increase of about 22% in electricity consumption from approximately 240,779 kWh to approximately 292,989 kWh and an increase of about 21% in electricity consumption intensity from approximately 4,019 kWh/'000mhrs to approximately 4,883 kWh/'000mhrs. Such increase was due to the operations of the dormitory that was newly set up at 7 Woodlands, which contributes to an increase in electricity consumption.

In FY2022, we set the target of reducing 3% of the electricity consumption in FY2023 as compared to FY2022, however, the Group did not achieve the target due to the increase in electricity consumption attributing to the newly set up dormitory at 7 Woodlands. We target to reduce 3% of the electricity consumption as compared to FY2023 for FY2024. To achieve the target, we have implemented various measures to minimize our electricity consumption across our offices and dormitories. These measures include the following:

- Operating decentralized air conditioning systems, motion sensor lighting systems, and utilizing LED lighting, as well as using energy-efficient electrical appliances.
- Prioritize energy-efficient electrical appliances that comply with the standards of the National Environment Agency's Tick Rating System, which represents lower energy consumption.

## Environmental, Social and Governance Report *(continued)*

### **Water Usage**

In FY2023, we have observed an increase of about 42% in water consumption from approximately 20,753 m<sup>3</sup> to approximately 29,366 m<sup>3</sup> and an increase of about 41% in water consumption intensity from 346 m<sup>3</sup>/’000mhrs to 489 m<sup>3</sup>/’000mhrs. Such increase was due to the operations of the dormitory that was newly set up at 7 Woodlands, which contributes to an increase in water consumption.

In FY2022, we set the target of reducing our water consumption by 3% in FY2023 as compared to FY2022, however, the Group did not achieve the target due to the increase in electricity consumption attributing to the newly set up dormitory at 7 Woodlands. We target to our water consumption by 3% as compared to FY2023 for FY2024. To achieve the target, we have adopted the following practices:

- Promote conservation habits among our office staff and workers to use water responsibly and reduce unnecessary wastage.
- Adopt various measures to improve the utilization efficiency of water resources, including strengthening the inspection and maintenance of water taps and fixing any dripping taps immediately to avoid wastage.
- Equip water-saving equipment in our offices and dormitories to further improve our water consumption efficiency.

The Group has not identified any issues regarding sourcing of water.

### **Paper**

The paper consumption was primarily used in the office. We recognize the need to reduce our paper usage and waste and are committed to implementing various practices to achieve this goal. In FY2023, we tracked our paper usage and explored various ways to reduce it. To minimize paper waste at the source, we have adopted the following practices:

- Think before print.
- Set duplex printing as the default mode for most network printers.
- Use email to reduce fax paper consumption.
- Separate single-sided paper and double-sided paper for better recycling.
- Use the back of old single-sided documents for printing or as draft paper.

# Environmental, Social and Governance Report *(continued)*

## Use of Packaging Materials

Due to the business nature of the Group, we do not use any packaging materials in our operation.

## Commitments: Use of Resources

### Continue to monitor fuel consumption intensity

### Fuel consumption intensity (kWh/'000mhrs)

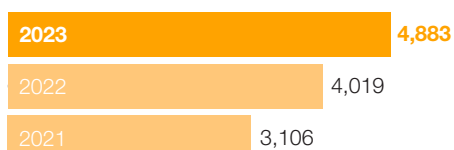


### FY2023 progress

- The fuel consumption intensity decreased from 3,187 kWh/'000mhrs to 3,109 kWh/'000mhrs as compared to the previous year.
- We will continue to monitor and reduce our fuel consumption at least 3% as compared to previous year to promote a sustainable future for our business, stakeholders, and the planet.

### Continue to monitor electricity consumption intensity

### Electricity consumption intensity (kWh/'000mhrs)

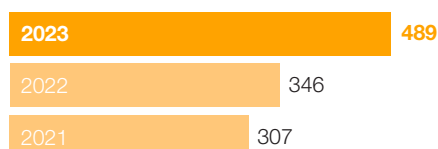


### FY2023 progress

- The electricity consumption intensity increased from 4,019 kWh/'000mhrs to 4,883 kWh/'000mhrs as compared to the previous year.
- We will continue to monitor and reduce our electricity consumption at least 3% as compared to previous year to promote a sustainable future for our business, stakeholders, and the planet.

### Continue to monitor water consumption intensity

### Water consumption intensity (m<sup>3</sup>/'000mhrs)



### FY2023 progress

- The water consumption intensity increased from 346 m<sup>3</sup>/'000mhrs to 489 m<sup>3</sup>/'000mhrs as compared to the previous year.
- We will continue to monitor and reduce our water consumption at least 3% as compared to previous year to promote a sustainable future for our business, stakeholders, and the planet.



# Environmental, Social and Governance Report (continued)

## Aspect A3: Environment and Natural Resources

### Responsible Project Management

The Group has always been committed to sustainable and eco-friendly practices in all of its projects. To this end, we actively participate in eco-friendly projects and continuously seek to adopt more sustainable technologies in our projects. One example of our commitment is our participation in the BCA Green Mark Scheme, introduced by the Building and Construction Authority of Singapore (“BCA”) in 2005. The scheme promotes sustainability and raises environmental awareness among developers, designers, and builders during all stages of a construction project, incorporating internationally recognised best practices in environmental design and performance.

We announce that in FY2023, 100% of the projects undertaken by the Group are Green Mark certified. These projects have demonstrated the properties of reducing energy, water, and material resource usage, reducing potential environmental impact, and promoting indoor environmental quality for better health and well-being.

The Group has also been steadily increasing its adoption of the DfMA concept through the implementation of CLT/GluLam and PPVC technologies in projects. These technologies have helped raise construction productivity while also reducing negative environmental impacts such as site noise and dust pollution. As we move forward, we remain committed to expanding the usage of these eco-friendly technologies in our new projects and sharing our knowledge and experiences with other players in the construction industry.

### Commitments: Environment and Natural Resources

#### Maintain minimal building’s environmental impact of our projects

#### Achievements

- 100% of the projects undertaken by the Group are Green Mark certified by BCA.

#### FY2023 progress

- All our projects meet or exceed the Green Mark certification requirements by BCA.



## Aspect A4: Climate Change

As a mechanical and electrical engineering company, we recognize our responsibility to play an active role in the global fight against climate change. While our direct impact on the environment may be limited, as a critical part of the construction supply chain, we have a vital role to play in ensuring that our operations are conducted with sustainability and environmental protection in mind. The Group recognizes the importance of identifying and mitigating any material impacts caused by climate change. We are committed to take into considerations of the potential climate related risks and opportunities into our business operations and relevant policies are implemented to identify and mitigate climate related impacts.

### Physical Risks

The increasing frequency and severity of extreme weather events such as prolonged monsoon seasons and flash floods, which may adversely affect employees’ safety, the transportation of construction materials and the work progress of the sites, and cause financial damage. The Group has a “Business Continuity Plan” and a “Disaster Recovery Plan” to respond to any significant business disruption. We work closely with our main contractors to ensure that our projects are delivered efficiently and effectively, while also taking into account the potential impacts of climate change. We also maintain a comprehensive insurance coverage for assets that are prone to damage by extreme weather conditions, minimizing the potential maintenance and repair cost required.

# Environmental, Social and Governance Report *(continued)*

## **Transition Risks**

Governments across the globe have established more stringent rules and regulations regarding climate change. Failure to meet environmental-related/climate-related regulations (such as carbon tax and disclosure requirements) pose risks to the Group's business and operation. The Stock Exchange has required listed companies to enhance climate-related disclosures in their ESG reports, which may result in increased compliance costs. Failure to meet the climate change compliance requirements may expose the Group to risks of claims and lawsuits. Corporate reputation may also decline. We continue to monitor the regulatory environment to ensure that we meet the expectations of regulatory authority and comply with the environmental related law and regulation. We also hire ESG consultants to help strengthen oversight by the management team on ESG issues and disclosure of ESG related information. The Group also explores the possibilities of applying renewable or clean energy in the operation sites.

## **SOCIAL**

At our core, we believe that fulfilling our social responsibilities as a corporate citizen is crucial to establishing a harmonious and sustainable relationship with our employees, customers, and communities. We are committed to caring for the well-being and development of our employees, ensuring the highest standards of service responsibility, and promoting transparent and open relationships with external parties, including our valued customers. Moreover, we strive to contribute to the development of our communities and create a positive impact on society.

### **Aspect B1: Employment**

The Group established employment policies, including recruitment and promotion, compensation and dismissal, working hours, rest periods, benefits and welfare, equal opportunity, diversity, and anti-discrimination.

#### **Legal Compliance**

Our human resources policies are designed to comply with all applicable employment laws and regulations in Singapore, including but not limited to the Employment Act (Cap. 91) and Employment of Foreign Manpower Act (Cap. 91A), as well as social security schemes such as the Central Provident Fund. The human resources department of the Group reviews and updates the relevant company policies regularly in accordance with the latest laws and regulations.

In FY2023, the Group was in compliance with relevant laws and regulations in relation to recruitment and promotion, compensation and dismissal, working hours, rest periods, benefits and welfare, equal opportunity, diversity, and anti-discrimination that have a significant impact on the Group.

#### **Attraction and Retention**

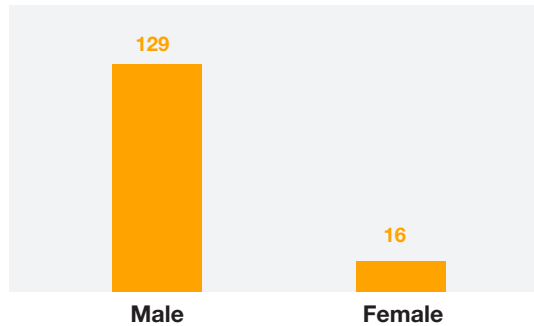
The Group is committed to fostering a fair and equitable workplace for all employees, guided by the principles of equality and non-discrimination. We believe that recruitment, remuneration, promotion, and benefits must be administered based on objective assessment, equal opportunity, and non-discrimination. The Group has implemented the "HR Policy and Procedures" to eliminate discriminating employment practices such as nepotism and discriminations on gender, age, marital status, race, religion and the like. The Group firmly believes in creating an inclusive and diverse environment where everyone has equal opportunities to grow and thrive. We do not tolerate any form of discrimination during our recruitment process or in the workplace based on factors such as gender, age, race, religion, and other measures of diversity.

The Group has stipulated the procedures for hiring in its "HR Policy and Procedures". Our recruitment process is designed to be fair and objective, following a structured approach that includes an application for recruitment, detailed position descriptions, collection of job applications, interviews, selection, approval, and job offers. We evaluate candidates based on their qualifications, experiences, skills, and potential to contribute to the Group's success.

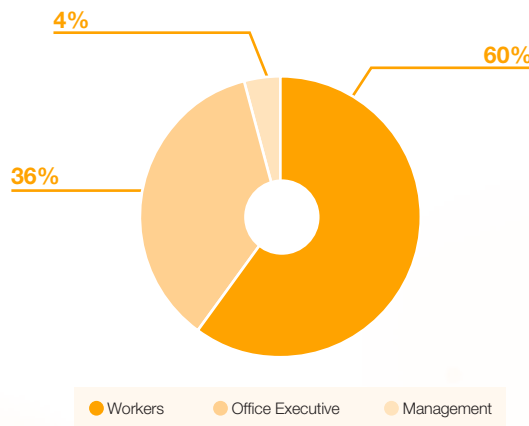
# Environmental, Social and Governance Report (continued)

In FY2023, the Group's workforce comprises a higher proportion of male employees than female employees, which can be attributed to the nature of the construction industry. The majority of workers in the industry are male, with female employees primarily occupying executive and managerial roles within the Group. The Group is committed to promoting gender diversity and fostering an inclusive workplace culture where all employees, regardless of gender, can thrive and develop their full potential. We will continue to review and improve our policies and practices to support gender equality and diversity in our workforce.

Employees by Genders



Employees by Grade

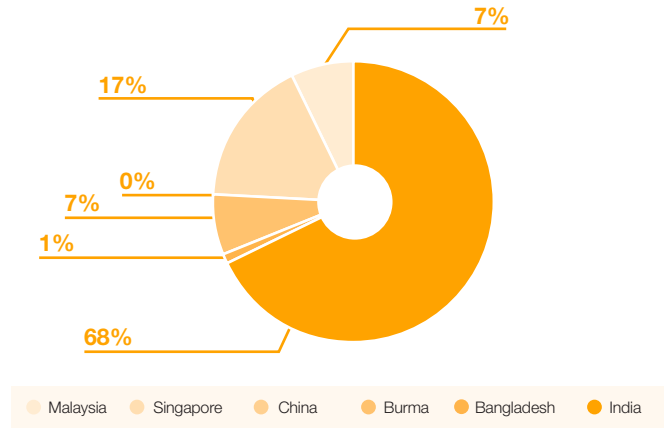


The Group prides itself on having a highly diverse workforce comprising individuals from various nationalities, as depicted in the chart on the right. As the construction industry relies heavily on foreign workers, the majority of the Group's employees are non-locals hailing from different countries. Among the foreign workers, the largest group of employees is of Indian nationality. The Group values the unique perspectives and experiences that its diverse workforce brings to the table and strives to create an inclusive environment that fosters collaboration and innovation.



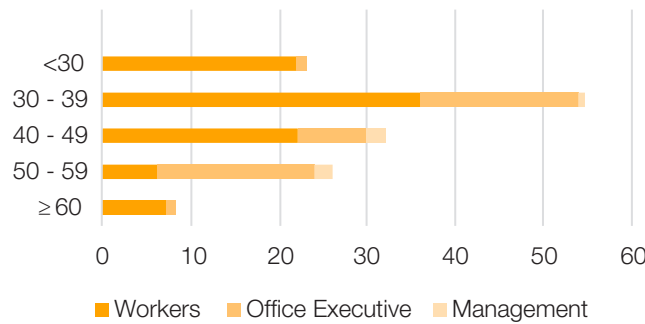
# Environmental, Social and Governance Report *(continued)*

Employees by Geographical Region



The Group values the contributions of employees from all age groups and recognizes the significance of age diversity in the workplace. Every employee brings unique expertise and experience to the Group, regardless of their age. There are total 24 employees are under the age of 30, 87 employees are between the ages of 30 and 49, and 34 employees are aged 50 and above. The Group strives to provide equal employment opportunities for employees of all ages, ensuring that their diverse skills and knowledge are utilized to achieve our goals.

Employees by Grade and Age Group



## Working Hours, Rest Periods, Benefits and Welfare

Employees' working hours, rest periods, benefits and welfare, including medical insurance, overtime payment, retirement benefits through Central Provident Fund, and statutory leave entitlement, are required to be in compliance with employment or labour laws and regulations.

## Compensation and Dismissal

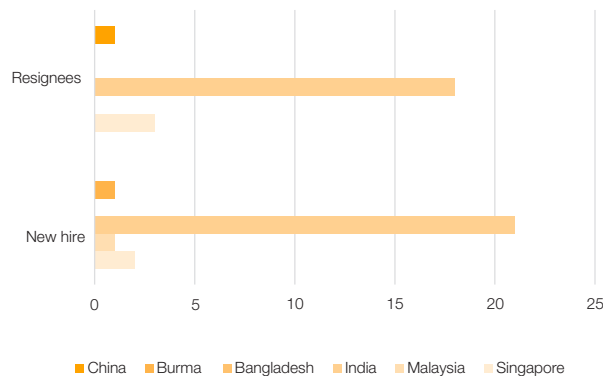
The Group offers competitive remuneration packages and welfare and benefits to attract and retain talents, such as performance incentives, reimbursement of medical expenses, annual leaves, allowances and more. The opportunities of annual bonuses, increments and promotions are provided to employees based on the result of their annual performance appraisals.

## Environmental, Social and Governance Report (continued)

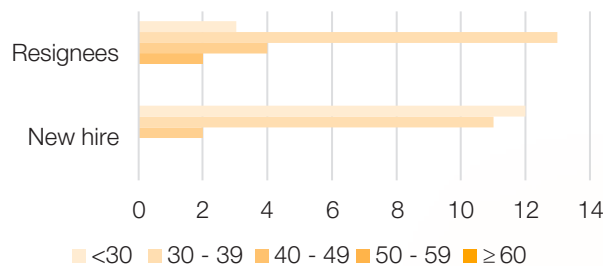
In FY2023, the Group hired a total of 25 new employees. Due to the nature of the construction industry, about 84% of our new hire employees which majority of them have the nationality of India. On the other hand, there are 22 employees who resigned and the majority of them are male foreign workers which consist of 95% of the resigned employee.

The majority of our workforce has the age between 30 and 49 years old. This is represented in the employee turnover by age group. About 52% of our new hire and 77% of the resigned employees have the aged between 30 and 49 years old.

### Employees Hire and Resignation by Geographical Region



### Employees Hire and Resignation by Age Group



### Living Environment

Due to the nature of the construction industry in Singapore, the Group has a significant number of foreign workers in its employment who are engaged in on-site activities for various projects. As a responsible employer, we committed to provide satisfactory living conditions for our foreign workers to ensure that they experience a sense of comfort and relaxation during their non-working hours. Our dormitories are equipped with good quality amenities, including laundry services, gym equipment, and a Wi-Fi network, along with an entertainment centre.

In addition to providing comfortable living conditions, the Group places great emphasis on fostering a sense of community among its employees, regardless of their cultural background. We celebrate various festivals with all our employees, including the Chinese New Year lunch buffet, the 4th day of the Lunar Calendar, the Traditional 7th Month Lunar Prayer Lunch buffet, and the Deepavali dinner buffet. These occasions allow us to share in each other's cultures and traditions and promote a spirit of inclusivity and harmony within our organization. In FY2023, we also organized Company Incentive Trip to Xiamen to provide employees with an opportunity to relax and celebrate their hard work. Moreover, we organize regular meetings with our employees over dinner or refreshments on a quarterly basis as well.

# Environmental, Social and Governance Report *(continued)*

## Aspect B2: Health and Safety

The safety and well-being of our workers is our top priority. We are committed to providing a safe work environment, implementing strict safety measures, and continuously monitoring and improving our safety policies and practices.

### Legal Compliance

The Group has established occupational safety and health policies that are in line with various laws and regulations in Singapore, including but not limited to the Workplace Safety and Health Act (Cap. 354A).

In FY2023, the Group was not in violation of any of the relevant laws and regulations in relation to providing a safe working environment and protecting the employees from occupational hazards that have a significant impact on the Group.

### Workplaces' Health and Safety

The Group is dedicated to providing a high-quality working environment for our employees and has established a series of policies that adhere to ISO 9001:2015, ISO 14001:2015, ISO 45001:2018, and BizSAFE Level STAR standards for workplace safety and health. In FY2023, we had zero non-compliances with laws and regulations related to workplace safety and health.

The Group has effectively established and implemented its QHSEMS. The QHSEMS formalizes safety conduct guidelines such as electrical safety, working at heights, and hot work operations. The QHSEMS has three stages, namely planning, implementation, and enhancement, to ensure that safety and health concerns are identified and mitigated throughout each project.

During the project planning stage, the Group conducts a thorough hazard identification and risk assessment exercise to identify and mitigate safety and health concerns using precautionary measures. Once the project is underway, we appoint experienced safety supervisors to monitor and rectify any unsafe behaviors at the project site. Additionally, the Group employs eight qualified first aiders with valid certificates to provide immediate medical attention if necessary. To further ensure safety, we utilize innovative technologies like PPVC, DfMA, and CLT/GluLam, which reduce safety risks for our workers. The Company also implemented health screening measures for foreign workers to ensure their well-being and maintain a safety working environment.

We believe that safety awareness is crucial, and we conduct internal training that evaluates construction industry fatality cases that are announced by the Workplace Safety and Health Council or published in the local media to enhance our workers' safety awareness. In FY2023, we conducted a fire drill exercise to further enhance safety preparedness and response capabilities of our employees.

During the past three years, including the FY2023, the Group has not recorded any fatal accidents (rate of work-related fatalities: 0%). There is no serious work injuries or fatal incidents reported during FY2023, and the Group reported 0 case of minor work injury with a total of 0 lost day.



## Environmental, Social and Governance Report (continued)

Description	Units	FY2021	FY2022	FY2023
Number of serious incidents	Number	0	0	0
Serious incident rate	Number/'000mhrs	0	0	0
Number of workplace injuries	Number	2	3	0
Workplace injury rate	Number/'000mhrs	0.003%	0.005%	0
Lost days due to work injury	Days	11	16	0

### Commitments: Workplaces' Health and Safety

#### Improve workplace health and safety

##### Target

- Achieve zero fatalities, serious incident and workplace injuries.

##### FY2023 progress

- We have established and implemented a series of policies and procedures that adhere to ISO 9001:2015, ISO 14001:2015, ISO 45001:2018, and BizSAFE Level STAR standards for workplace safety and health. These policies and procedure were reviewed and updated.
- The Group reported 0 case of minor work injury with a total of 0 lost day.
- We are striving to improve the workplace health and safety.



### Aspect B3: Development and Training

The Group is committed in providing its employees with the necessary training to enhance their knowledge and skills for carrying out their work duties. We offer vocational training courses both internally and externally and cover the cost of these courses to ensure that our employees receive the best possible training.

#### Professional Development

The Group believes that continuous development of employees' knowledge and skills are crucial to strengthen the competitiveness of its business. We are committed to providing our employees with opportunities for career advancement and strive to help them reach their full potential.

To achieve this goal, we conduct a thorough evaluation and needs analysis to identify suitable training courses for our employees. These courses may include compulsory training mandated by the BCA and the Ministry of Manpower ("MOM") for the industry sector, such as the renewal of required licenses and certifications and workplace health and safety-related courses.

## Environmental, Social and Governance Report *(continued)*

We also encourage our office executives and management team to attend external courses that can broaden their skills and knowledge. This approach ensures that our employees stay up-to-date with the latest industry developments and trends, which ultimately benefits our clients and the Group's overall performance.

The following are the key training courses attended by the Group's employees:

- Antigen Rapid Test (ART) swabbing and supervision for the built environment
- Apply workplace safety and health on the construction site
- BizSafe 2 – develop a risk management implementation plan
- CET for coretrade
- Manage workplace safety and health on construction site
- Operate scissor lift
- Safe management officer
- Supervise construction work for workplace safety and health
- The practical approach to handling liquidated damages and final retention sum payment

In FY2023, the Group conducted 540 hours of training for employees, both internally and by external trainer. The majority of those who attended the training courses were workers, as they make up the largest percentage of the Group's workforce. On average, management and executive staff received around 2.28 hours of training, while workers received around 4.69 hours. The Group is committed to providing equal training opportunities to all employees, regardless of age. Specifically, the Group invested a significant amount of training resources to ensure that employees aged between 30 and 49 years old were equipped with new knowledge and skills to enhance their career development.

### **Aspect B4: Labour Standards**

The Group is committed to protecting human rights, prohibiting forced labour, and creating a workplace with fairness, respect, and free will for its employees.

#### **Legal Compliance**

The Group strictly abides by the Employment Act (Cap. 91) and Employment of Foreign Manpower Act (Cap. 91A), and other related labour laws and regulations in Singapore, to prohibit any child and/or forced labour employment.

In FY2023, the Group was not in violation of any of the relevant laws and regulations, in relation to the prevention of child and forced labour that has a significant impact on the Group.

# Environmental, Social and Governance Report (continued)

## Child and Forced Labour

In accordance with Singapore's Employment (Children and Young Persons) Regulations 2000, no child who is below the age of 13 years shall be employed in any occupation. Singapore also implemented the Prevention of Human Trafficking Act in 2014, where any person who recruits, transports, transfers, harbours or receives an individual by any means of coercion or a child (below the age of 18) for the purpose of exploitation shall be guilty of an offence. The legislations are enforceable for all businesses operating in Singapore.

The Group has put in place internal policies and robust controls over manpower recruitment activities. The Human Resource department is responsible for checking and verifying the background, identity and qualification of each new hire. An official employment contract is entered for new hires and the right type of work pass issued by MOM is obtained for foreign workers. In FY2023, the Group did not hire any child labour or forced labour, free-lance or illegal workers.

In addition, the Group has formal procedures in place to eliminate illegal labour practices if discovered, including escalation, investigation, reporting to authorities, rectification actions and more.

## Commitments: Labour Standards

### Maintain zero child labour or forced labour, free-lance or illegal workers

#### Achievements

- Achieved zero child labour or forced labour, free-lance or illegal workers.

#### FY2023 progress

- Our workforce does not consist of child labour or forced labour, freelance or illegal workers.



## Aspect B5: Supply Chain Management

Effective supply chain management is a fundamental pillar of our organization, which encompasses the comprehensive management of environmental and social risks associated with our supply chain. As a socially responsible enterprise, it is imperative that we prioritize the establishment and maintenance of a sustainable and dependable supply chain, one that is deeply attuned to the environmental and societal impact of our operations. Given our status as an electrical and mechanical engineering company, the key materials we employ in our projects including electrical cables, switch gears, electrical components, low voltage systems, lighting, and more.

## Vendor Management

The Group has established a robust and comprehensive vendor management framework, which is enshrined in the OHSEMS. Specifically, our QHSE-SP-12 (Procurement) and QHSE-SP-02 (Reviewing of subcontractors' risk assessment) policies provide a clear and structured approach to ensuring the consistency and quality of the goods and services procured by our organization. We implement this approach to manage all vendors. In FY2023, the Group had a total of 503 suppliers, and all suppliers are located in Singapore.

Our vendor assessment criteria prioritize a range of factors, including product quality, price competitiveness, certifications and awards, delivery schedules, and response to instructions, among others. All new vendors are carefully assessed against these criteria before being accepted onto our Approved Vendor List ("AVL"), and vendors that have been engaged in projects are similarly evaluated before being retained on the AVL.



## Environmental, Social and Governance Report (continued)

To mitigate operational disruptions and ensure a reliable supply chain, our AVL comprises a diverse pool of 503 vendors in FY2023. This approach enables us to avoid dependence on a small number of suppliers and provides us with the flexibility to engage alternative vendors to achieve competitive pricing and supply continuity. Furthermore, we maintain rigorous and ongoing performance evaluations for all local suppliers in our AVL, ensuring that our partnerships are consistently optimized for success.

While we do not mandate environmental and social impact assessments for our vendors, we do prioritize vendors with environmental certifications, such as ISO 14001:2015. Conversely, vendors that have garnered negative press for environmental or social violations, such as excessive pollution or exploitation of workers, are subject to review for potential relationship termination.

### Commitments: Supply Chain Management

#### All of our procurement budget are used to support local economy

#### Achievements

#### FY2023 progress



- Achieved 100% of the procurement budget used of operation is spent on local suppliers
- All the procurement budget used of operation that is spent on local suppliers.

### Aspect B6: Product Responsibility

The quality and reliability of our products and services are not only crucial for securing new projects but also for maintaining a thriving business in the long run. The Group's management always endeavours to deliver the best quality of electrical and mechanical installation work for our customers.

#### Legal Compliance

With regard to the Group's product health and safety, advertising, and privacy management, the Group is strictly in compliance with the related rules and regulations, such as the Building Control Act in Singapore.

In FY2023, the Group was not in violation of any relevant laws and regulations regarding product health and safety, advertising and privacy matters of its projects that may have a significant impact on the Group.

#### Quality Control and Assurance

We adhere to all the relevant laws and regulations enforced by the BCA in Singapore, such as the Building Control Act. In FY2023, we have had zero non-compliances with the laws and regulations enforced by the BCA. In addition to our BCA licenses, we hold a variety of other industry-related certificates, including the prestigious bizSAFE Level STAR certificates, ISO 9001:2015, ISO 14001:2015, and ISO 45001:2018 certificates.

The Group's QHSEMS comprises a comprehensive set of guidelines and processes that govern our quality control and assurance procedures. This system includes the preparation of a project quality plan that outlines the specific quality elements based on the customer's specifications. We appoint a dedicated Quality Assurance and Quality Control officer for each project who oversees quality control monitoring and inspection on a daily basis. Before we hand over any project to the customer, we conduct a final quality inspection that includes testing and commissioning of the installed mechanical and electrical systems to identify and rectify any defective works.

## Environmental, Social and Governance Report (continued)

Furthermore, we also have formal procedures in place to address any customer complaints received during the defect liability period. Our project managers take full responsibility for investigating the root causes of complaints, following up with customers to provide timely solutions, carrying out ratification works, and reassuring customers of the results. We are proud to say that in FY2023, we did not receive any significant complaints about completed projects. Any received minor complaints will be resolved promptly to the satisfaction of our valued customers. Due to the business nature of the Group, there is no recalls of products sold or shipped for safety and health reasons.

### Intellectual Property Rights

The Group constantly monitors for any infringement of its intellectual properties, and closely monitors and prevents infringements found in the market, such as trademark counterfeiting. We also ensure that the transfer of technology and production experience to third parties is properly protected. No intellectual property can be transferred or sold for profit without the authorisation and consent of its owner.

### Protection of Customer Data

In Singapore, all companies need to comply with the Personal Data Protection Act 2012 (“PDPA”), legislation that governs the collection, use, disclosure and protection of personal data. We have established a Personal Data Protection Policy that governs the collection, use, disclosure, and protection of personal data collected from our employees, customers, and suppliers. In FY2023, we did not have any reported cases of non-compliance with the PDPA.

Our Group’s code of conduct reinforces the importance of handling and protecting confidential data with the utmost care. We have implemented stringent data security measures to safeguard our confidential data, such as employees’ personal and payroll information, project tendering prices, cost budgets, contracts, progress reports, and billings to customers, vendors’ purchase contracts, and orders, among others.

We ensure that employees’ access rights to our systems and shared drives are assigned on a need-to-know basis, and we back up our Accounts, HR, and Project data on a monthly basis to password-protected external hard disks. We also protect our network environment with an updated firewall and anti-virus software, and our server room is equipped with adequate physical controls.

### Commitments: Product Responsibility

#### Achieve zero complaints on products quality and safety

#### Achievements

- Achieved zero complaints on product quality and safety in FY2021, FY2022 and FY2023.

#### FY2023 progress

- We have no complaints received regarding the quality and safety of the product in the past 3 years.



### Aspect B7: Anti-corruption

The Group places great emphasis on business integrity and does not tolerate any form of bribery, extortion, fraud, money laundering or other corrupt practices.

### Legal Compliance

In FY2023, the Group was not in violation of any of the relevant laws and regulations in relation to bribery, extortion, fraud and money laundering, such as the Prevention of Corruption Act 1960 that have a significant impact on the Group.

# Environmental, Social and Governance Report (continued)

## Code of Ethics and Whistleblowing

In Singapore, the Group recognizes the importance of upholding business integrity and takes a firm stance against all forms of corruption, bribery, fraud, money laundering and other related corrupt practices. The Group strictly adheres to the Singapore stringent legislations and regulations governing such acts, including the Corruption, Drug Trafficking and Other Serious Crimes (Confiscation of Benefit) Act, which is enforced by the Commercial Affairs Department, and the Anti-Money Laundering and Countering the Financing of Terrorism regime, under the purview of the Monetary Authority of Singapore.

To ensure compliance, the Group has established a Code of Conduct, which lays out clear guidelines and standards of practice that all directors, officers, and employees must follow, covering areas such as conflicts of interests, insider trading, and money-laundering prevention, among others. Any breach of the Code of Conduct will result in severe disciplinary action.

The Group has also implemented a whistle-blowing policy that formalizes procedures for raising and reporting concerns, responding to concerns raised, protecting whistle-blowers, and investigating and taking follow-up actions. Any suspected wrongdoing or impropriety that falls within the scope of the policy must be reported to the Group's whistle-blowing officers, who are the independent directors of the Board.

The Group is committed to creating and maintaining a culture of honesty, transparency, and accountability, and as such, in FY2023, there were no legal cases regarding corrupt or money laundering practices or whistle-blowing incidents against the Group, its employees, officers, or directors.

## Commitments: Anti-corruption

### Maintain zero violation against laws and regulations relevant to bribery, extortions, fraud and money laundering

#### Achievements

- Achieved zero violations against laws and regulations relevant to bribery, extortions, fraud and money laundering.

#### FY2023 progress

- We are committed to continuing to comply with laws and regulations relevant to bribery, extortions, fraud and money laundering.



## Aspect B8: Community Investment

The Group understands the importance of making a positive contribution to the communities where the Group operates and sees the interests of the communities as one of its social responsibilities. The Group is committed in promoting economic development and fostering a sustainable living environment for all community members. We believe in providing assistance to individuals and organizations within the community, recognizing that every positive action we take can make a significant difference in the lives of those around us.



# Environmental, Social and Governance Report *(continued)*

## Community Investment

We have long recognized the importance of giving back to society and supporting those who are less privileged. Our commitment to making a positive impact on society is reflected in the various forms of donations we provide, including blood donations, cash donations, sponsorships of charity and cultural events, and donations of daily necessities to charitable organizations in need.

In FY2023, we have contributed a total donation amount of S\$60,940 to the following charitable organizations that align with our values and mission.

S/N	Charitable organisation	Nature	Method of donation	Value(S\$)
1	Hong Eng Dragon/Lion Dance Centre (1998)	Society development	Food	2,440
2	Hong Eng Dragon/Lion Dance Centre (1998)	Society development	Cash Donation	6,500
3	AWWA Home	Society development	Cash Donation	4,000
4	Saeng Phuttawang	Society development	Cash Donation	48,000
			<b>Total</b>	<b>60,940</b>

## Appendix A: Sustainability Scorecard<sup>1</sup>

### Economic Contribution

Metrics	Units	FY2021	FY2022	FY2023
Revenue	S\$'000	14,638	13,693	18,809
Total employee	Number	142	144	145
Total manhours <sup>2</sup>	'000mhrs	59	60	60

### Responsible Business

Metrics	Units	FY2021	FY2022	FY2023
Regulatory and compliance incidents	Number	-	-	-
Number of renewable resource vehicles (EVs)	Number	-	2	2

### Foreign workers by dormitory

	Units	FY2021	FY2022	FY2023
85 Tagore Lane	Number	64	62	68
14 Tagore Lane	Number	32	32	31
7 Woodlands	Number	-	153 <sup>3</sup>	139 <sup>3</sup>

Note(s):

1. Relevant data presented in the above scorecard is subject to rounding adjustment, which may result in slight discrepancies in some of the figures.
2. Inclusive of in-house employee, estimated by 8 hours per week and 52 weeks a year.
3. Inclusive of non-in-house employees who renting the dormitory.

# Environmental, Social and Governance Report (continued)

## Environmental Sustainability

Metrics	Units	FY2021	FY2022	FY2023
<b>GHG Emission<sup>4</sup></b>				
GHG emission (scope 1)	tCO <sub>2</sub> e	38.66	52.32	47.06
GHG emission (scope 2)	tCO <sub>2</sub> e	74.85	98.24	122.12
Total GHG emission	tCO <sub>2</sub> e	113.51	150.56	169.18
GHG emission intensity	tCO <sub>2</sub> e/'000mhrs	1.92	2.51	2.82
<b>Air Emission</b>				
NOx emissions	tonne	– <sup>5</sup>	– <sup>5</sup>	0.32
SOx emissions	tonne	– <sup>5</sup>	– <sup>5</sup>	0.00027
Particulate matter emissions	tonne	– <sup>5</sup>	– <sup>5</sup>	0.03
<b>Energy Consumption</b>				
Diesel mileage	km	195,352	106,836	120,181
Petrol mileage	km	23,531	25,305	20,514
Electric mileage	km	–	57,418	61,967
Generator diesel	Litre	1,404	–	–
Excavator diesel	Litre	–	3,171	466
Fuel energy consumption	Litre	17,292	19,090	17,581
Fuel energy consumption <sup>6</sup>	kWh	186,953	190,902	186,557
Fuel energy consumption intensity	kWh/'000mhrs	3,165	3,187	3,109
Electricity consumption	kWh	183,454	240,779	292,989
Electricity consumption intensity	kWh/'000mhrs	3,106	4,019	4,883
Total energy consumption	kWh	370,407	431,681	479,546
Energy consumption intensity	kWh/'000mhrs	6,270	7,206	7,992
<b>Water Consumption<sup>7</sup></b>				
Total water consumption	m <sup>3</sup>	18,137	20,753	29,366
Water consumption intensity	m <sup>3</sup> '000mhrs	307	346	489
<b>Waste Consumption</b>				
Hazardous waste	tonnes	–	–	–
Hazardous waste intensity	tonnes/'000mhrs	–	–	–
Non-hazardous waste	tonnes	18.00	13.68	23.76
Non-hazardous waste intensity	tonnes/'000mhrs	0.31	0.23	0.40

Note(s):

- GHG emissions data are presented in terms of tonnes of carbon dioxide equivalent (tCO<sub>2</sub>e). Its calculation method 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, the "Global Warming Potential Values" from the IPCC Fifth Assessment Report, 2014 (AR5), "How to prepare an ESG Report – Appendix 2: Reporting Guidance on Environmental KPIs" issued by the Stock Exchange, The International Energy Agency ("IEA"), and the Grid Emission Factor from the National Environmental Agency.
- Not tracked in the previous years.
- The calculation method of energy consumption data is based on the "Energy Statistics Manual" issued by the IEA.
- The sources of water are supplied by local municipalities. The total amount of water withdrawn is assumed to be the amount consumed as reflected in utility bills received.

# Environmental, Social and Governance Report (continued)

## Employment and Labour Practices

Metrics	Units	FY2021	FY2022	FY2023
<b>Employment</b>				
Total number of employees	Number	142	144	145
Employee turnover	%	24.80	25.60	15.17
<b>Current Employee by Gender</b>				
Male employee	Number (%)	127(89)	128(89)	129(89)
Female employee	Number (%)	15(11)	16(11)	16(11)
<b>Current Employees by Age Group</b>				
Above 50	Number (%)	33(23)	32(22)	31(21)
30-50	Number (%)	95(67)	92(64)	90(62)
Below 30	Number (%)	14(10)	20(14)	24(17)
<b>Current Employee by Employment Type</b>				
Full-time	Number (%)	— <sup>5</sup>	144(100)	141(97)
Part-time	Number (%)	— <sup>5</sup>	—(-)	4(3)
<b>Employee Turnover by Gender<sup>8</sup></b>				
Male resignee	Number (%)	32(91)	31(97)	21(95)
Female resignee	Number (%)	3(9)	1(3)	1(5)
<b>Employee Turnover by Age Group<sup>8</sup></b>				
Above 50	Number (%)	1(3)	3(9)	1(5)
30-50	Number (%)	32(91)	24(75)	18(81)
Below 30	Number (%)	2(6)	5(16)	3(14)
<b>Employee Turnover by Nationality<sup>8</sup></b>				
Singapore	Number (%)	1(3)	3(9)	3(14)
Malaysia	Number (%)	1(3)	2(6)	—(-)
India	Number (%)	31(89)	26(81)	18(81)
Bangladesh	Number (%)	1(3)	1(3)	—(-)
Burma	Number (%)	1(3)	—(-)	—(-)
China	Number (%)	—(-)	—(-)	1(5)
<b>New Hire by Gender<sup>9</sup></b>				
Male new hire	Number (%)	49(94)	35(92)	24(96)
Female new hire	Number (%)	3(6)	3(8)	1(4)
<b>New Hire by Age Group<sup>9</sup></b>				
Above 50	Number (%)	2(4)	4(11)	—(-)
30-50	Number (%)	42(81)	24(63)	13(52)
Below 30	Number (%)	8(15)	10(26)	12(48)
<b>New Hire by Nationality<sup>9</sup></b>				
Singapore	Number (%)	2(4)	3(8)	2(8)
Malaysia	Number (%)	1(2)	1(3)	1(4)
India	Number (%)	48(92)	31(82)	21(84)
Bangladesh	Number (%)	—(-)	—(-)	—(-)
Burma	Number (%)	1(2)	2(5)	1(4)
China	Number (%)	—(-)	1(3)	—(-)



## Environmental, Social and Governance Report (continued)

Metrics	Units	FY2021	FY2022	FY2023
<b>Training<sup>10, 11</sup></b>				
Total training hours	Hours	– <sup>5</sup>	508	540
Average training hours per employee	Hours	– <sup>5</sup>	3.53	3.72
Average training hours of senior and middle management	Hours	– <sup>5</sup>	– <sup>5</sup>	2.28
Average training hours of non-managerial employees	Hours	– <sup>5</sup>	– <sup>5</sup>	4.69
Average training hours per male employee	Hours	– <sup>5</sup>	3.94	4.19
Average training hours per female employee	Hours	– <sup>5</sup>	0.25	–
Percentage of male employee trained	%	– <sup>5</sup>	– <sup>5</sup>	40
Percentage of female employee trained	%	– <sup>5</sup>	– <sup>5</sup>	–
Percentage of senior and middle management employee trained	%	– <sup>5</sup>	– <sup>5</sup>	24
Percentage of non-managerial employee trained	%	– <sup>5</sup>	– <sup>5</sup>	44
<b>Workplace Safety</b>				
Number of cases related to fatalities <sup>12</sup>	Number	–	–	–
Number of workplace injury	Number	2	3	–
Workplace injury rate	Number/'000mhrs	0.00003	0.00005	–
Number of lost days due to work injury <sup>13</sup>	Number	11	16	–

Note(s):

8. Turnover is defined as all employees who have left the Group voluntarily, or due to dismissal, retirement or death in service during the financial year. The turnover rate is the total number of employee (or number of employee by category) turnovers in the financial year, relative to the total number of resignees (or number of resignees by category) recorded at the end of the financial year.
9. New hires are defined as new employees who have joined the Group during the financial year. The new hires rate is the total number of new hires (or the number of new hires by category) in the financial year, relative to the total number of new hires (or the number of new hires by category) recorded at the end of the financial year.
10. Average training hours per employee is the total number of training hours incurred during the financial year provided to employees, relative to the total number of employees recorded as at the end of the financial year.
11. Average training hours per employee category is the total number of training hours provided to the specific employee category, relative to the total number of the specific employee category recorded as at the end of the financial year.
12. The number of fatalities as a result of work-related injury during the financial year across the Group.
13. Lost days due to work injury refer to the number of days an employee is unable to work due to an injury sustained while working, which is used as a measure of the severity and frequency of workplace injuries and their impact on productivity and employee well-being.

# Environmental, Social and Governance Report (continued)

## Operating Practices

Metrics	Units	FY2021	FY2022	FY2023
<b>Supply Chain Management</b>				
Local suppliers <sup>14</sup>	Number (%)	– <sup>5</sup>	447(100)	503(100)
<b>Products Responsibility</b>				
Product recalls for safety and health reasons	Number	–	–	–
Customer complaints received	Number	–	–	–
<b>Anti-corruption</b>				
Violations against relevant laws and regulations	Number	–	–	–
<b>Community Investment</b>				
Contribution through community investment	S\$	7,244	11,160	60,940

Note(s):

14. Local supplier refers to the organization or person that provides a product or service to the reporting organization and that is based in the same geographic market as the reporting organization.

## Appendix B: ESG Reporting Guide Content Index

### CONTENT INDEX OF THE ESG REPORTING GUIDE OF THE STOCK EXCHANGE

Mandatory Disclosure	Section/Statement
Governance Structure	ESG Governance Structure
Reporting Principles	Reporting Framework
Reporting Scope	Reporting Boundary

## Environmental, Social and Governance Report *(continued)*

### Subject Areas, Aspects, General Disclosure and KPIs

#### Aspect A1: Emissions

##### General Disclosure

#### Description

#### Section/Declaration

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 GHG emissions, discharges into water and land, and generation of hazardous and non-hazardous waste.

Aspect A1: Emissions

##### KPI A1.1

The types of emissions and respective emissions data.

Appendix A: Sustainability Scorecard – Environmental Sustainability

##### KPI A1.2

Direct (Scope 1) and energy indirect (Scope 2) GHG emissions (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).

Air Pollutions and GHG Emissions;  
Appendix A: Sustainability Scorecard – Environmental Sustainability

##### KPI A1.3

Total hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).

Appendix A: Sustainability Scorecard – Environmental Sustainability

##### KPI A1.4

Total non-hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).

Appendix A: Sustainability Scorecard – Environmental Sustainability

##### KPI A1.5

Description of emissions target(s) set and steps taken to achieve them.

Aspect A1: Emissions – Air pollutions and GHG Emissions

##### 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.

Aspect A1: Emissions – Hazardous and Non-hazardous Waste Management



## Environmental, Social and Governance Report *(continued)*

Subject Areas, Aspects, General Disclosure and KPIs	Description	Section/Declaration
<b>Aspect A2: Use of Resources</b>		
<b>General Disclosure</b>	Policies on the efficient use of resources, including energy, water and other raw materials.	Aspect A2: Use of Resources
<b>KPI A2.1</b>	Direct and/or indirect energy consumption by type (e.g. electricity, gas or oil) in total (kWh in '000s) and intensity (e.g. per unit of production volume, per facility).	Aspect A2: Use of Resources – Energy Consumption; Appendix A: Sustainability Scorecard – Environmental Sustainability
<b>KPI A2.2</b>	Water consumption in total and intensity (e.g. per unit of production volume, per facility).	Aspect A2: Use of Resources – Water Usage; Appendix A: Sustainability Scorecard – Environmental Sustainability
<b>KPI A2.3</b>	Description of energy use efficiency target(s) set and steps taken to achieve them.	Aspect A2: Use of Resources – Energy Consumption
<b>KPI A2.4</b>	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.	Aspect A2: Use of resources – Water Usage
<b>KPI A2.5</b>	Total packaging material used for finished products (in tonnes) and, if applicable, with reference to per unit produced.	Not applicable – Explained
<b>Aspect A3: The Environment and Natural Resources</b>		
<b>General Disclosure</b>	Policies on minimizing the issuer's significant impact on the environment and natural resources.	Aspect A3: Environment and Natural Resources – Responsible Project Management
<b>KPI A3.1</b>	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.	Aspect A3: Environment and Natural Resources – Responsible Project Management

## Environmental, Social and Governance Report *(continued)*

Subject Areas, Aspects, General Disclosure and KPIs	Description	Section/Declaration
<b>Aspect A4: Climate Change</b>		
<b>General Disclosure</b>	Policies on identification and mitigation of significant climate-related issues which have impacted, and those which may impact, the issuer.	Aspect A4: Climate Change
<b>KPI A4.1</b>	Description of the significant climate-related issues which have impacted, and those which may impact, the issuer, and the actions taken to manage them.	Aspect A4: Climate Change
<b>Aspect B1: Employment</b>		
<b>General Disclosure</b>	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, antidiscrimination, and other benefits and welfare.	Aspect B1: Employment
<b>KPI B1.1</b>	Total workforce by gender, employment type (for example, full- or part-time), age group and geographical region.	Aspect B1: Employment – Attraction and Retention; Appendix A: Sustainability Scorecard – Employment and Labour Practices
<b>KPI B1.2</b>	Employee turnover rate by gender, age group and geographical region.	Aspect B1: Employment – Compensation and Dismissal; Appendix A: Sustainability Scorecard – Employment and Labour Practices

## Environmental, Social and Governance Report *(continued)*

Subject Areas, Aspects, General Disclosure and KPIs	Description	Section/Declaration
<b>Aspect B2: Health and Safety</b>		
<b>General Disclosure</b>	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.	Aspect B2: Health and Safety
<b>KPI B2.1</b>	Number and rate of work-related fatalities occurred in each of the past three years including the reporting year.	Aspect B2: Health and Safety – Workplaces’ Health and Safety
<b>KPI B2.2</b>	Lost days due to work injuries.	Aspect B2: Health and Safety – Workplaces’ Health and Safety
<b>KPI B2.3</b>	Description of occupational health and safety measures adopted, how they are implemented and monitored.	Aspect B2: Health and Safety – Workplaces’ Health and Safety
<b>Aspect B3: Development and Training</b>		
<b>General Disclosure</b>	Policies on improving employees’ knowledge and skills for discharging duties at work. Description of training activities.	Aspect B3: Development and Training – Professional Development
<b>KPI B3.1</b>	The percentage of employees trained by gender and employee category (e.g. senior management, middle management).	Appendix A: Sustainability Scorecard – Employment and Labour Practices
<b>KPI B3.2</b>	The average training hours completed per employee by gender and employee category.	Aspect B3: Development and Training – Professional Development; Appendix A: Sustainability Scorecard – Employment and Labour Practices



## Environmental, Social and Governance Report *(continued)*

Subject Areas, Aspects, General Disclosure and KPIs	Description	Section/Declaration
<b>Aspect B4: Labour Standards</b>		
<b>General Disclosure</b>	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.	Aspect B4: Labour Standards
<b>KPI B4.1</b>	Description of measures to review employment practices to avoid child and forced labour.	Aspect B4: Labour Standards – Child and Forced Labour
<b>KPI B4.2</b>	Description of steps taken to eliminate such practices when discovered.	Aspect B4: Labour Standards – Child and Forced Labour
<b>Aspect B5: Supply Chain Management</b>		
<b>General Disclosure</b>	Policies on managing environmental and social risks of the supply chain.	Aspect B5: Supply Chain Management
<b>KPI B5.1</b>	Number of suppliers by geographical region.	Aspect B5: Supply Chain Management – Vendor Management
<b>KPI B5.2</b>	Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, and how they are implemented and monitored.	Aspect B5: Supply Chain Management – Vendor Management
<b>KPI B5.3</b>	Description of practices used to identify environmental and social risks along the supply chain, and how they are implemented and monitored.	Aspect B5: Supply Chain Management – Vendor Management
<b>KPI B5.4</b>	Description of practices used to promote environmentally preferable products and services when selecting suppliers, and how they are implemented and monitored.	Aspect B5: Supply Chain Management – Vendor Management

## Environmental, Social and Governance Report (continued)

Subject Areas, Aspects, General Disclosure and KPIs	Description	Section/Declaration
<b>Aspect B6: Product Responsibility</b>		
<b>General Disclosure</b>	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.	Aspect B6: Product Responsibility
<b>KPI B6.1</b>	Percentage of total products sold or shipped subject to recalls for safety and health reasons.	Aspect B6: Product Responsibility – Quality Control and Assurance
<b>KPI B6.2</b>	Number of products and service related complaints received and how they are dealt with.	Aspect B6: Product Responsibility – Quality Control and Assurance
<b>KPI B6.3</b>	Description of practices relating to observing and protecting intellectual property rights.	Aspect B6: Product Responsibility – Intellectual Property Rights
<b>KPI B6.4</b>	Description of quality assurance process and recall procedures.	Aspect B6: Product Responsibility – Quality Control and Assurance
<b>KPI B6.5</b>	Description of consumer data protection and privacy policies, and how they are implemented and monitored.	Aspect B6: Product Responsibility – Protection of Customer Data
<b>Aspect B7: Anti-corruption</b>		
<b>General Disclosure</b>	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.	Aspect B7: Anti-Corruption

## Environmental, Social and Governance Report *(continued)*

### Subject Areas, Aspects, General Disclosure and KPIs

Description	Section/Declaration	
<b>KPI B7.1</b>	Number of concluded legal cases regarding corrupt practices brought against the issuer or its employees during the reporting period and the outcomes of the cases.	Aspect B7: Anti-Corruption – Code of Ethics and Whistleblowing
<b>KPI B7.2</b>	Description of preventive measures and whistleblowing procedures, how they are implemented and monitored.	Aspect B7: Anti-Corruption – Code of Ethics and Whistleblowing
<b>KPI B7.3</b>	Description of anti-corruption training provided to directors and staff.	Aspect B7: Anti-Corruption – Code of Ethics and Whistleblowing
<b>Aspect B8: Community Investment</b>		
<b>General Disclosure</b>	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.	Aspect B8: Community Investment – Community Investment
<b>KPI B8.1</b>	Focus areas of contribution (e.g. education, environmental concerns, labour needs, health, culture, sport).	Aspect B8: Community Investment - Community Investment
<b>KPI B8.2</b>	Resources contributed (e.g. money or time) to the focus area.	Aspect B8: Community Investment - Community Investment

# Independent Auditor's Report

## Independent Auditor's Report to the Members of Solis Holdings Limited

### Report on the Audit of the Consolidated Financial Statements

#### QUALIFIED OPINION

We have audited the accompanying consolidated financial statements of Solis Holdings Limited (the "Company") and its subsidiaries (the "Group") as set out on pages 83 to 145, which comprise the consolidated statement of financial position of the Group as at 31 December 2023, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows of the Group for the financial year then ended, and notes to the consolidated financial statements, including material accounting policy information.

In our opinion, except for the possible effects of the matter described in the *Basis for Qualified Opinion* section of our report, the accompanying consolidated financial statements of the Group are properly drawn up in accordance with International Financial Reporting Standards ("IFRSs") approved by the International Accounting Standards Board (the "IASB") and the disclosure requirements of the Hong Kong Companies Ordinance so as to 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, consolidated changes in equity and consolidated cash flows of the Group for the financial year ended on that date.

#### BASIS FOR QUALIFIED OPINION

##### Financial asset at fair value through profit or loss – Unquoted equity shares

As disclosed in Notes 3 and 17 to the consolidated financial statements, the Group acquired 49% unquoted equity interest in the issued shares of D.D. Resident Co. Ltd (the "investee") on 16 January 2020 at an agreed consideration of HKD58,000,000 (equivalent to S\$10,069,000). The investee is a limited liability company incorporated in Thailand, which is the owner and operator of a hotel property, Aiyaree Place Hotel in Pattaya, Thailand. The Group recorded the investment as financial asset at fair value through profit or loss ("FVTPL") in the consolidated financial statements as at 31 December 2022 and 31 December 2023. As at 31 December 2023, the investment is carried at fair value of S\$4,223,000, and a fair value loss on FVTPL amounting to S\$14,000 is recognised in the profit or loss.

Due to inability to obtain sufficient appropriate audit evidence and in view of the lack of new development during current financial year as described in Note 17, we are unable to conclude as to whether the investment of 49% equity interest in the investee should be classified as financial asset at fair value through profit or loss and accounted for in accordance with IFRS 9 *Financial Instruments* or as investment in associated company and equity accounted for in accordance with IAS 28 *Investments in Associates and Joint Ventures*. We are also unable to determine the potential adjustments to and disclosures in the consolidated financial statements for the financial year ended 31 December 2023 and 31 December 2022 should the investment be classified and accounted for as an investment in associated company. In addition, we are unable to satisfy ourselves and we are unable to determine the extent of adjustments and additional disclosures necessary in respect of the fair value of the unquoted equity shares and the fair value loss recognised in profit or loss for the investment to be appropriately measured in accordance with IFRS 9 *Financial Instruments*, including those presented as corresponding figures.



# Independent Auditor's Report (continued)

## Independent Auditor's Report to the Members of Solis Holdings Limited (continued)

### Report on the Audit of the Consolidated Financial Statements (continued)

#### BASIS FOR QUALIFIED OPINION (continued)

##### Financial asset at fair value through profit or loss – Unquoted equity shares (continued)

The consolidated financial statements for the financial year ended 31 December 2022 were qualified for the same reason as stated above.

We conducted our audit in accordance with International Standards on Auditing (“ISAs”). 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 Accounting and Corporate Regulatory Authority (ACRA) Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities (ACRA Code) together with the ethical requirements that are relevant to our audit of the consolidated financial statements in Singapore, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ACRA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion.

#### KEY AUDIT MATTER

Key audit matter is a matter that, in our professional judgement, was of most significance in our audit of the consolidated financial statements for the financial year ended 31 December 2023. The matter was 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 this matter. In addition to the matter described in the *Basis for Qualified Opinion* section, we have determined the matter below to be the key audit matter to be communicated in our report.

##### Revenue recognition from construction contracts

As disclosed in Notes 2.10 and 4 to the consolidated financial statements, the Group principally generates construction contract revenue from designing, building and installation of mechanical and electrical systems. The Group recognised revenue from construction contracts of S\$18,809,000 for the financial year ended 31 December 2023.

The Group recognises revenue over time by reference to the Group's progress towards completing the construction in accordance with IFRS 15 *Revenue from Contracts with Customers*.

The stage of completion is measured by reference to the percentage of the contract costs incurred to-date to the estimated total contract costs. Management has determined that the input method is an appropriate measure of the progress towards complete satisfaction of the performance obligation.

As disclosed in Note 3 to the consolidated financial statements, the estimation uncertainty and subjectivity involved in determining the stage of completion and the estimated total contract costs to complete may have a significant impact on the revenue of the Group.

# Independent Auditor's Report *(continued)*

## Independent Auditor's Report to the Members of Solis Holdings Limited *(continued)*

### Report on the Audit of the Consolidated Financial Statements *(continued)*

#### KEY AUDIT MATTER *(continued)*

##### Revenue recognition from construction contracts *(continued)*

Revenue recognition from construction contracts is considered a key audit matter due to the significance of revenue to the consolidated financial statements and the assessment in determining the stage of completion and the estimated total contract costs to complete require application of judgement and use of estimates by management.

Our procedures to address this key audit matter:

We performed the following audit procedures to address the revenue recognition:

- Updated our understanding of the Group's revenue recognition policies in accordance with IFRS 15 *Revenue from Contracts with Customers*.
- Updated our understanding and performed test of design and implementation over key financial controls over management's budgeting process.
- Reviewed the contractual terms, discussed the status of the on-going projects with the project team and assessed the reasonableness of management's assumptions and estimation of total estimated cost to complete and determination of percentage of completion.
- Verified contract sums to agreements and evaluated appropriateness of management's judgement and estimation to determine contract modifications, variable consideration and total transaction price.
- Reviewed the projects undertaken by the Group and assessed the need for provision of onerous contract.
- Verified the actual contract costs incurred and checked the computation of the percentage of completion.
- Performed cut-off procedure to determine whether contract cost and revenue are properly taken up in the correct accounting period.
- Assessed the adequacy and appropriateness of the disclosure notes made in the consolidated financial statements in accordance with the disclosure requirements of IFRS 15.

# Independent Auditor's Report (continued)

## Independent Auditor's Report to the Members of Solis Holdings Limited (continued)

### Report on the Audit of the Consolidated Financial Statements (continued)

#### OTHER INFORMATION

Management is responsible for the other information. The other information comprises the information included in the 2023 Annual Report but does not include the 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 consolidated 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 this other information, we are required to report that fact. As described in the *Basis for Qualified Opinion* section above, we are unable to obtain sufficient appropriate evidence about the classification, measurement and disclosure of the Group's investment in financial asset at fair value through profit or loss as at 31 December 2023. Accordingly, we are unable to conclude whether or not the other information is materially misstated with respect to these matters.

#### RESPONSIBILITIES OF DIRECTORS AND THOSE CHARGED WITH GOVERNANCE FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors of the Company are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with IFRSs and the disclosure requirements of the Hong Kong Companies Ordinance, and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and consolidated fair financial statements and to maintain accountability of assets.

In preparing the consolidated financial statements, the directors are 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.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

# Independent Auditor's Report (continued)

## Independent Auditor's Report to the Members of Solis Holdings Limited (continued)

### Report on the Audit of the Consolidated Financial Statements (continued)

#### 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. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with 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 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.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of directors' 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.



# Independent Auditor's Report *(continued)*

## Independent Auditor's Report to the Members of Solis Holdings Limited *(continued)*

### Report on the Audit of the Consolidated Financial Statements *(continued)*

#### **AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS** *(continued)*

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

From the matters communicated with those charged with governance, 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 described 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.

The engagement partner on the audit resulting in this independent auditor's report is Foong Chooi Chin.

#### **Baker Tilly TFW LLP**

*Public Accountants and*

*Chartered Accountants*

Singapore

28 March 2024

# Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the financial year ended 31 December 2023

	Note	2023 S\$'000	2022 S\$'000
<b>Revenue</b>	4	<b>18,809</b>	13,693
Cost of services		<b>(15,758)</b>	(11,604)
Gross profit		<b>3,051</b>	2,089
Other income	5	<b>4,449</b>	2,773
Other gains/(losses) – net	6	<b>63</b>	(20)
Administrative expenses		<b>(6,882)</b>	(5,228)
Finance costs	7	<b>(252)</b>	(60)
Provision for share of net liabilities of a joint venture	28	<b>(451)</b>	(465)
<b>Loss before tax</b>	9	<b>(22)</b>	(911)
Tax credit	10	<b>15</b>	–
<b>Loss for the year</b>		<b>(7)</b>	(911)
<b>Other comprehensive income/(loss):</b>			
<i>Item that is or may be reclassified subsequently to profit or loss:</i>			
Fair value gain of financial assets at fair value through other comprehensive income – debt securities	16	<b>72</b>	8
<i>Items that will not be reclassified subsequently to profit or loss:</i>			
Surplus on revaluation of freehold land and building	13	<b>1,074</b>	1,329
Deferred tax expense relating to surplus on revaluation of freehold property	23	<b>(145)</b>	–
Surplus/(deficit) on changes in fair value of intangible assets	14	<b>11</b>	(2)
Fair value loss of financial assets at fair value through other comprehensive income – equity securities	16	<b>(136)</b>	(978)
<b>Other comprehensive income for the year, net of tax</b>		<b>876</b>	357
<b>Total comprehensive income/(loss) for the year</b>		<b>869</b>	(554)
<b>Loss attributable to:</b>			
Owners of the Company		<b>(6)</b>	(911)
Non-controlling interest		<b>(1)</b>	–*
<b>Loss for the year</b>		<b>(7)</b>	(911)
<b>Total comprehensive income/(loss) attributable to:</b>			
Owners of the Company		<b>870</b>	(554)
Non-controlling interest		<b>(1)</b>	–*
<b>Total comprehensive income/(loss) for the year</b>		<b>869</b>	(554)
<b>Loss per share of the Company (expressed in Singapore cents per share)</b>			
Basic and diluted	11	<b>(0.00)</b>	(0.10)

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

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

# Consolidated Statement of Financial Position

At 31 December 2023

	<i>Note</i>	<b>2023</b> <b>S\$'000</b>	(Reclassified) 2022 S\$'000
<b>Non-current assets</b>			
Property, plant and equipment	13	34,531	24,503
Right-of-use assets	27	383	862
Intangible assets	14	73	62
Investment in a joint venture	15	–	–
Financial assets at fair value through other comprehensive income	16	8,941	9,102
Financial asset at fair value through profit or loss	17	5,765	4,237
<b>Total non-current assets</b>		<b>49,693</b>	38,766
<b>Current assets</b>			
Trade receivables	18	944	562
Other receivables, deposits and prepayments	19	454	516
Contract assets	20	3,528	3,782
Inventories	21	28	48
Pledged fixed deposits	22	1,715	1,711
Cash and cash equivalents	22	13,739	24,036
<b>Total current assets</b>		<b>20,408</b>	30,655
<b>Total assets</b>		<b>70,101</b>	69,421
<b>Non-current liabilities</b>			
Bank borrowing, non-current	26	5,364	5,479
Lease liabilities, non-current	27	53	189
Deferred tax liabilities	23	359	229
<b>Total non-current liabilities</b>		<b>5,776</b>	5,897

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

## Consolidated Statement of Financial Position (continued)

At 31 December 2023

	Note	2023 S\$'000	(Reclassified) 2022 S\$'000
<b>Current liabilities</b>			
Trade payables and trade accruals	24	4,710	2,127
Other payables and accrued expenses	25	8,464	10,366
Contract liabilities	20	805	1,797
Bank borrowing, current	26	120	136
Lease liabilities, current	27	142	334
Provisions	28	916	465
<b>Total current liabilities</b>		<b>15,157</b>	15,225
<b>Total liabilities</b>		<b>20,933</b>	21,122
<b>Net assets</b>		<b>49,168</b>	48,299
<b>Equity and reserves</b>			
Share capital	29	1,585	1,585
Share premium	29	34,440	34,440
Retained earnings		681	732
Reserves	30	12,466	11,545
Equity attributable to owners of the Company		49,172	48,302
Non-controlling interest		(4)	(3)
<b>Total equity</b>		<b>49,168</b>	48,299

The consolidated statement of financial position of the Group was approved by the Board of Directors on 28 March 2024 and was signed on its behalf:

**Tay Yong Hua**  
Director

**Kenneth Teo Swee Cheng**  
(Kenneth Zhang Ruiqing)  
Director

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



# Consolidated Statement of Changes in Equity

For the financial year ended 31 December 2023

	Attributable to owners of the Company																		
	Share capital	Share premium	Retained earnings	Merger reserve <i>(Note 30)</i>	Revaluation reserve for intangible assets <i>(Note 30)</i>	Fair value reserve for financial assets at FVOCI <i>(Note 30)</i>	Revaluation reserve for PPE <i>(Note 30)</i>	Total	Non-controlling interests	Total equity									
											SS'000	SS'000	SS'000	SS'000	SS'000	SS'000	SS'000	SS'000	SS'000
<b>Balance at 1 January 2022</b>	1,585	34,440	1,634	1,500	77	(52)	9,672	48,856	(3)	48,853									
Loss for the financial year	-	-	(911)	-	-	-	-	(911)	-*	(911)									
Other comprehensive (loss)/income for the year	-	-	-	-	(2)	(970)	1,329	357	-	357									
Total comprehensive (loss)/income for the year	-	-	(911)	-	(2)	(970)	1,329	(554)	-	(554)									
Transfer upon disposal of intangible assets	-	-	64	-	(64)	-	-	-	-	-									
Transfer upon disposal of financial assets at fair value through other comprehensive income	-	-	(55)	-	-	55	-	-	-	-									
<b>Balance at 31 December 2022</b>	1,585	34,440	732	1,500	11	(967)	11,001	48,302	(3)	48,299									
Loss for the financial year	-	-	(6)	-	-	-	-	(6)	(1)	(7)									
Other comprehensive income/(loss) for the year	-	-	-	-	11	(64)	929	876	-	876									
Total comprehensive (loss)/income for the year	-	-	(6)	-	11	(64)	929	870	(1)	869									
Transfer upon disposal of financial assets at fair value through other comprehensive income	-	-	(45)	-	-	45	-	-	-	-									
<b>Balance at 31 December 2023</b>	1,585	34,440	681	1,500	22	(986)	11,930	49,172	(4)	49,168									

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

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

# Consolidated Statement of Cash Flows

For the financial year ended 31 December 2023

	Note	2023 S\$'000	2022 S\$'000
<b>Cash flows from operating activities</b>			
Loss before tax		(22)	(911)
<i>Adjustments for:</i>			
Depreciation of property, plant and equipment		1,026	487
Depreciation of right-of-use assets		479	200
Loss/(gain) on disposal of property, plant and equipment		1	(63)
Gain on disposal of a subsidiary		(1)	–
Gain on disposal of non-current asset held for sale		–	(317)
Loss on disposal of intangible assets		–	49
Loss on disposal of financial assets at fair value through other comprehensive income, net		19	182
Gain on disposal of financial assets at fair value through profit or loss		(32)	–
Interest income		(799)	(598)
Interest expense		252	60
Dividend income from equity investments		(1)	(2)
(Gain)/loss on revaluation of property, plant and equipment		(80)	80
Fair value loss on financial asset at fair value through profit or loss		30	89
Provision for share of net liabilities of a joint venture		451	465
Unrealised exchange gains, net		(28)	(22)
Operating cash flows before movement in working capital		1,295	(301)
<i>Changes in working capital:</i>			
Trade receivables		(382)	343
Other receivables, deposits and prepayments		93	(125)
Contract assets		254	(762)
Inventories		20	71
Trade payables and trade accruals		2,583	467
Other payables and accrued expenses		137	(23)
Contract liabilities		(992)	109
<b>Net cash generated from/(used in) operating activities</b>		<b>3,008</b>	<b>(221)</b>

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

## Consolidated Statement of Cash Flows (continued)

For the financial year ended 31 December 2023

	Note	2023 S\$'000	2022 S\$'000
<b>Cash flows from investing activities</b>			
Purchase of property, plant and equipment	A	(9,902)	(9,867)
Prepayment of leases		–	(342)
Purchase of financial assets at fair value through other comprehensive income		(1,832)	(11,530)
Purchase of financial assets at fair value through profit or loss		(2,310)	–
Proceeds from disposal of property, plant and equipment		1	655
Proceeds from disposal of non-current asset held for sale		–	9,361
Proceeds from disposal of intangible assets		–	135
Proceeds from disposal of financial assets at fair value through other comprehensive income		1,910	11,164
Proceeds from disposal of financial assets at fair value through profit or loss		784	–
Dividends received		1	2
Interest received		768	539
Movement in pledged fixed deposits	22	(4)	(1,500)
<b>Net cash used in investing activities</b>		<b>(10,584)</b>	<b>(1,383)</b>
<b>Cash flows from financing activities</b>			
Proceeds from bank borrowing		–	5,670
Repayment of bank borrowing		(131)	(55)
Repayment of lease liabilities		(328)	(212)
Interest paid		(252)	(60)
<b>Net cash (used in)/generated from financing activities</b>		<b>(711)</b>	<b>5,343</b>
<b>(Decrease)/increase in cash and cash equivalents</b>		<b>(8,287)</b>	<b>3,739</b>
Cash and cash equivalents at beginning of the financial year		17,698	13,955
Effects of foreign exchange rate changes on the balance of cash held in foreign currency		28	4
<b>Cash and cash equivalents at end of the financial year</b>	22	<b>9,439</b>	<b>17,698</b>
Note A – Purchase of property, plant and equipment (“PPE”)			
Aggregate cost of PPE acquired	13	9,902	10,409
Less: acquired under lease arrangement		–	(200)
Less: prepayment of leases		–	(342)
<b>Net cash outflow for purchase of PPE</b>		<b>9,902</b>	<b>9,867</b>

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

# Notes to the Consolidated Financial Statements

For the financial year ended 31 December 2023

## 1 GENERAL INFORMATION

The Company was incorporated in the Cayman Islands on 21 June 2017 as an exempted company with limited liability under the Companies Law (Cap. 22, Law of 1961 as consolidated and revised) of the Cayman Islands. The address of the Company's registered office is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman, KY1-1111, Cayman Islands. The principal place of business in Hong Kong is at Units 903A-5, 9/F., 8 Observatory Road, Tsim Sha Tsui, Kowloon, Hong Kong. The head office and principal place of business of the Group in Singapore is at 85 Tagore Lane, Singapore 787527.

The Company is a subsidiary of HMK Investment Holdings Limited ("HMK"), a company incorporated in the British Virgin Islands ("BVI") which is also the Company's ultimate holding company. Mr. Tay Yong Hua, Mr. Tay Yong Meng and Mr. Kenneth Teo Swee Cheng jointly controls the ultimate holding company and are the controlling shareholders of Solis Holdings Limited and its subsidiaries (the "Group") (together referred to as the "Controlling Shareholders").

The Company is an investment holding company. The principal activities of the subsidiaries and joint venture are disclosed in Notes 12 and 15.

The shares of the Company were listed on Main Board of the Stock Exchange of Hong Kong Limited by way of placing and public offer on 11 December 2017.

The consolidated financial statements have been approved for issue by the Board of Directors on 28 March 2024.

## 2 MATERIAL ACCOUNTING POLICIES

### 2.1 Basis of preparation

The consolidated financial statements are presented in Singapore dollar ("S\$"), which is the Company's functional currency. All financial information presented in Singapore dollar are rounded to the nearest thousand ("S\$'000") except when otherwise indicated. The consolidated financial statements have been prepared in accordance with the disclosure requirements of the Hong Kong Ordinance and International Financial Reporting Standards ("IFRSs"). These consolidated financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited. The consolidated financial statements have been prepared under the historical cost convention except as disclosed in the accounting policies below.

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



# Notes to the Consolidated Financial Statements *(continued)*

For the financial year ended 31 December 2023

## 2 MATERIAL ACCOUNTING POLICIES *(continued)*

### 2.1 Basis of preparation *(continued)*

#### **Use of estimates and judgements**

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

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

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

#### **New and revised standards that are adopted**

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

The adoption of these new and revised IFRSs and IFRIC INT did not have any material effect on the financial results or position of the Group except as disclosed below:

#### **Amendments to IAS 1 and IFRS Practice Statement 2: Disclosure of Accounting Policies**

The amendments to IAS 1 and IFRS Practice Statement 2 Making Materiality Judgements provide guidance and examples to help entities apply materiality judgements to accounting policy disclosures. The amendments require entities to disclose their material accounting policies rather than their significant accounting policies, and provide guidance on how entities apply the concept of materiality in making decisions about accounting policy disclosures.

The Group has adopted the amendments to IAS 1 on disclosures of accounting policies. The amendments have no impact on the measurement, recognition and presentation of any items in the Group's and the Company's financial statements.

#### **New and revised standards not yet effective**

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

# Notes to the Consolidated Financial Statements *(continued)*

For the financial year ended 31 December 2023

## 2 MATERIAL ACCOUNTING POLICIES *(continued)*

### 2.2 Basis of consolidation

Subsidiaries are entities (including a structured entity) controlled by the Group. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

The financial statements of the subsidiaries are prepared for the same reporting date as the parent company. Consistent accounting policies are applied for like transactions and events in similar circumstances.

### 2.3 Investment in a joint venture

A joint venture is an arrangement in which the Group has joint control, whereby the Group has rights to the net assets of the arrangement, rather than rights to its assets and obligations for its liabilities.

Investment in a joint venture is accounted for in the consolidated financial statements using the equity method of accounting, less impairment losses, if any.

Investment in a joint venture is initially recognised at cost. The cost of an acquisition is measured at the fair value of the assets given, equity instruments issued or liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition.

Subsequent to initial recognition, the consolidated financial statements include the Group's share of the post-acquisition profit or loss and other comprehensive income of equity accounted investees, after adjustments to align the accounting policies with those of the Group, from the date that joint control commences until the date that joint control ceases.

Distributions received from joint venture is adjusted against the carrying amount of the investment. When the Group's share of losses in joint venture equals or exceeds its interest in the joint venture, including any other unsecured non-current receivables, the Group does not recognise further losses, unless it has obligations or has made payments on behalf of the joint venture.

### 2.4 Foreign currency translation

#### Functional and presentation currency

Items included in the consolidated financial statements are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The consolidated financial statements are presented in Singapore dollar ("S\$"), which is the Company's functional and the Group's presentation currency.

# Notes to the Consolidated Financial Statements *(continued)*

For the financial year ended 31 December 2023

## 2 MATERIAL ACCOUNTING POLICIES *(continued)*

### 2.5 Property, plant and equipment

Land and buildings are initially recorded at cost. Freehold land are subsequently stated at revalued amount less accumulated impairment losses. Freehold building and leasehold property are subsequently carried at revalued amounts less accumulated depreciation and accumulated impairment losses. Their fair values are determined by an independent professional valuer every year and whenever their carrying amounts are likely to differ materially from their fair values.

When an asset is revalued, any accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the asset. The net amount is then restated to the revalued amount of the asset. Any increase in the carrying amount arising from revaluation is recognised in other comprehensive income and accumulated in equity under the revaluation reserve unless it reverses a previous revaluation decrease relating to the same asset, which was previously recognised as an expense. In these circumstances, the increase is recognised as income to the extent of the previous write down. When an asset's carrying amount is decreased as a result of a revaluation, the decrease is recognised as an expense unless it reverses a previous surplus relating to that asset, in which case it is charged against any related revaluation surplus, to the extent that the decrease does not exceed the amount held in the revaluation surplus in respect of that same asset.

On disposal of a property, plant and equipment, the difference between the net disposal proceeds and its carrying amount is taken to profit or loss; any amount in revaluation reserve relating to that asset is transferred to retained earnings directly.

Other property, plant and equipment are stated at historical cost less accumulated depreciation and accumulated impairment losses, if any. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

#### Depreciation

No depreciation is provided on freehold land.

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

Freehold buildings	21 – 30 years
Leasehold land and building	30 years
Plant and machinery	2 – 8 years
Computer and software	3 years
Office equipment	2 – 6 years
Motor vehicles	6 years
Renovations, furniture and fittings	6 – 8 years

Gains or losses on disposals are determined by comparing the net proceeds with the carrying amount and are recognised within "other losses – net" in the consolidated statement of profit or loss and other comprehensive income.

# Notes to the Consolidated Financial Statements *(continued)*

For the financial year ended 31 December 2023

## 2 MATERIAL ACCOUNTING POLICIES *(continued)*

### 2.6 Intangible assets

Intangible assets are carried at revalued amounts, being their fair value at the date of the revaluation. Any revaluation increase arising from revaluation of intangible assets is recognised in other comprehensive income and accumulated in reserve, except to the extent that it reverses a revaluation decrease of the same asset previously recognised in profit or loss, in which case the increase is credited to profit or loss to the extent of the decrease previously charged. When an asset's carrying amount is decreased as a result of a revaluation, the decrease is recognised as an expense unless it reverses a previous surplus relating to that asset, in which case it is charged against any related revaluation surplus, to the extent that the decrease does not exceed the amount held in the revaluation surplus in respect of that same asset.

### 2.7 Financial assets

Financial assets are initially measured at fair value. Transaction costs that are directly attributable to the acquisition of financial assets (other than financial assets at fair value through profit or loss) are added to the fair value of the financial assets on initial recognition. Transaction costs directly attributable to acquisition of financial assets at fair value through profit or loss are recognised immediately in profit or loss. All financial assets are subsequently measured in their entirety at either amortised cost or fair value, depending on the classification of the financial assets. The classification is based on the Group's business model for managing the financial assets and contractual cash flow characteristics of the financial assets. In order for a financial asset to be classified and measured at amortised cost or at fair value through other comprehensive income ("FVOCI"), it needs to give rise to cash flows that are solely payments of principal and interest ("SPPI") on the principal amount outstanding.

#### **Debt instruments**

Debt instruments include cash and cash equivalents, pledged fixed deposits, trade and other receivables (excluding prepayments and advances to staff), and debt securities. These are subsequently measured at either amortised cost, fair value through other comprehensive income ("FVOCI") or a financial asset at fair value through profit or loss ("FVTPL"). Movements in fair value for debt instruments at FVOCI are recognised in other comprehensive income 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 other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment and presented in "other income/expense". Movements in fair values and interest income for debt instruments at FVTPL are recognised in profit or loss in the period in which it arises and presented in "other income".



# Notes to the Consolidated Financial Statements *(continued)*

For the financial year ended 31 December 2023

## 2 MATERIAL ACCOUNTING POLICIES *(continued)*

### 2.7 Financial assets *(continued)*

#### Equity instrument and perpetual debt investments

The Group subsequently measure its unquoted equity shares at fair value through profit or loss (“FVTPL”) with movements in their fair value recognised in profit or loss in the period in which the changes arise.

For equity investments which are not held for trading or not a contingent consideration recognised by an acquirer in a business combination and perpetual debt investments, the Group makes an irrevocable election (on an investment by investment basis) to designate these investments as at FVOCI. The Group has designated certain equity investments and perpetual debt investments that are not held for trading as at FVOCI at initial recognition. Gains and losses arising from changes in fair value of these investments classified as FVOCI are presented in other comprehensive income and accumulated in fair value reserve and will never be reclassified to profit or loss. On disposal of an equity investment, the difference between the carrying amount and sales proceed amount would be recognised in profit or loss except for equity investments designated at FVOCI which would be recognised in other comprehensive income. Fair value reserve relating to the disposed asset would be transferred to retained earnings upon disposal. Dividends from equity investments are recognised in profit or loss and presented in “other income”. Equity investments classified as FVOCI are not subject to impairment assessment.

### 2.8 Financial liabilities

Financial liabilities include bank borrowing, lease liabilities, trade payables and trade accruals and other payables and accrued expenses (excluding goods and services tax payable). Financial liabilities are recognised in the consolidated statement of financial position when, and only when, the Group becomes a party to the contractual provisions of the financial instruments. Financial liabilities are initially recognised at fair value plus directly attributable transaction costs and subsequently measured at amortised cost using the effective interest method.

A financial liability is derecognised when the obligation under the liability is extinguished. Gains and losses are recognised in profit or loss when the liabilities are derecognised and through the amortisation process.

### 2.9 Leases

#### Right-of-use assets

Right-of-use assets are depreciated on a straight-line basis over the shorter period of the lease term and useful life of the underlying asset, as follows:

Office space	2 years
Motor vehicles	3 years

# Notes to the Consolidated Financial Statements *(continued)*

For the financial year ended 31 December 2023

## 2 MATERIAL ACCOUNTING POLICIES *(continued)*

### 2.10 Revenue recognition

Revenue is measured based on consideration of 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 (i.e., sales related taxes).

Revenue is recognised over time as the Group's performance creates or enhances an asset that the customer controls as the asset is created or enhanced. The amount of revenue recognised is the amount allocated to the satisfied performance obligation.

#### **Construction Contracts Revenue for the Designing, Building and Installations of Mechanical and Electrical Systems**

The Group is in the business of designing, building and installations of mechanical and electrical systems. Revenue from these contracts is recognised over time by reference to the percentage of the contract costs incurred to-date to the estimated total contract costs. Management has determined that the input method is an appropriate measure of the progress towards complete satisfaction of the performance obligation.

Certain contracts with customers contain variable consideration, such as variations in contract work. The Group estimates the amount of consideration to which it will be entitled to using either the expected value method or the most likely amount, depending on which method better predicts the amount of consideration to which the Group will be entitled. The estimated amount of variable consideration is included in the construction contract only to the extent that it is highly probable that such an inclusion will not result in a significant revenue reversal in the future when the uncertainty associated with the variable consideration is subsequently resolved.

A contract asset is recognised when the Group has performed under the contract but has not yet billed the customer. Conversely, a contract liability is recognised when the Group has not yet performed under the contract but has received advance payments from the customer. Contract assets are transferred to receivables when the rights to consideration become unconditional. Contract liabilities are recognised as revenue as the Group performs under the contract.

A provision for onerous contracts is recognised when the expected benefits to be derived by the Group from a contract are lower than the unavoidable cost of meeting its obligations under the contract. The provision is measured at the present value of the lower of the expected cost of terminating the contract and the expected net cost of fulfilling the contract. The cost of fulfilling the contract includes both the incremental costs of fulfilling that contract and an allocation of other costs that relate directly to fulfilling that contract. Before a provision is established, the Group recognises any impairment loss on the assets associated with that contract.

#### **Rental income**

Lease payments from operating lease are recognised on a straight-line basis over the lease term.

# Notes to the Consolidated Financial Statements *(continued)*

For the financial year ended 31 December 2023

## 2 MATERIAL ACCOUNTING POLICIES *(continued)*

### 2.10 Revenue recognition *(continued)*

#### **Interest income**

Interest income is recognised using the effective interest method.

#### **Dividend income**

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

#### **Revenue from services – Management fee income**

The Group provides support and administrative service to the joint venture. Such services are recognised as a performance obligation satisfied over time as the counter party simultaneously receives and consumes the benefits provided by the Group's performance as the Group provides the service to the counter party.

## 3 CRITICAL ACCOUNTING JUDGEMENT AND KEY SOURCES OF ESTIMATION UNCERTAINTY

The management of the Company are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and underlying assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

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

### **Critical judgement in applying accounting policies**

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

# Notes to the Consolidated Financial Statements *(continued)*

For the financial year ended 31 December 2023

## 3 CRITICAL ACCOUNTING JUDGEMENT AND KEY SOURCES OF ESTIMATION UNCERTAINTY *(continued)*

### Critical judgement in applying accounting policies *(continued)*

#### (i) Financial asset at fair value through profit or loss – Unquoted equity shares

As disclosed in Note 17 to the consolidated financial statements, the Group acquired 49% unquoted equity interest in the issued shares of D.D. Resident Co., Ltd. (the “investee”) on 16 January 2020 at an agreed consideration of HKD58,000,000 (equivalent to initial cost of S\$10,069,000). The investee is a limited liability company incorporated in Thailand, which is the owner of the hotel property and operator of Aiyaree Place Hotel in Pattaya, Thailand. In accordance with the Sales and Purchase Agreement (“SPA”) dated 31 December 2019, the Group has the right to appoint/remove directors and key management personnel of the investee. In conjunction with the acquisition, the Group has also entered into an Exclusive Option Agreement with the remaining 51% shareholder of the investee (the “Thai Shareholder”), whereby the Group is granted with an irrevocable and exclusive option to purchase the 51% equity interest held by the Thai Shareholder at consideration of HKD61,200,000 (equivalent to S\$10,624,000). The Exclusive Option Agreement dated 31 December 2019 has an effective period of 2 years from 31 December 2019. The Group did not renew the Exclusive Option Agreement upon the expiry date on 30 December 2021. The Group recorded the investment as financial asset at fair value through profit or loss in the consolidated financial statements as the management has considered that the Group does not have the practical ability to appoint board representation and has limited access to relevant financial and operational information. The Group is therefore unable to exercise significant influence and to meet the criteria of recognition under IAS 28 *Investments in Associates and Joint Ventures*. Consequently, this investment has been recorded as financial asset at fair value through profit or loss according to IFRS 9 *Financial Instruments*.

As at 31 December 2023, the investment is carried at S\$4,223,000 (2022: S\$4,237,000).

#### (ii) Joint arrangement

As disclosed in Note 15, Sing Moh Electrical Engineering Pte Ltd (“SMEE”), a subsidiary of the Company has 70% interest in the joint arrangement. The Group has joint control over this arrangement as under the contractual agreement, unanimous consent is required from all parties to the agreement for all relevant activities.

Management has considered the contractual terms of the joint arrangement which provides SMEE and the joint venture party with rights to the net assets or liabilities of the joint venture under the arrangement. Accordingly, this arrangement is classified as a joint venture in accordance with IFRS 11 *Joint Arrangements*.



# Notes to the Consolidated Financial Statements *(continued)*

For the financial year ended 31 December 2023

## 3 CRITICAL ACCOUNTING JUDGEMENT AND KEY SOURCES OF ESTIMATION UNCERTAINTY *(continued)*

### Critical judgement in applying accounting policies *(continued)*

#### (iii) Income tax amounts

The entity recognises tax liabilities and assets tax based on an estimation of the likely taxes due, which requires significant judgement as to the ultimate tax determination of certain items. Where the actual amount arising from these issues differs from these estimates, such differences will have an impact on income tax and deferred tax amounts in the period when such determination is made. Management judgement is required in determining the amount of deferred tax recognised and the extent to which amounts should or can be recognised. A deferred tax asset is recognised for unused tax losses if it is probable that the entity will earn sufficient taxable profit in future periods to benefit from a reduction in tax payments. This involves the management making assumptions within its overall tax planning activities and periodically reassessing them in order to reflect changed circumstances as well as tax regulations. The income and deferred tax amounts are disclosed in the Notes 10 and 23.

### Key sources of estimation uncertainty

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

#### (i) Revenue recognition from construction contracts

The Group principally generates construction contract revenue from the designing, building and installation of mechanical and electrical systems. The Group recognises revenue over time by reference to the Group's progress towards completing the construction in accordance with IFRS 15 *Revenue from Contracts with Customers*.

The stage of completion was measured by reference to the percentage of the contract costs incurred to-date to the estimated total contract costs. Management has determined that the input method is an appropriate measure of the progress towards complete satisfaction of the performance obligation. Significant assumptions are required in determining the stage of completion and the estimated total contract costs to complete. In making these estimates, the Group relied on past experience and knowledge of the project team.

Any revision to the estimated total contract costs may have an impact on the revenue recognised.

The Group's revenue recognised during the financial year is disclosed in Note 4. The carrying amounts of the contract assets and liabilities from contract with customers at the end of each financial year are disclosed in Note 20.

# Notes to the Consolidated Financial Statements *(continued)*

For the financial year ended 31 December 2023

## 3 CRITICAL ACCOUNTING JUDGEMENT AND KEY SOURCES OF ESTIMATION UNCERTAINTY *(continued)*

### Key sources of estimation uncertainty *(continued)*

#### (ii) Allowance for expected credit losses of trade receivables and contract assets

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

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

The Group considers historical repayment trend, credit risk of its customers and ageing of debts in its assessment of ECL.

As the calculation of loss allowance on trade receivables and contract assets is subject to assumptions and forecasts, any changes to these estimations will affect the amounts of loss allowance recognised and the carrying amounts of trade receivables and contract assets. Details of ECL measurement and carrying values of trade receivables and contract assets at reporting date are disclosed in Note 34.

## 4 REVENUE AND SEGMENT INFORMATION

Information is reported to the executive directors of the Group, being the CODM, for the purposes of resource allocation and performance assessment. They would review the overall results and financial position of the Group as a whole prepared based on same accounting policies set out in Note 2. Accordingly, the Group has only one single operating segment and only disclosures on timing of revenue recognition, major customers and geographical information of this single segment are presented.

Timing of revenue recognition:

	2023 S\$'000	2022 S\$'000
Construction contracts revenue for the designing, building and installations of mechanical and electrical systems over time	18,809	13,693

# Notes to the Consolidated Financial Statements *(continued)*

For the financial year ended 31 December 2023

## 4 REVENUE AND SEGMENT INFORMATION *(continued)*

### Information about major customers

Revenue from customers individually contributing over 10% of the total revenue of the Group of the corresponding years are as follows:

	<b>2023</b>	2022
	<b>S\$'000</b>	S\$'000
Customer A	<b>12,728</b>	4,891
Customer B	<b>3,388</b>	2,779
Customer C	<b>N/A*</b>	2,710
Customer D	<b>N/A*</b>	2,644

\* The corresponding revenue did not contribute over 10% of the total revenue of the Group during the year.

The transaction price allocated to the remaining performance obligations (unsatisfied or partially unsatisfied) as at the end of the financial year are as follows:

	<b>2023</b>	2022
	<b>S\$'000</b>	S\$'000
Construction contracts revenue for the designing, building and installations of mechanical and electrical systems as at 31 December:		
Within 1 year	<b>24,889</b>	38,691
More than 1 year	<b>-</b>	4,238
	<b>24,889</b>	42,929

### Geographical information

The Group principally operates in Singapore, which is also the place of domicile. All revenue was derived from Singapore based on the location of services performed and the Group's property, plant and equipment, right-of-use assets and intangible asset are all located in Singapore. Accordingly, no geographical segment analysis is presented.

## Notes to the Consolidated Financial Statements *(continued)*

For the financial year ended 31 December 2023

### 5 OTHER INCOME

	2023 S\$'000	2022 S\$'000
Interest income from banks	396	59
Interest income from financial assets at fair value through other comprehensive income	403	539
Dividend income from equity investments	1	2
Government grants		
– Foreign worker levy waiver and rebates	–	147
– Others	41	41
Management fee income charged to a joint venture <i>(Note 32)</i>	2,525	1,621
Rental income	1,054	352
Others	29	12
	<b>4,449</b>	<b>2,773</b>

In 2022, the foreign worker levy waiver and rebates of S\$147,000 was recognised during the financial year. The Singapore Government provided business employers who hire foreign workers on work permit and S-Pass with foreign worker levy to ease the labour costs of the Group.

### 6 OTHER GAINS/(LOSSES) – NET

	2023 S\$'000	2022 S\$'000
(Loss)/gain on disposal of property, plant and equipment	(1)	63
Gain on disposal of non-current asset held for sale	–	317
Loss on disposal of intangible assets	–	(49)
Loss on disposal of financial assets at fair value through other comprehensive income, net	(19)	(182)
Gain on disposal of financial assets at fair value through profit or loss	32	–
Gain on disposal of a subsidiary	1	–
Fair value loss on financial asset at fair value through profit or loss <i>(Note 17)</i>	(30)	(89)
Gain/(loss) on revaluation of property, plant and equipment <i>(Note 13)</i>	80	(80)
	<b>63</b>	<b>(20)</b>



# Notes to the Consolidated Financial Statements *(continued)*

For the financial year ended 31 December 2023

## 7 FINANCE COSTS

	<b>2023</b>	2022
	<b>S\$'000</b>	S\$'000
Interest expense:		
– Bank borrowing (Note 26)	<b>239</b>	48
– Lease liabilities (Note 27)	<b>13</b>	12
	<b>252</b>	60

## 8 EMPLOYEE BENEFITS EXPENSES, INCLUDING DIRECTORS' EMOLUMENTS

### a) Employee benefits expenses

	<b>2023</b>	2022
	<b>S\$'000</b>	S\$'000
Directors' remunerations (including directors' fee)	<b>1,296</b>	1,338
Salaries and other benefits	<b>4,896</b>	4,491
Employer's contribution to defined contribution plans	<b>240</b>	265
	<b>6,432</b>	6,094

Employee benefits expenses are charged to:

	<b>2023</b>	2022
	<b>S\$'000</b>	S\$'000
Administrative expenses	<b>3,492</b>	3,253
Cost of services	<b>2,940</b>	2,841
	<b>6,432</b>	6,094

## Notes to the Consolidated Financial Statements *(continued)*

For the financial year ended 31 December 2023

### 8 EMPLOYEE BENEFITS EXPENSES, INCLUDING DIRECTORS' EMOLUMENTS

*(continued)*

#### b) Five highest paid individuals

The five individuals whose emoluments were the highest in the Group for the financial year ended 31 December 2023 include the two (2022: three) executive directors whose emoluments are reflected in the analysis shown in Note 8(c). The emoluments payable to the remaining three (2022: two) individuals during the year are as follows:

	<b>2023</b>	2022
	<b>S\$'000</b>	S\$'000
Salaries and allowances	<b>337</b>	204
Discretionary bonuses	<b>53</b>	25
Employer's contribution to defined contribution plans	<b>45</b>	25
	<b>435</b>	254

The emoluments payable to the remaining three (2022: two) individuals above fell within the following bands:

	<b>Number of individuals</b>	
	<b>2023</b>	2022
<i>Emolument band</i>		
Nil – HK\$1,000,000 (equivalent to S\$Nil – S\$169,000 (2022: S\$Nil – S\$172,000))	<b>3</b>	2

No incentive payment for joining the Group or compensation for loss of office was paid or payable to any of the five highest paid individuals during the financial years ended 31 December 2023 and 31 December 2022.

## Notes to the Consolidated Financial Statements (continued)

For the financial year ended 31 December 2023

### 8 EMPLOYEE BENEFITS EXPENSES, INCLUDING DIRECTORS' EMOLUMENTS

(continued)

#### c) Directors' and Chief Executive Officer's emoluments

For the financial year ended 31 December 2023:

Name	Fees S\$'000	Salaries S\$'000	Discretionary bonuses S\$'000	Allowances and benefits in kind S\$'000	Employer's contribution to defined contribution plans S\$'000	Total S\$'000
<b>Executive directors:</b>						
Mr. Tay Yong Hua <sup>(i)</sup>	-	453	152	2	11	618
Mr. Tay Yong Meng <sup>(ii)</sup>	-	60	-	-	9	69
Mr. Kenneth Teo <sup>(iii)</sup>	-	333	112	24	17	486
	-	846	264	26	37	1,173
<b>Independent non-executive directors:</b>						
Mr. Garnok Cheung <sup>(iv)</sup>	41	-	-	-	-	41
Mr. Kwong Choong Kuen <sup>(vii)</sup>	41	-	-	-	-	41
Mr. Choong Pei Nung <sup>(viii)</sup>	41	-	-	-	-	41
	123	-	-	-	-	123

# Notes to the Consolidated Financial Statements (continued)

For the financial year ended 31 December 2023

## 8 EMPLOYEE BENEFITS EXPENSES, INCLUDING DIRECTORS' EMOLUMENTS

(continued)

### c) Directors' and Chief Executive Officer's emoluments (continued)

For the financial year ended 31 December 2022:

Name	Fees S\$'000	Salaries S\$'000	Discretionary bonuses S\$'000	Allowances and benefits in kind S\$'000	Employer's contribution to defined contribution plans S\$'000	Total S\$'000
<b>Executive directors:</b>						
Mr. Tay Yong Hua <sup>(i)</sup>	–	420	90	2	11	523
Mr. Tay Yong Meng <sup>(ii)</sup>	–	300	–	–	10	310
Mr. Kenneth Teo <sup>(iii)</sup>	–	300	70	24	17	411
	–	1,020	160	26	38	1,244
<b>Non-executive director:</b>						
Mr. Lu Xianglong <sup>(iv)</sup>	20	–	–	–	–	20
<b>Independent non-executive directors:</b>						
Mr. Garnok Cheung <sup>(v)</sup>	42	–	–	–	–	42
Ms. Zhang Xiuyan <sup>(vi)</sup>	20	–	–	–	–	20
Mr. Kwong Choong Kuen <sup>(vii)</sup>	42	–	–	–	–	42
Mr. Choong Pei Nung <sup>(viii)</sup>	8	–	–	–	–	8
	112	–	–	–	–	112



# Notes to the Consolidated Financial Statements *(continued)*

For the financial year ended 31 December 2023

## 8 EMPLOYEE BENEFITS EXPENSES, INCLUDING DIRECTORS' EMOLUMENTS

*(continued)*

### c) Directors' and Chief Executive Officer's emoluments *(continued)*

- (i) Mr. Tay Yong Hua acts as executive chairman of the Company.
- (ii) Mr. Tay Yong Meng was appointed as executive director of the Company on 21 June 2017 and resigned on 4 January 2020. However, he still acts as director of Sing Moh Electrical Engineering Pte Ltd, the Company's operating subsidiary.
- (iii) Mr. Kenneth Teo was appointed as executive director and Chief Executive Officer on 21 June 2017 and resigned on 13 December 2019. He was re-appointed as executive director and Chief Executive Officer on 23 June 2020.
- (iv) Mr. Lu Xianglong was appointed as non-executive director on 29 December 2020 and resigned on 17 June 2022.
- (v) Mr. Garnok Cheung was appointed as independent non-executive director on 11 June 2019.
- (vi) Ms. Zhang Xiuyan was appointed as independent non-executive director on 1 October 2020 and resigned on 17 June 2022.
- (vii) Mr. Kwong Choong Kuen was appointed as independent non-executive director on 23 June 2021.
- (viii) Mr. Choong Pei Nung was appointed as independent non-executive director on 21 October 2022.

The executive directors' emoluments shown above were for their services in connection with the management affairs of the Group. Performance-related bonus was determined by reference to their duties and responsibilities of the relevant individual within the Group and the Group's performance. The emoluments stated above were mainly for their services in connection with their roles as directors of the Group. The independent non-executive directors' emoluments were for their services as directors of the Company.

No incentive payment for joining the Group or compensation for loss of office was paid or payable to the directors of the Group during the financial years ended 31 December 2023 and 31 December 2022.

### d) Directors' retirement benefits

None of the directors received or will receive any retirement benefits during the financial years ended 31 December 2023 and 31 December 2022.

### e) Directors' termination benefits

None of the directors received or will receive any termination benefits during the financial years ended 31 December 2023 and 31 December 2022.

# Notes to the Consolidated Financial Statements *(continued)*

For the financial year ended 31 December 2023

## 8 EMPLOYEE BENEFITS EXPENSES, INCLUDING DIRECTORS' EMOLUMENTS

*(continued)*

### f) Consideration provided to third parties for making available directors' services

During the financial years ended 31 December 2023 and 31 December 2022, the Group did not pay consideration to any third parties for making available directors' services.

### g) Information about loans, quasi-loans and other dealings in favour of directors, controlled bodies corporate by and connected entities with such directors

During the financial years ended 31 December 2023 and 31 December 2022, there were no loans, quasi-loans and other dealing arrangements in favour of directors, or controlled bodies corporate by and connected entities with such directors.

### h) Directors' material interests in transactions, arrangements or contracts

Except as disclosed in Note 32, no significant transactions, arrangements and contracts in relation to the Group's business to which the Group was a party and in which a director had a material interest, whether directly or indirectly; subsisted at the end of the year or at any time during the financial years ended 31 December 2023 and 31 December 2022.

## 9 LOSS BEFORE TAX

In addition to the transactions and balances disclosed elsewhere in the notes to the consolidated financial statements, loss before income tax is arrived at after charging/(crediting):

	<b>2023</b>	2022
	<b>S\$'000</b>	S\$'000
Auditor's remuneration		
– Auditors of the Group	<b>128</b>	112
Fees for the non-audit services paid to		
– Auditors of the Group	<b>18</b>	10
Depreciation of property, plant and equipment <i>(Note 13)</i>	<b>1,026</b>	487
Depreciation of right-of-use assets <i>(Note 27)</i>	<b>479</b>	200
Dormitories expense	<b>139</b>	117
Subcontractor costs included in cost of services	<b>2,814</b>	819
Foreign currency exchange gains, net	<b>(28)</b>	(22)

## Notes to the Consolidated Financial Statements *(continued)*

For the financial year ended 31 December 2023

### 10 TAX CREDIT

Singapore corporate income tax has been provided for at the rate of 17% (2022: 17%) on the estimated assessable profit for the financial year ended 31 December 2023 as the Group is principally operating in Singapore.

No overseas profits tax has been calculated for entities of the Group that are incorporated in the British Virgin Islands or the Cayman Islands as they are exempted from tax (2022: Nil).

The amount of tax credit in the consolidated statement of profit or loss and other comprehensive income represents:

	<b>2023</b> <b>S\$'000</b>	2022 S\$'000
Deferred tax credited to profit and loss <i>(Note 23)</i>		
– Reversal of deferred tax liabilities on revaluation upon depreciation	<b>(15)</b>	–
Deferred tax charged to other comprehensive income <i>(Note 23)</i>		
– prior year	<b>22</b>	–
– current financial year	<b>123</b>	
	<b>145</b>	–

The amount of income tax on the Group's loss before tax differs from the theoretical amount that would arise using the enacted tax rate of the Group entities as follows:

	<b>2023</b> <b>S\$'000</b>	2022 S\$'000
Loss before tax	<b>(22)</b>	(911)
Tax calculated at tax rate of 17% (2022: 17%)	<b>(4)</b>	(155)
Income not subject to tax	<b>(14)</b>	(90)
Expenses not deductible for tax purposes	<b>241</b>	207
Deferred tax assets not recognised	–	38
Utilisation of previously unrecognised deferred tax asset	<b>(223)</b>	–
Reversal of deferred tax liabilities on revaluation upon depreciation	<b>(15)</b>	–
	<b>(15)</b>	–

Included in income not subject to tax mainly comprises gain on disposal of non-current asset held for sale of S\$Nil (2022: S\$317,000) and gain on revaluation of property, plant and equipment of S\$80,000 (2022: S\$Nil).

Included in expenses not deductible for tax purposes comprises depreciation of property, plant and equipment S\$905,000 (2022: S\$374,000), fair value loss on financial asset at fair value through profit or loss of S\$14,000 (2022: S\$89,000) and impairment loss on property, plant and equipment S\$Nil (2022: S\$80,000).

# Notes to the Consolidated Financial Statements *(continued)*

For the financial year ended 31 December 2023

## 11 LOSS PER SHARE

### a) Basic

Basic loss per share is calculated by dividing the loss attributable to owners of the Company by the number of ordinary shares in issue during the financial year.

	2023	2022
Loss attributable to the owners of the Company (S\$'000)	(6)	(911)
Weighted average number of ordinary shares for the purpose of basic and diluted loss per share ('000)	915,600	915,600
Loss per share (S\$ cents per share)	(0.00)	(0.10)

### b) Diluted

The diluted loss per share is the same as the basic loss per share due to the absence of dilutive ordinary shares during the respective years.

## 12 SUBSIDIARIES

Details of the subsidiaries of the Company as at 31 December 2023 and 31 December 2022 are as follows:

Name of entity	Place and date of incorporation	Issued and paid-up capital	Kind of legal entity	Principal activities and principal country of operation	Equity interest attributable to the Group	
					2023	2022
					%	%
<b>Directly held by the Company</b>						
SME International Holdings Limited <sup>(2)</sup>	BVI, 18 May 2017	US\$100	Limited liability company	Investment holding, British Virgin Islands	100	100
Solis (BVI) Investments Limited <sup>(2)</sup>	BVI, 26 September 2018	US\$100	Limited liability company	Investment holding, British Virgin Islands	100	100



# Notes to the Consolidated Financial Statements *(continued)*

For the financial year ended 31 December 2023

## 12 SUBSIDIARIES *(continued)*

Details of the subsidiaries of the Company as at 31 December 2023 and 31 December 2022 are as follows (cont'd):

Name of entity	Place and date of incorporation	Issued and paid-up capital	Kind of legal entity	Principal activities and principal country of operation	Equity interest attributable to the Group	
					2023 %	2022 %
<b>Indirectly held by the Company</b>						
Sing Moh Electrical Engineering Pte Ltd <sup>(1)</sup>	Singapore, 11 August 1988	S\$1,500,000	Limited liability company	Provision of installations of mechanical and electrical systems, Singapore	100	100
ALBA Group Limited <sup>(2)</sup>	Hong Kong, 8 October 2018	HK\$100	Limited liability company	Investment holding, Hong Kong	100	100
Hong Yi Construction Limited <sup>(2)</sup>	Hong Kong, 25 October 2019	HK\$100	Limited liability company	Investment holding, Hong Kong	51	51
Aiyaree International Hotel Management Limited <sup>(2)</sup>	Hong Kong, 6 January 2020	HK\$10,000	Limited liability company	Investment holding, Hong Kong	100	100
Ocean Fishers Aquatic Technologies Limited <sup>(2) (3)</sup>	Hong Kong, 10 November 2020	HK\$10,000	Limited liability company	Investment holding, Hong Kong	–	100

(1) Audited by Baker Tilly TFW LLP.

(2) Not required to be audited under the law of country of incorporation.

(3) On 11 May 2023, the Group disposed its 100% equity shares in Ocean Fishers Aquatic Technologies Limited, a subsidiary indirectly held by the Company to a third party. The financial impact is considered not material to the Group. Therefore, relevant financial information related to the disposal of a subsidiary is not disclosed.

Hong Yi Construction Limited has a 49% non-controlling interest (“NCI”) and the financial impact is considered not material to the Group. Therefore, relevant financial information related to NCI is not disclosed.

# Notes to the Consolidated Financial Statements (continued)

For the financial year ended 31 December 2023

## 13 PROPERTY, PLANT AND EQUIPMENT

	Freehold land S\$'000	Freehold building S\$'000	Leasehold land and building S\$'000	Plant and machinery S\$'000	Computer and software S\$'000	Office equipment S\$'000	Motor vehicles S\$'000	Renovations, furniture and fittings S\$'000	Total S\$'000
<b>2023</b>									
<b>Cost or valuation</b>									
Balance at 1 January 2023									
Cost	-	-	-	101	257	128	2,268	374	3,128
Valuation	12,000	2,700	8,250	-	-	-	-	-	22,950
	12,000	2,700	8,250	101	257	128	2,268	374	26,078
Additions	9,285	549	-	-	4	24	1	39	9,902
Disposals	-	-	-	(2)	-	(28)	-	-	(30)
Revaluation adjustments	350	150	250	-	-	-	-	-	750
Balance at 31 December 2023	21,635	3,399	8,500	99	261	124	2,269	413	36,700
Representing:									
Cost	-	-	-	99	261	124	2,269	413	3,166
Valuation	21,635	3,399	8,500	-	-	-	-	-	33,534
	21,635	3,399	8,500	99	261	124	2,269	413	36,700
<b>Accumulated depreciation</b>									
Balance at 1 January 2023	-	-	-	67	237	108	972	191	1,575
Depreciation charge	-	403	275	12	14	17	265	40	1,026
Disposals	-	-	-	(1)	-	(27)	-	-	(28)
Revaluation adjustments	-	(129)	(275)	-	-	-	-	-	(404)
Balance at 31 December 2023	-	274	-	78	251	98	1,237	231	2,169
<b>Net carrying amount</b>									
Balance at 31 December 2023	21,635	3,125	8,500	21	10	26	1,032	182	34,531

# Notes to the Consolidated Financial Statements *(continued)*

For the financial year ended 31 December 2023

## 13 PROPERTY, PLANT AND EQUIPMENT *(continued)*

	Freehold land S\$'000	Freehold building S\$'000	Leasehold land and building S\$'000	Plant and machinery S\$'000	Computer and software S\$'000	Office equipment S\$'000	Motor vehicles S\$'000	Renovations, furniture and fittings S\$'000	Total S\$'000
<b>2022</b>									
<b>Cost or valuation</b>									
Balance at 1 January 2022									
Cost	-	-	-	165	244	123	1,652	249	2,433
Valuation	10,800	2,700	-	-	-	-	-	-	13,500
	10,800	2,700	-	165	244	123	1,652	249	15,933
Additions	-	-	8,422	9	13	5	1,830	130	10,409
Disposals	-	-	-	(73)	-	-	(672)	(5)	(750)
Revaluation adjustments	1,200	-	(172)	-	-	-	-	-	1,028
Reclassification <i>(Note 27)</i>	-	-	-	-	-	-	(542)	-	(542)
Balance at 31 December 2022	12,000	2,700	8,250	101	257	128	2,268	374	26,078
Representing:									
Cost	-	-	-	101	257	128	2,268	374	3,128
Valuation	12,000	2,700	8,250	-	-	-	-	-	22,950
	12,000	2,700	8,250	101	257	128	2,268	374	26,078
<b>Accumulated depreciation</b>									
Balance at 1 January 2022	-	-	-	103	217	96	890	176	1,482
Depreciation charge	-	129	92	9	20	12	209	16	487
Disposals	-	-	-	(45)	-	-	(112)	(1)	(158)
Revaluation adjustments	-	(129)	(92)	-	-	-	-	-	(221)
Reclassification <i>(Note 27)</i>	-	-	-	-	-	-	(15)	-	(15)
Balance at 31 December 2022	-	-	-	67	237	108	972	191	1,575
<b>Net carrying amount</b>									
Balance at 31 December 2022	12,000	2,700	8,250	34	20	20	1,296	183	24,503

Included in property, plant and equipment is a motor vehicle with carrying amount of S\$831,000 (2022: S\$1,002,000) held in trust by a director of the Company.

## Notes to the Consolidated Financial Statements (continued)

For the financial year ended 31 December 2023

### 13 PROPERTY, PLANT AND EQUIPMENT (continued)

The Group recognised a revaluation gain of S\$80,000 and (2022: loss of S\$80,000) in profit or loss (Note 6) and surplus on revaluation of S\$1,074,000 (2022: surplus of \$1,329,000) in other comprehensive income for the financial year.

If the freehold land and buildings and leasehold land and building carried at valuation had been included in the consolidated financial statements at cost less accumulated depreciation, the net book value would have been as follows:

	<b>2023</b>	2022
	<b>S\$'000</b>	S\$'000
Freehold land	<b>11,786</b>	2,500
Freehold buildings	<b>1,468</b>	1,274
Leasehold land and building	<b>8,049</b>	8,330

#### Fair value measurement of the Group's freehold properties and leasehold property

The Group's freehold properties and leasehold property are stated at their revalued amounts, being the fair value at the date of revaluation, less any subsequent accumulated depreciation and subsequent accumulated impairment losses. The fair value measurement of the Group's freehold properties as at 31 December 2023 and 31 December 2022 and leasehold properties as at 31 December 2023 were performed by Cushman & Wakefield VHS Pte Ltd, an independent valuer who is not related to the Group. The effective dates of the revaluation are 31 December 2023 and 31 December 2022 respectively.

The fair values of the freehold property, comprising of freehold land and building, and leasehold land and building were determined based on market comparison approach that reflects recent transaction prices for similar properties, with adjustments made, where applicable.

Description	Fair value as at S\$'000	Valuation		Sensitivity
		Fair value as at S\$'000	Valuation technique	
<b>2023</b>				
Freehold property A	15,200	Market comparison approach	Market price of S\$1,513 per square feet after adjusting for age, location, condition and surrounding facility	The higher the market price, the higher the fair value
Leasehold property B	8,500	Market comparison approach	Market price of S\$851 per square feet after adjusting for age, location, condition and surrounding facility	The higher the market price, the higher the fair value
Freehold property C	9,560	Market comparison approach	Market price of S\$1,229 per square feet after adjusting for age, location, condition and surrounding facility	The higher the market price, the higher the fair value



# Notes to the Consolidated Financial Statements (continued)

For the financial year ended 31 December 2023

## 13 PROPERTY, PLANT AND EQUIPMENT (continued)

### Fair value measurement of the Group's freehold property and leasehold property (continued)

Description	Fair value as at S\$'000	Valuation technique	Significant unobservable input	Sensitivity
<b>2022</b>				
Freehold property A	14,700	Market comparison approach	Market price of S\$1,463 per square feet after adjusting for age, location, condition and surrounding facility	The higher the market price, the higher the fair value
Leasehold property B	8,250	Market comparison approach	Market price of S\$826 per square feet after adjusting for age, location, condition and surrounding facility	The higher the market price, the higher the fair value

The fair value of the freehold land is computed as the difference between the valuation of the freehold property and the building as determined under the market comparison approach. Any significant isolated increase to these inputs would result in a significant increase in the fair value. There has been no change to the valuation technique used during both years.

Details of the Group's freehold property and leasehold property and information about the fair value hierarchy as at the end of the financial year are as follows:

	Level 1 S\$'000	Level 2 S\$'000	Level 3 S\$'000	Fair value S\$'000
<b>2023</b>				
Freehold land	–	–	21,635	21,635
Freehold building	–	–	3,125	3,125
Leasehold land and building	–	–	8,500	8,500
	–	–	33,260	33,260
<b>2022</b>				
Freehold land	–	–	12,000	12,000
Freehold building	–	–	2,700	2,700
Leasehold land and building	–	–	8,250	8,250
	–	–	22,950	22,950

# Notes to the Consolidated Financial Statements (continued)

For the financial year ended 31 December 2023

## 13 PROPERTY, PLANT AND EQUIPMENT (continued)

### Fair value measurement of the Group's freehold property and leasehold property (continued)

There were no transfers between the respective levels during both years.

As at 31 December 2023, the freehold property and leasehold property with a carrying amount of S\$23,700,000 (2022: S\$22,950,000) have been pledged under a mortgage to secure a line of credit with one bank (2022: one bank) (Notes 26 and 31). The Group is not allowed to pledge these assets as security for other borrowings or sell it to any other parties without the consent of the bank.

## 14 INTANGIBLE ASSETS

	2023 S\$'000	2022 S\$'000
<b>Club memberships</b>		
<i>Fair value</i>		
At 1 January	62	248
Disposals	–	(184)
Surplus/(deficit) on change in fair value included in other comprehensive income	11	(2)
At 31 December	73	62

The intangible assets have indefinite useful lives. If the intangible assets carried at fair value had been included in the consolidated financial statements at cost, the carrying amount would have been S\$58,000 (2022: S\$58,000).

At the end of each financial year, management reviews the fair value measurement of the club memberships to determine the fair value changes to be recognised in the revaluation reserve (Note 30(b)). The fair values of intangible assets (Level 2 fair values) are based on broker quotes for club memberships at the reporting date.

## 15 INVESTMENT IN A JOINT VENTURE

The Group's investment in a joint venture is summarised below:

	2023 S\$'000	2022 S\$'000
<b>Carrying amount</b>		
Sing Moh Electrical Engineering Pte Ltd – China Jingye Engineering Corporation Limited (Singapore Branch) Joint Venture	–	–

# Notes to the Consolidated Financial Statements *(continued)*

For the financial year ended 31 December 2023

## 15 INVESTMENT IN A JOINT VENTURE *(continued)*

The following information relates to the joint venture of the Group:

Name of Company	Principal place of business/Country of incorporation	Principal activity	Interest attributable to the Group	
			2023	2022
			%	%
Sing Moh Electrical Engineering Pte Ltd – China Jingye Engineering Corporation Limited (Singapore Branch) Joint Venture <sup>(1)</sup>	Singapore	Construction services	70	70

(1) Audited by Baker Tilly TFW LLP.

Sing Moh Electrical Engineering Pte Ltd (“SMEE”), a subsidiary of the Company and China Jingye Engineering Corporation Limited (Singapore branch) (“CJY”), a third party, have jointly submitted a tender to the Land Transport Authority of Singapore (“LTA”) to undertake the supply and installation of high voltage, low voltage, communications and security systems for RTS link station, tunnels and CIQ building (the “Contract” which term shall include any subsequent variations, orders or supplemental agreements entered into with LTA).

SMEE and CJY received the letter of award from LTA on 19 April 2022. The parties (i.e. SMEE and CJY) have then agreed to form an unincorporated contractual joint venture business solely to undertake the performance of the works and completion of the Contract (the “JV”) in the agreed proportion of 70:30 for SMEE and CJY respectively. The name of the JV is “Sing Moh Electrical Engineering Pte Ltd – China Jingye Engineering Corporation Limited (Singapore Branch) Joint Venture”. According to the signed joint venture agreement dated 19 April 2022, the need for the funds as working capital shall be determined and proposed by SMEE and agreed by both parties. There is no request raised by both parties to raise funds as working capital as at 31 December 2023.

Notwithstanding the agreed proportion, both parties agree that the business and affairs of the JV shall be jointly controlled and managed by both parties. All matters in relation to the contract and the works shall require the approval of both parties. Each party has appointed one representative to approve all matters of the JV. In addition, subject to the terms of the JV, SMEE as the lead party, shall be authorised to act for and on behalf of the JV on all matters by prior agreement in writing consent of CJY. Management has considered that the Joint Venture agreement stipulated that all monies contributed and received by the JV shall be used exclusively for the JV’s project and has no other purpose until the completion of the project and all obligation of the JV have been paid and discharged. Such sums, including revenue earned, shall not be distributed to the JV parties until the completion of the project and after ensuring all claims and contingencies are met and assets realised, the remaining net profit or loss shall be divided between the JV parties in the above-mentioned agreed proportion. Management has considered that the joint arrangement is structured through a separate vehicle and provides SMEE and CJY to the agreement with rights to the net assets or liabilities of the joint venture under the arrangement. Accordingly, this arrangement is classified as a joint venture in accordance with IFRS 11 *Joint Arrangements*.

## Notes to the Consolidated Financial Statements *(continued)*

For the financial year ended 31 December 2023

### 15 INVESTMENT IN A JOINT VENTURE *(continued)*

This joint venture is measured using the equity method.

The summarised financial information (not adjusted for the Group's share of these amounts) as at 31 December 2023 and 31 December 2022 for the joint venture are as follows:

	<b>2023</b> <b>S\$'000</b>	2022 S\$'000
Revenue	<b>2,961</b>	1,683
Tax expense	–	–
Loss after tax	<b>(644)</b>	(664)
<b>Group's share of losses of joint venture based on the proportion of ownership interest</b>	<b>(451)</b>	(465)
Cash and cash equivalents	<b>35</b>	–*
Current/total assets	<b>5,088</b>	6,482
Current/total liabilities	<b>(6,396)</b>	(7,146)
<b>Net liabilities</b>	<b>(1,308)</b>	(664)
<b>Group's share of net liabilities based on proportion of ownership interest <i>(Note 28)</i></b>	<b>(916)</b>	(465)

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



# Notes to the Consolidated Financial Statements *(continued)*

For the financial year ended 31 December 2023

## 16 FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	2023 S\$'000	2022 S\$'000
Movement during the year:		
Fair value at beginning of the year	9,102	9,888
Additions	1,832	11,530
Disposals	(1,929)	(11,346)
Fair value loss on financial assets at fair value through other comprehensive income	(64)	(970)
Fair value at end of the year	8,941	9,102

Financial assets at FVOCI are analysed and presented as follows:

	2023 S\$'000	2022 S\$'000
<b>Non-current</b>		
<i>Financial assets measured at FVOCI</i>		
Quoted security		
– SGD corporate fixed rate bonds of 3.80% per annum matures in November 2025	709	–
Unquoted security		
– SGD corporate fixed rate bond of 3.29% per annum matures in October 2026	243	935
<i>Equity instruments designated at FVOCI</i>		
Quoted securities		
– SGD perpetual variable rate bonds of 2.55% to 5.65% per annum (2022: 3.07% to 5.65% per annum)	7,624	7,463
Equity security listed in Singapore	120	141
Equity security listed in Hong Kong	245	563
Total	8,941	9,102

## Notes to the Consolidated Financial Statements (continued)

For the financial year ended 31 December 2023

### 17 FINANCIAL ASSET AT FAIR VALUE THROUGH PROFIT OR LOSS

	2023 S\$'000	2022 S\$'000
<b>Financial asset at fair value through profit or loss</b>		
Unquoted equity shares – measured at FVTPL	4,223	4,237
Quoted debt security		
– SGD corporate fixed rate convertible bonds of 3.25% per annum maturing in February 2028	1,542	–
	<b>5,765</b>	4,237
Movement during the year:		
Fair value at beginning of the year	4,237	4,326
Additions	2,310	–
Disposals	(752)	–
Fair value loss recognised in profit or loss (Note 6)	(30)	(89)
Fair value at end of the year	<b>5,765</b>	4,237

The unquoted equity shares represent the Group's acquisition of 49% equity interest in the issued shares of D.D. Resident Co. Ltd (the "Investee") on 16 January 2020 at an agreed consideration of HKD58,000,000 (equivalent to S\$10,069,000). The Investee is a limited liability company incorporated in Thailand, which is the owner and operator of Aiyaree Place Hotel in Pattaya, Thailand. In accordance with the Sales and Purchase Agreement ("SPA") dated 31 December 2019, the Group has the right to appoint/remove directors and key management personnel of the Investee. In conjunction with the acquisition, the Group has also entered into an Exclusive Option Agreement with the remaining 51% shareholder of the Investee (the "Thai Shareholder"), whereby the Group is granted with an irrevocable and exclusive option to purchase the 51% equity interest held by the Thai Shareholder at consideration of HKD61,200,000 (equivalent to S\$10,624,000). The Exclusive Option Agreement dated 31 December 2019 has an effective period of 2 years from 31 December 2019. The Group did not renew the Exclusive Option Agreement upon the expiry date on 30 December 2021.

The Group has classified the investment as financial asset at fair value through profit or loss at initial recognition and at the end of the financial year (refer to Note 3 in the critical accounting judgement and key sources of estimation uncertainty).

# Notes to the Consolidated Financial Statements *(continued)*

For the financial year ended 31 December 2023

## 17 FINANCIAL ASSET AT FAIR VALUE THROUGH PROFIT OR LOSS *(continued)*

In the previous financial year, the management sought professional legal advice from an independent consultant and legal firm in Thailand. In January 2022, the Group served two legal notices respectively to (1) the vendors of the Investee for the breach of various terms and conditions included in the SPA and (2) Investee for the failure to send notice of meetings to the Group for the approval of audited accounts and appointment of new director. The management has used its best effort to negotiate and discuss with the vendors and Investee, and conducted a site visit at Aiyaree Place Hotel in Pattaya, together with its independent consultant and legal adviser, on 4 and 5 July 2022. However, the management was only able to meet the general manager of the Investee and obtained the operational information of the hotel. During the site visit, the management had also requested the financial records of the Investee, but there was no response from them as at the date of this report.

On 31 March 2023, the Company commenced criminal proceedings against the Investee and two directors of Investee (collectively as the “defendants”) for the failure to comply with the relevant laws in Thailand in which the Criminal Court of Thailand has formally listed the criminal claim for trial. In April 2023, the Company has also made a written complaint and sought assistance from the Department of Business Development (the “DBD”) in Thailand to conduct financial investigation on the accounts of the Investee for the relevant years which was accepted by DBD and DBD had issued written requests twice to the Investee for submission of the specified accounting documents for the specified years. However, the Investee did not comply with the written requests.

On 29 October 2023, civil action was issued at the Provincial Court of Pattaya, by the vendors of the Investee as the plaintiffs, for the unpaid balance for the acquisition of 49% shareholdings of the Investee against the Company, two directors of the Company and Aiyaree International Hotel Management Limited, subsidiary of the Company in which the Company instructed their legal firm to proceed with the Defence and Counterclaim against the plaintiffs. The amount of claim against the Company totalled S\$2,550,000. An amount of S\$2,135,000 has been recorded as payable in the financial statements (Note 25). Management has assessed that no further provision is required in the financial statements with respect to this civil action.

As at 31 December 2023, the fair value of the investment was determined by a valuation performed by an independent professional valuation firm in Thailand on 31 December 2023 using the income approach that reflects the value of the hotel property capable of producing income in the present worth of anticipated future net benefits. This fair value measurement is categorised in Level 3 of the fair value hierarchy. Changes in the fair value of financial asset at fair value through profit or loss, amounting to S\$14,000 (2022: S\$89,000) is included in profit or loss as part of “other gains/(losses) – net” (Note 6).

## Notes to the Consolidated Financial Statements (continued)

For the financial year ended 31 December 2023

### 18 TRADE RECEIVABLES

	<b>2023</b>	2022
	<b>S\$'000</b>	S\$'000
Trade receivables – third parties	<b>944</b>	562

The Group grants credit terms to customers typically up to 35 days (2022: 35 days) from the invoice date for trade receivables. As at 31 December 2023 and 31 December 2022, the ageing analysis of the third-party trade receivables, based on invoice date, are as follows:

	<b>2023</b>	2022
	<b>S\$'000</b>	S\$'000
1 – 30 days	<b>828</b>	526
31 – 60 days	<b>4</b>	12
61 – 90 days	<b>–</b>	–
Over 90 days	<b>112</b>	24
	<b>944</b>	562

### 19 OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	<b>2023</b>	2022
	<b>S\$'000</b>	S\$'000
Deposits	<b>70</b>	150
Prepayments	<b>275</b>	300
Advances to staff	<b>6</b>	3
Other receivables	<b>13</b>	4
Interest receivables from financial assets at fair value through other comprehensive income	<b>90</b>	59
	<b>454</b>	516



# Notes to the Consolidated Financial Statements *(continued)*

For the financial year ended 31 December 2023

## 20 CONTRACT ASSETS AND CONTRACT LIABILITIES

The Group receives payments from customers based on performance milestones, as established in contracts. Contract assets relate to the Group's rights to consideration for work completed but not billed at the reporting date on the Group's construction services. Contract liabilities relate to advance consideration received from customers and billings in excess of revenue recognised to-date. Contract liabilities are recognised as revenue as (or when) the Group satisfies the performance obligations under its contracts.

The following table provides information about contract assets and contract liabilities from contracts with customers.

	<b>2023</b> <b>S\$'000</b>	2022 S\$'000	1.1.2022 S\$'000
Trade receivables from contracts with customers <i>(Note 18)</i>	<b>944</b>	562	905
Contract assets	<b>3,528</b>	3,782	3,681
Less: Impairment loss under ECL model <i>(Note 34.1(ii))</i>	<b>-</b>	-	(661)
	<b>3,528</b>	3,782	3,020
Contract liabilities	<b>805</b>	1,797	1,688

As at 31 December 2023, included in contract assets are retention receivables from customers for construction work amounting to S\$2,283,000 (2022: S\$1,248,000). Retention receivables from customers for contract work are released by stages on substantial completion and on final completion, which is after the defect liability period of the relevant contracts ranging from 12 to 18 months. Included in the retention receivables are carrying amounts of approximately S\$666,000 (2022: S\$400,000) which is expected to be recovered after 12 months of the reporting period. Retention receivables are unsecured, interest-free and expected to be received within the Group's normal operating cycle and hence classified as current assets in the consolidated statement of financial position.

Contract assets relate to the Group's rights to consideration for work completed but not billed at the reporting date on the Group's construction business. Contract assets balance decreased as the Group provided less installation services ahead of the agreed payment schedules. Contract liabilities relate to advance consideration received from customers and billing in excess of revenue recognised to-date. Contract liabilities are recognised as revenue as (or when) the Group satisfies the performance obligations under its contract. Contract liabilities for services rendered has decreased due to less contracts in which the Group billed and received consideration ahead of provision of services.

# Notes to the Consolidated Financial Statements *(continued)*

For the financial year ended 31 December 2023

## 21 INVENTORIES

	<b>2023</b>	2022
	<b>S\$'000</b>	S\$'000
Raw materials, at cost	<b>28</b>	48

In 2023, raw materials included as cost of services amounted to S\$10,002,000 (2022: S\$7,933,000).

## 22 PLEDGED FIXED DEPOSITS/CASH AND CASH EQUIVALENTS

	<b>2023</b>	2022
	<b>S\$'000</b>	S\$'000
Cash on hand	<b>17</b>	11
Cash at banks <i>(Note A)</i>	<b>7,940</b>	17,659
Fixed deposits	<b>5,782</b>	6,366
Cash and cash equivalents at consolidated statement of financial position	<b>13,739</b>	24,036
Less: net cash held on behalf of a joint venture <i>(Note 25)</i>	<b>(4,300)</b>	(6,338)
Cash and cash equivalents at consolidated statement of cash flows	<b>9,439</b>	17,698
Pledged fixed deposits	<b>1,715</b>	1,711

The fixed deposits which mature within 2 to 3 months carry interest ranging from 3.50% to 4.14% (2022: 3.70% to 4.14%) per annum.

Pledged fixed deposits have an original maturity of 12 months for the purpose of securing banking facilities granted to the Group (Note 31). The balances are rolled forward on their maturity in January and March each year, and carry interest ranging from 1.50% to 3.50% (2022: 0.10% to 0.26%) per annum.

*Note A:* Included in cash at banks is a call deposit amount of S\$63,000 (2022: S\$69,000) placed with a fund manager for investment purposes (Note 16).

## Notes to the Consolidated Financial Statements *(continued)*

For the financial year ended 31 December 2023

### 23 DEFERRED TAX LIABILITIES

The movements on the deferred tax liabilities are as follows:

	<b>Revaluation of freehold and leasehold property included in property, plant and equipment</b>	
	<b>2023</b>	2022
	<b>S\$'000</b>	S\$'000
Balance at 1 January	<b>229</b>	229
Charged to other comprehensive income <i>(Note 10)</i>	<b>145</b>	–
Credited to profit and loss <i>(Note 10)</i>	<b>(15)</b>	–
	<b>359</b>	229
Deferred tax assets unrecognised as at 31 December relate to the following:		
Unabsorbed tax losses	<b>8,544</b>	10,140
Differences in depreciation for tax purposes	<b>191</b>	(92)
	<b>8,735</b>	10,048

These unabsorbed tax losses and other deductible temporary differences at the reporting date can be carried forward and used to offset against future taxable income subject to meeting certain statutory requirements. No deferred tax asset has been recognised in respect of these unabsorbed tax losses and other deductible temporary differences as it is not probable that future taxable profits will be sufficient to allow the related tax benefits to be realised. These income tax losses have no expiry dates.

## Notes to the Consolidated Financial Statements (continued)

For the financial year ended 31 December 2023

### 24 TRADE PAYABLES AND TRADE ACCRUALS

	<b>2023</b>	2022
	<b>S\$'000</b>	S\$'000
Trade payables	<b>4,166</b>	1,776
Trade accruals	<b>544</b>	351
	<b>4,710</b>	2,127

Trade payables at the end of the financial year comprise amounts outstanding to suppliers and subcontractors. The average credit period taken for trade purchase is generally 30 to 90 days or payable upon delivery. As at 31 December 2023 and 31 December 2022, the ageing analysis of the trade payables, based on invoice date, are as follows:

	<b>2023</b>	2022
	<b>S\$'000</b>	S\$'000
Within 90 days	<b>3,482</b>	1,604
Over 90 days	<b>684</b>	172
	<b>4,166</b>	1,776

### 25 OTHER PAYABLES AND ACCRUED EXPENSES

	<b>2023</b>	2022
	<b>S\$'000</b>	S\$'000
Accrued operating expenses	<b>1,566</b>	1,339
Other payables (Note A)	<b>2,598</b>	2,688
Amount due to a former shareholder (Note B)	<b>–</b>	1
Amount due to a joint venture (Note C)	<b>4,300</b>	6,338
	<b>8,464</b>	10,366

*Note A:* Included in other payables is S\$2,135,000 (2022: S\$2,169,000) which is related to the unpaid purchase consideration for acquisition in D.D. Resident Co. Ltd. (Note 17). The movement during the financial year is primarily due to exchange differences. The amount is denominated in HKD.

*Note B:* The amount due to a former shareholder was non-trade in nature, unsecured, interest-free and repayable on demand.

*Note C:* This mainly pertains to the mobilisation advance received from a third-party customer on behalf of the joint venture (Note 22).



## Notes to the Consolidated Financial Statements *(continued)*

For the financial year ended 31 December 2023

### 26 BANK BORROWING

	<b>2023</b> <b>S\$'000</b>	2022 S\$'000
<i>Non-current</i>		
Bank loan	<b>5,364</b>	5,479
<i>Current</i>		
Bank loan	<b>120</b>	136

The bank borrowing relates to a commercial property loan for the purchase of new leasehold building during the financial year ended 31 December 2022. The bank loan is secured by a first mortgage over the Group's freehold property, leasehold land and buildings (Note 13), fixed deposits of \$211,000 placed with the bank (Note 22), and corporate guarantee by the Company.

The bank loans are repayable over 25 years from September 2022 and interest is payable at 0.88% plus 3-month Singapore Overnight Rate Average ("SORA") in the first year, 1.08% plus 3-month SORA in the second year and 2.0% plus 3-month SORA in the third year onwards. The carrying amounts of the bank borrowing approximate their fair value as of the end of financial year.

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

	<b>2023</b> <b>S\$'000</b>	2022 S\$'000
Balance at 1 January	<b>5,615</b>	–
Changes from financing cash flows:		
– Proceeds	–	5,670
– Repayments	<b>(131)</b>	(55)
– Interest paid	<b>(239)</b>	(48)
Non-cash changes:		
– Interest expense <i>(Note 7)</i>	<b>239</b>	48
Balance at 31 December	<b>5,484</b>	5,615

# Notes to the Consolidated Financial Statements (continued)

For the financial year ended 31 December 2023

## 27 LEASES

### (a) The Group as a lessee

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

The Group leases office space and motor vehicle from non-related parties. The leases have an average tenure of between two to three years with no renewal clause.

The maturity analysis of the lease liabilities is disclosed in Note 34.1(iv).

#### Carrying amount of right-of-assets

	2023 S\$'000	2022 S\$'000
Office space	67	335
Motor vehicle	316	527
	<b>383</b>	862

#### Amounts recognised in profit or loss

	2023 S\$'000	2022 S\$'000
<b>Depreciation charge for the year</b>		
Motor vehicle	268	–
Office space	211	200
	<b>479</b>	200
Interest expense on lease liabilities	13	12
Lease liabilities are presented in the balance sheet as follows:		
Non-current	53	189
Current	142	334
	<b>195</b>	523

# Notes to the Consolidated Financial Statements *(continued)*

For the financial year ended 31 December 2023

## 27 LEASES *(continued)*

### (a) The Group as a lessee *(continued)*

#### Amounts recognised in profit or loss *(continued)*

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

	Lease liabilities	
	2023 S\$'000	2022 S\$'000
Balance at 1 January	523	–
Additions	–	1,077
Changes from investing cash flows:		
– Prepayments	–	(342)
Changes from financing cash flows:		
– Repayments	(328)	(212)
– Interest paid	(13)	(12)
Non-cash changes		
– Interest expense <i>(Note 7)</i>	13	12
Balance at 31 December	195	523

Total cash flow for leases amounted to S\$341,000 (2022: S\$224,000).

### (b) The Group as a lessor

The Group leased out its leasehold building to third parties for monthly lease payments. The lease is classified as an operating lease because the risk and rewards incidental to ownership of the assets are not substantially transferred. Income from leasing out its leasehold building recognised during the financial year was S\$876,000 (2022: S\$202,000).

#### Subleases – classified as operating leases

The Group leases office space under a head lease arrangement and subleases the office space to third parties as an intermediate lessor. The sub-lease periods do not form a major part of the remaining lease terms under the head leases and accordingly, the sub-leases are classified as operating leases. Income from subleasing recognised during the financial year was S\$150,000 (2022: S\$150,000).

# Notes to the Consolidated Financial Statements *(continued)*

For the financial year ended 31 December 2023

## 27 LEASES *(continued)*

### (b) The Group as a lessor *(continued)*

#### Maturity analysis of lease payments – the Group as a lessor/intermediate lessor

Undiscounted lease payments from the operating leases to be received after the reporting date are as follows:

	2023 S\$'000	2022 S\$'000
Less than one year	904	590
One to two years	222	–

## 28 PROVISIONS

	2023 S\$'000	2022 S\$'000
Current	916	465

The amount pertains to the Company's share of net liabilities for which the Company has obligations to the joint venture (Note 15).

Movements in provision for share of net liabilities of the joint venture are as follow:

	2023 S\$'000	2022 S\$'000
Balance at beginning of financial year	465	–
Provision made	451	465
Balance at end of financial year	916	465



# Notes to the Consolidated Financial Statements (continued)

For the financial year ended 31 December 2023

## 29 SHARE CAPITAL AND SHARE PREMIUM

### a) Share capital

	2023		2022	
	Number of shares	HK\$'000	Number of shares	HK\$'000
Authorised: Ordinary shares of HK\$0.01 each				
At 1 January and 31 December	10,000,000,000	100,000	10,000,000,000	100,000
Issued and fully paid: At 1 January and 31 December	915,600,000	1,585	915,600,000	1,585

### b) Share premium

	Share premium S\$'000
At 1 January 2022, 31 December 2022, 1 January 2023 and 31 December 2023	34,440

## 30 RESERVES

### a) Merger reserve

Merger reserve represents the share capital of the subsidiary when entities under common control are accounted for by applying the pooling of interest method arising from group reorganisation in 2017.

### b) Revaluation reserve for intangible assets

The revaluation reserve arises from surplus on revaluation of intangible assets as set out in Note 14.

### c) Fair value reserve for financial assets at FVOCI

The fair value gain/loss arises from the valuation of financial assets at FVOCI as set out in Note 16.

### d) Revaluation reserve for property, plant and equipment

The revaluation reserve arises from the revaluation of freehold and leasehold properties as set out in Note 13.

# Notes to the Consolidated Financial Statements *(continued)*

For the financial year ended 31 December 2023

## 31 BANKING FACILITIES

- a) In July 2022, the Group revised the banking facility for a line of credit amounting to S\$17,481,000. The facility comprises S\$5,670,000 for a 25-year Commercial Property Loan (Note 26), S\$6,840,000 for issuing Performance Guarantee (PG), S\$4,891,000 for issuing Advance Performance Bond (APB) and S\$80,000 for Credit Card limit. If the line of credit is utilised, interest charged on the PG would be 0.50% to 0.90% per annum on the full amount of the PG to be issued and for its full duration over the bank's prevailing minimum commission, interest charged on the APB would be 0.50% per annum on the full amount of the APB to be issued and for its full duration subject to the bank's prevailing minimum commission. The line of credit is secured by the mortgage over Freehold Property A, Leasehold Property B and the fixed deposit of S\$211,000 placed with the bank (Note 22).

In May 2023, the Group revised the banking facility for a line of credit amounting to S\$16,972,000. The facility comprises S\$5,570,000 for a 25-year Commercial Property Loan (Note 26), S\$6,431,000 for issuing Performance Guarantee ("PG"), S\$4,891,000 for issuing Advance Performance Bond ("APB") and S\$80,000 for Credit Card limit. If the line of credit is utilised, interest charged on the PG would be 0.50% to 0.90% per annum on the full amount of the PG to be issued and for its full duration over the bank's prevailing minimum commission, interest charged on the APB would be 0.50% per annum on the full amount of the APB to be issued and for its full duration subject to the bank's prevailing minimum commission. The line of credit is secured by the mortgage over Freehold Property A, Leasehold Property B and the fixed deposit of S\$211,000 placed with the bank (Note 22).

As at 31 December 2023, the Group utilised the Commercial Property Loan, PG and APB banking facilities of S\$16,892,000 (2022: S\$15,453,000).

- b) The Group has banking facility with another bank, for a consolidated facility limit of S\$1,500,000 (2022: S\$1,500,000), which can be used for Letters of Credit ("LCs"), acceptance and loan against trust receipts, import loan and invoice financing, shipping guarantees, bonds and guarantees. If the line of credit is utilised, interest charged would be based on bank's cost of funds + 2.00% or standard commission charged. As at 31 December 2023, the line of credit is secured by the fixed deposit of S\$1,504,000 (2022: S\$1,500,000) placed with the bank (Note 22).

The above banking facility remained unutilised during both financial years.

# Notes to the Consolidated Financial Statements (continued)

For the financial year ended 31 December 2023

## 32 RELATED PARTIES 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) In addition to information disclosed elsewhere in the consolidated financial statements, the following transactions took place between the Group and a related party during the financial year on terms agreed by the parties concerned:

	<b>2023</b>	2022
	<b>S\$'000</b>	S\$'000
<b>Joint venture (Note 15)</b>		
Management fee income charged to (Note 5)	<b>2,525</b>	1,621
Cash received on behalf	<b>1,928</b>	8,526
Payments made on behalf	<b>(1,440)</b>	(2,188)

b) **Key management personnel compensation**

Key management personnel includes the directors and those persons having authority and responsibility for planning, directing and controlling the activities of the Group, directly or indirectly. Key management personnel includes executive directors and the senior management of the Group. The compensation paid or payable to key management for employee services is shown below:

	<b>2023</b>	2022
	<b>S\$'000</b>	S\$'000
Salaries, allowances and benefits in kind	<b>1,265</b>	1,331
Employer's contribution to defined contribution plans	<b>52</b>	53
	<b>1,317</b>	1,384

Further information regarding directors' emoluments is disclosed in Note 8.

# Notes to the Consolidated Financial Statements *(continued)*

For the financial year ended 31 December 2023

## 33 FINANCIAL INSTRUMENTS BY CATEGORIES

The Group's financial instruments at their carrying amounts at the end of the financial year include the following:

	<b>2023</b>	2022
	<b>S\$'000</b>	S\$'000
<b>Financial assets:</b>		
At amortised cost	<b>16,571</b>	26,522
At fair value through other comprehensive income	<b>8,941</b>	9,102
At fair value through profit or loss	<b>5,765</b>	4,237
	<b>31,277</b>	39,861
<b>Financial liabilities:</b>		
At amortised cost	<b>18,663</b>	18,284

## 34 FINANCIAL RISK AND CAPITAL RISK MANAGEMENT

### 34.1 Financial risk factors

The Group is exposed to financial risks arising from their operations and the use of financial instruments. The key financial risks include foreign exchange risk, credit risk, cash flow and fair value interest rate risk, liquidity risk and price risk. The Group's overall risk management strategy seeks to minimise adverse effects from these financial risks on the Group's financial performance.

#### i) Foreign exchange risk

The Group has currency exposures denominated in a currency other than the functional currency of the Group's entities, which is S\$. The foreign currency in which these balances are denominated is mainly Hong Kong Dollar ("HKD").

As at 31 December 2023, the Group's financial assets and financial liabilities are mainly denominated in S\$ and have no significant foreign currency risk exposure except for the following which are denominated in HKD.

	<b>2023</b>	2022
	<b>S\$'000</b>	S\$'000
<i>Financial assets denominated in HKD:</i>		
Cash and cash equivalents	<b>266</b>	737
<i>Financial liabilities denominated in HKD:</i>		
Accruals and other payables	<b>(2,309)</b>	(2,343)
<b>Net financial liabilities denominated in HKD</b>	<b>(2,043)</b>	(1,606)



# Notes to the Consolidated Financial Statements *(continued)*

For the financial year ended 31 December 2023

## 34 FINANCIAL RISK AND CAPITAL RISK MANAGEMENT *(continued)*

### 34.1 Financial risk factors *(continued)*

#### i) Foreign exchange risk *(continued)*

##### *Sensitivity analysis*

If the SGD strengthened/weakened against the HKD by 10% with all other variables including tax rate being held constant, the loss after tax will increase/decrease by approximately S\$170,000 (2022: S\$133,000) arising from exchange loss/gain respectively.

#### ii) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. For trade receivables, the Group adopts the policy of dealing only with customers of appropriate credit history and obtaining sufficient security where appropriate to mitigate credit risk.

The Group's concentration of credit risk by geographical locations is mainly in Singapore, which accounted for 100% (2022: 100%) of the total financial assets as at 31 December 2023.

The Group is exposed to concentration of credit risk at 31 December 2023 on trade receivables from the Group's top five major customers which accounted for 59% (2022: 86%) of the Group's total trade receivables. The major customers of the Group are certain reputable organisations.

In order to minimise credit risk, the management of the Company have delegated its finance team to develop and maintain the Group's credit risk grading to categorise exposures according to their degree of risk of default. The finance team uses publicly available financial information and the Group's own historical repayment records to rate its major customers and debtors. The Group's exposure and the credit ratings of its counterparties are continuously monitored and the aggregate value of transactions concluded is spread amongst approved counterparties.

# Notes to the Consolidated Financial Statements *(continued)*

For the financial year ended 31 December 2023

## 34 FINANCIAL RISK AND CAPITAL RISK MANAGEMENT *(continued)*

### 34.1 Financial risk factors *(continued)*

#### ii) Credit risk *(continued)*

The following sets out the Group's internal credit evaluation practices and basis for recognition and measurement of expected credit losses ("ECL"):

Description of evaluation of financial assets	Basis for recognition and measurement of ECL
Counterparty has a low risk of default and does not have any past due amounts	12-month ECL
Contractual payments are more than 30 days past due or where there has been a significant increase in credit risk since initial recognition	Lifetime ECL – not credit-impaired
Contractual payments are more than 90 days past due or there is evidence of credit impairment	Lifetime ECL – credit-impaired
There is evidence indicating that the Group has no reasonable expectation of recovery of payments such as when the debtor has been placed under liquidation or has entered into bankruptcy proceedings	Write-off

#### *Significant increase in credit risk*

In assessing whether the credit risk on a financial asset has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial asset as at the reporting date with the risk of a default occurring on the financial asset as at the date of initial recognition. In making this assessment, the Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information, such as future economic and industry outlook, that is available without undue cost or effort.

In particular, the Group considers the following information when assessing whether credit risk has increased significantly since initial recognition:

- an actual or expected significant deterioration in the financial instrument's external (if available) or internal credit rating;
- significant deterioration in external market indicators of credit risk for a particular financial instrument, e.g. a significant increase in the credit spread, the credit default swap prices for the debtor, or the length of time or the extent to which the fair value of a financial asset has been less than its amortised cost;
- existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations;

# Notes to the Consolidated Financial Statements *(continued)*

For the financial year ended 31 December 2023

## 34 FINANCIAL RISK AND CAPITAL RISK MANAGEMENT *(continued)*

### 34.1 Financial risk factors *(continued)*

#### ii) Credit risk *(continued)*

##### *Significant increase in credit risk (continued)*

- an actual or expected significant deterioration in the operating results of the debtor; and
- an actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that results in a significant decrease in the debtor's ability to meet its debt obligations.

The Group regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying significant increase in credit risk before the amount becomes past due.

Regardless of the evaluation of the above factors, the Group presumes that the credit risk on a financial asset has increased significantly since initial recognition when contractual payments are more than 30 days past due, unless the Group has reasonable and supportable information that demonstrates otherwise.

The Group also assumes that the credit risk on a financial instrument has not increased significantly since initial recognition if the financial asset is determined to have low credit risk at the reporting date. A financial instrument is determined to have low credit risk if it has an internal or external credit rating of "investment grade" as per globally understood definition, or the financial asset has a low risk of default; the borrower has a strong capacity to meet its contractual cash flow obligations in the near term; and adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations.

##### *Definition of default*

The Group considers the following as constituting an event of default for internal credit risk management purposes as historical experience indicates that receivables that meet either of the following criteria are generally not recoverable:

- where there is a breach of financial covenants by the debtor or
- information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Group, in full (without taking into account any collaterals held by the Group).

Irrespective of the above analysis, the Group considers that default has occurred when a financial asset is more than 90 days past due unless the Group has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

# Notes to the Consolidated Financial Statements (continued)

For the financial year ended 31 December 2023

## 34 FINANCIAL RISK AND CAPITAL RISK MANAGEMENT (continued)

### 34.1 Financial risk factors (continued)

#### ii) Credit risk (continued)

##### *Credit-impaired financial assets*

A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred such as evidence that the borrower is in significant financial difficulty, there is a breach of contract such as default or past due event; there is information that it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation; the disappearance of an active market for that financial asset because of financial difficulties; or the purchase or origination of a financial asset at a deep discount that reflects the incurred credit losses.

##### *Estimation techniques and significant assumptions*

There has been no change in the estimation techniques or significant assumptions made during the current financial year for recognition and measurement of credit loss allowance.

Movements in credit loss allowance for contract assets are as follows:

	<b>Contract assets</b>	
	<b>2023</b>	2022
	<b>S\$'000</b>	S\$'000
Balance as at 1 January	–	661
Write off	–	(661)
Balance as 31 December (Note 20)	–	–

##### *Trade receivables and contract assets*

The Group has applied the simplified approach to measure the lifetime expected credit loss allowance for trade receivables and contract assets.

The contract assets relate to unbilled work-in-progress and retention receivables, which have substantially the same risk characteristics as the trade receivables for the same type of contracts. The Group has therefore concluded that the expected loss rates for trade receivables are a reasonable approximation of the loss rates for the contract assets. Trade receivables and contract assets that shared the same credit risk characteristics and days past due are grouped together in measuring the expected credit losses.

The Group estimates the expected credit loss rates for each category of past due status of the debtors based on historical credit loss experience adjusted as appropriate to reflect current conditions and forecasts of future economic conditions on the ability of the customers to settle the receivables.

There has been no change in the estimation techniques or significant assumptions made during the current financial year.



# Notes to the Consolidated Financial Statements *(continued)*

For the financial year ended 31 December 2023

## 34 FINANCIAL RISK AND CAPITAL RISK MANAGEMENT *(continued)*

### 34.1 Financial risk factors *(continued)*

#### ii) Credit risk *(continued)*

##### *Credit quality of financial assets*

The table below details the credit quality of the Group's financial assets and contract assets:

2023	12-month or lifetime ECL	Gross carrying amount S\$'000	Loss allowance S\$'000	Net carrying amount S\$'000
Trade receivables	Lifetime ECL	944	–	944
Contract assets	Lifetime ECL	3,528	–	3,528
Other receivables and deposits	12-month ECL	173	–	173
Pledged fixed deposits	12-month ECL (Exposure limited)	1,715	–	1,715
Cash and cash equivalents	12-month ECL (Exposure limited)	13,739	–	13,739
2022				
Trade receivables	Lifetime ECL	562	–	562
Contract assets	Lifetime ECL	3,782	–	3,782
Other receivables and deposits	12-month ECL	213	–	213
Pledged fixed deposit	12-month ECL (Exposure limited)	1,711	–	1,711
Cash and cash equivalents	12-month ECL (Exposure limited)	24,036	–	24,036

#### iii) Cash flow and fair value interest rate risk

The Group's exposure to interest rate risk arises primarily from their financial assets at fair value through other comprehensive income and borrowings (Notes 16 and 26). Financial assets at fair value through other comprehensive income and bank loan at variable rates expose the Group to cash flow interest rate risk (i.e. the risk that the future cash flows of a financial instrument will fluctuate due to changes in market interest rates). Financial assets at fair value through other comprehensive income at fixed rates expose the Group to fair value interest rate risk (i.e. the risk that the value of a financial instrument will fluctuate due to changes in market rates). Sensitivity analysis for interest rate risk is not disclosed as a reasonably possible fluctuation in the market interest rates is not expected to have a significant impact on the Group's profit or loss.

# Notes to the Consolidated Financial Statements *(continued)*

For the financial year ended 31 December 2023

## 34 FINANCIAL RISK AND CAPITAL RISK MANAGEMENT *(continued)*

### 34.1 Financial risk factors *(continued)*

#### iv) Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and cash equivalents. The Group's liquidity risk is further mitigated through the availability of financing through its own cash resources to meet its financial commitments. The Group does not have any significant liquidity risk.

The table below summarises the maturity profile of the Group's and the Company's non- derivative financial liabilities at the balance sheet date based on contractual undiscounted repayment obligations.

Group	1 year or less S\$'000	2 to 5 years S\$'000	Over 5 years S\$'000	Total S\$'000
<b>2023</b>				
Trade and other payables	12,984	–	–	12,984
Bank borrowing	401	1,697	7,918	10,016
Lease liabilities	146	54	–	200
<b>2022</b>				
Trade and other payables	12,611	–	–	12,611
Bank borrowing	360	1,585	7,904	9,849
Lease liabilities	347	194	–	541

#### v) Price risk

Market price risk is the risk that the fair value or future cash flows of the Group's financial instruments will fluctuate because of changes in market prices (other than interest or exchange rates). The Group is exposed to equity price risk arising from its investment in quoted equity instruments. These instruments are quoted on the SGX-ST in Singapore and are classified as financial assets at fair value through other comprehensive income. Investments are held for strategic rather than trading purposes.

The Group does not actively trade these investments.

#### *Sensitivity analysis for equity price risk*

At the reporting date, if the prices of the Group's equity securities change by 5% (2022: 5%) higher/lower with all other variables held constant, the Group's fair value reserve in equity would have been S\$399,000 (2022: S\$408,000) higher/lower, arising as a result of an increase/decrease in the fair value of equity instruments classified as FVOCI.

# Notes to the Consolidated Financial Statements *(continued)*

For the financial year ended 31 December 2023

## 34 FINANCIAL RISK AND CAPITAL RISK MANAGEMENT *(continued)*

### 34.2 Capital management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure.

The capital of the Group consists of share capital, retained earnings, share premium and other reserves and the Group's overall strategy remains unchanged from 2022.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders or issue new shares.

### 34.3 Fair value of assets and liabilities

#### (a) Fair value hierarchy

Financial assets and financial liabilities measured at fair value in the consolidated statement of financial position are grouped into three levels of a fair value hierarchy. The three levels are defined based on the observability of significant inputs to the measurement, as follows:

- (i) Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities;
- (ii) Level 2: inputs other than quoted prices included within Level 1 that are observable for the assets or liability, either directly or indirectly; and
- (iii) Level 3: unobservable inputs for the asset or liability.

# Notes to the Consolidated Financial Statements *(continued)*

For the financial year ended 31 December 2023

## 34 FINANCIAL RISK AND CAPITAL RISK MANAGEMENT *(continued)*

### 34.3 Fair value of assets and liabilities *(continued)*

**(b) Fair value measurements of assets and liabilities that are measured at fair value**

The following table presents the level of fair value hierarchy for each class of assets and liabilities measured at fair value on the consolidated statement of financial position at the end of the reporting period:

	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
	<b>S\$'000</b>	<b>S\$'000</b>	<b>S\$'000</b>	<b>S\$'000</b>
<i>Recurring fair value measurements</i>				
<b>2023</b>				
<b>Financial assets</b>				
Financial assets at fair value through other comprehensive income				
– Quoted perpetual bonds	–	7,624	–	7,624
– Quoted equity securities	365	–	–	365
– Unquoted debt security	–	243	–	243
– Quoted debt security	709	–	–	709
Financial asset at fair value through profit or loss				
– Unquoted equity shares	–	–	4,223	4,223
– Quoted debt security	1,542	–	–	1,542
<b>Total financial assets</b>	<b>2,616</b>	<b>7,867</b>	<b>4,223</b>	<b>14,706</b>



# Notes to the Consolidated Financial Statements *(continued)*

For the financial year ended 31 December 2023

## 34 FINANCIAL RISK AND CAPITAL RISK MANAGEMENT *(continued)*

### 34.3 Fair value of assets and liabilities *(continued)*

**(b) Fair value measurements of assets and liabilities that are measured at fair value *(continued)***

The following table presents the level of fair value hierarchy for each class of assets and liabilities measured at fair value on the consolidated statement of financial position at the end of the reporting period (cont'd):

	<b>Level 1</b> <b>S\$'000</b>	<b>Level 2</b> <b>S\$'000</b>	<b>Level 3</b> <b>S\$'000</b>	<b>Total</b> <b>S\$'000</b>
<i>Recurring fair value measurements</i>				
2023				
<b>Non-financial assets</b>				
Property, plant and equipment				
– Freehold land and building	–	–	24,760	24,760
– Leasehold land and building	–	–	8,500	8,500
Intangible assets				
– Investment in club memberships	–	73	–	73
<b>Total non-financial assets</b>	<b>–</b>	<b>73</b>	<b>33,260</b>	<b>33,333</b>
2022				
<b>Financial assets</b>				
Financial assets at fair value through other comprehensive income				
– Quoted perpetual bonds	–	7,463	–	7,463
– Quoted equity securities	704	–	–	704
– Unquoted debt security	–	935	–	935
Financial asset at fair value through profit or loss	–	–	4,237	4,237
<b>Total financial assets</b>	<b>704</b>	<b>8,398</b>	<b>4,237</b>	<b>13,339</b>
<b>Non-financial assets</b>				
Property, plant and equipment				
– Freehold land and building	–	–	14,700	14,700
– Leasehold land and building	–	–	8,250	8,250
Intangible assets				
– Investment in club memberships	–	62	–	62
<b>Total non-financial assets</b>	<b>–</b>	<b>62</b>	<b>22,950</b>	<b>23,012</b>

# Notes to the Consolidated Financial Statements *(continued)*

For the financial year ended 31 December 2023

## 34 FINANCIAL RISK AND CAPITAL RISK MANAGEMENT *(continued)*

### 34.3 Fair value of assets and liabilities *(continued)*

**(c) Fair value of financial instruments by classes that are not carried at fair value and whose carrying amounts are reasonable approximation of fair value**

The carrying amounts of the Group's current financial assets and current financial liabilities approximate their fair values as at the reporting date due to their short-term maturities.

**(d) Valuation process applied by the Group**

The fair values of property, plant and equipment – freehold and leasehold properties are determined by external, independent property valuers, having appropriate professional qualifications and experience in the relevant locations and category of property being valued at the end of every financial year. For valuation performed by external valuers, management considers the appropriateness of the valuation technique and assumptions applied by the external valuers. The measurement of fair values of other assets and liabilities within Level 3 fair value hierarchy is performed by the Group's finance department on an annual basis. If third party quotes or pricing information are used to measure fair value, the finance department assesses the evidence obtained from the third parties to assess if such valuations meet the IFRS and the fair value level hierarchy the measurement should be classified in. The valuation reports and changes in fair value measurements are analysed and reported to the Group's Chief Financial Officer regularly. Significant valuation issues are reported to the Audit Committee.

## 35 CONTINGENT LIABILITIES

The Group did not have any material contingent liabilities or guarantees as at 31 December 2023 (2022: Nil).

## 36 DIVIDENDS

No dividend has been paid or declared by the Company during the financial year (2022: S\$Nil).

# Notes to the Consolidated Financial Statements *(continued)*

For the financial year ended 31 December 2023

## 37 STATEMENT OF FINANCIAL POSITION AND RESERVE MOVEMENT OF THE COMPANY

### Statement of financial position of the Company

	<i>Note</i>	<b>2023</b> <b>S\$'000</b>	2022 S\$'000
<b>Non-current assets</b>			
Investment in subsidiaries		– *	– *
Financial assets at fair value through other comprehensive income		<b>8,821</b>	8,961
Financial assets at fair value through profit and loss		<b>1,542</b>	–
<b>Total non-current assets</b>		<b>10,363</b>	8,961
<b>Current assets</b>			
Amount due from subsidiaries		<b>9,471</b>	10,369
Prepayments		<b>10</b>	12
Interest receivable		<b>90</b>	59
Cash and cash equivalents		<b>5,882</b>	6,732
<b>Total current assets</b>		<b>15,453</b>	17,172
<b>Total assets</b>		<b>25,816</b>	26,133
<b>Current liabilities</b>			
Other payables		<b>2,454</b>	2,480
<b>Total liabilities</b>		<b>2,454</b>	2,480
<b>Net assets</b>		<b>23,362</b>	23,653
<b>Equity</b>			
Share capital	<i>(a)</i>	<b>1,585</b>	1,585
Share premium	<i>(a)</i>	<b>34,440</b>	34,440
Fair value reserve	<i>(a)</i>	<b>(1,089)</b>	(1,092)
Accumulated losses	<i>(a)</i>	<b>(11,574)</b>	(11,280)
<b>Total equity</b>		<b>23,362</b>	23,653

\* Amount less than S\$1,000

## Notes to the Consolidated Financial Statements *(continued)*

For the financial year ended 31 December 2023

### 37 STATEMENT OF FINANCIAL POSITION AND RESERVE MOVEMENT OF THE COMPANY *(continued)*

#### Note (a) – Reserve movement of the Company

	Share Capital S\$'000	Share premium S\$'000	Fair value reserve for financial assets at FVOCI S\$'000	Accumulated losses S\$'000	Total S\$'000
Balance at 1 January 2022	1,585	34,440	(158)	(11,012)	24,855
<i>Comprehensive loss</i>					
Loss for the financial year	–	–	–	(213)	(213)
Other comprehensive loss for the financial year	–	–	(989)	–	(989)
Transfer upon disposal of financial assets at fair value through other comprehensive income	–	–	55	(55)	–
Balance at 31 December 2022	1,585	34,440	(1,092)	(11,280)	23,653
<i>Comprehensive loss</i>					
Loss for the financial year	–	–	–	(249)	(249)
Other comprehensive loss for the financial year	–	–	(42)	–	(42)
Transfer upon disposal of financial assets at fair value through other comprehensive income	–	–	45	(45)	–
<b>Balance at 31 December 2023</b>	<b>1,585</b>	<b>34,440</b>	<b>(1,089)</b>	<b>(11,574)</b>	<b>23,362</b>

The statement of financial position of the Company was approved by the Board of Directors on 28 March 2024 and was signed on its behalf:

Tay Yong Hua  
Director

Kenneth Teo Swee Cheng (Kenneth Zhang Ruiqing)  
Director



## Five Years Financial Summary

	<b>Year ended 31 December 2023 S\$'000</b>	Year ended 31 December 2022 S\$'000	Year ended 31 December 2021 S\$'000	Year ended 31 December 2020 S\$'000	Year ended 31 December 2019 S\$'000
<b>RESULTS</b>					
<b>Revenue</b>	<b>18,809</b>	13,693	14,638	7,169	19,900
<b>Loss before taxation</b>	<b>(22)</b>	(911)	(4,003)	(3,129)	(7,615)
Income tax credit	<b>15</b>	–	–	–	48
Loss for the year	<b>(7)</b>	(911)	(4,003)	(3,129)	(7,567)
Equity attributable to owners of the Company	<b>(6)</b>	(911)	(4,002)	(3,129)	(7,564)
Non-controlling interests	<b>(1)</b>	–*	(1)	–	(3)
	<b>(7)</b>	(911)	(4,003)	(3,129)	(7,567)
<b>ASSETS AND LIABILITIES</b>					
<b>Total assets</b>	<b>70,101</b>	69,421	56,499	59,965	52,869
<b>Total liabilities</b>	<b>20,933</b>	21,122	7,646	7,886	5,504
<b>Total equity</b>	<b>49,168</b>	48,299	48,853	52,079	47,365
Equity attributable to owners of the Company	<b>49,172</b>	48,302	48,856	52,081	47,368
Non-controlling interests	<b>(4)</b>	(3)	(3)	(2)	(3)
	<b>49,168</b>	48,299	48,853	52,079	47,365

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